

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number: 7-7-04
Prepared on: 7-7-04
Department Name: Public Health Department
Department No.: 041
Agenda Date: July 20, 2004
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Roger E. Heroux, MPA, Director
Public Health Department

STAFF CONTACT: Michael D. Harris
Primary Care and Family Health Division
Public Health Department 681-5214

SUBJECT: Purchasing Bid Waivers Request

Recommendation:

That the Board of Supervisors:

Authorize the Purchasing Manager to issue the listed purchase orders for pharmaceuticals, and laboratory, radiology and medical supplies, totaling \$4,726,000 for Fiscal Year 2004-2005 without a competitive bid:

<u>Vendor</u>	<u>Product</u>	<u>Contract #</u>	<u>Amount</u>
AmerisourceBergen Drug Corp.	Pharmaceuticals	CN00725	\$4,000,000
Becton-Dickenson Company	Laboratory supplies	BL00175	75,000
Bio Rad Laboratories	Laboratory supplies	BL00189	39,000
E Surge.com	Medical Supplies	CN00075	50,000
Fisher HealthCare	Laboratory Supplies	CN00076	140,000
Glaxo/Smith/Kline	Pharmaceuticals	CN00724	80,000
Hardy Media	Laboratory Supplies	CN00078	32,000
McKesson General Medical	Medical Supplies	BL00684	200,000
Roche Diagnostics Corp	Laboratory Supplies	BL00906	55,000
Source One	X-ray Film	CN01145	55,000
Total			<u>\$4,726,000</u>

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with Goal No. 2. A Safe and Healthy Community in Which to Live, Work, and Visit.

Executive Summary and Discussion:

The Public Health Department contracts with specific vendors for pharmaceutical, and laboratory and radiology supplies.

Pharmaceuticals:

Your Board is requested to waive the bid process and approved the purchase contracts for pharmaceuticals from AmerisourceBergen Drug Corporation and Glaxo/Smith/Kline in the amount of \$4,000,000 and \$80,000 respectively.

As a Federally Qualified Health Center (FQHC), the Public Health Department enjoys “Public Health Service” (PHS) pricing as a result of the Veterans Act of 1992 (Public Law 102-585). The act requires manufacturers who sell drugs to FQHC to charge a price for covered outpatient drugs that does not exceed an amount determined by statutory formula. The AmerisourceBergen Drug Corporation is the primary vendor for the federal government for this program. As a participant in the PHS pricing, the Public Health Department contracts with AmerisourceBergen to act as the wholesale distributor.

As with any pharmaceutical manufacturer, Glaxo/Smith/Kline (GSK) makes certain medication in which they hold sole patent rights. The Public Health Department utilizes certain medications that make GSK a sole vendor (i.e., certain Hepatitis B and other vaccines.)

Laboratory and Radiology Supplies:

- Becton-Dickenson Company provides the instrument for tuberculosis and chlamydia/ gonorrhea testing on a reagent/rental basis for the Public Health Laboratory.
- Bio Rad Laboratories equipment in the Public Health Department Clinical Laboratory has proprietary technology that the Public Health Department requires for precise laboratory testing.
- Fisher HealthCare is the vendor of reagents for the Olympus Chemistry Analyzer in the Clinical Laboratory.
- Hardy Media, a local vendor, is able to provide the Public Health Laboratory and the Public Health Department Clinical Laboratory with special material on an as needed basis. Vendors who are not local would require at least a two-day turn around time.
- Roche Diagnostics Corporation has a reagent/rental account for reagents and use of the Elecsys 1010 System with the Clinical Laboratory.
- Source One included the use of an expensive cassette and film processor with buying discount film.

An open bid process is not necessary for the reagents for PHD’s laboratory equipment because the highly technical equipment used can only be operated with the chemicals (reagents) provided by the manufacturer.

Medical Supplies:

The Public Health Department has partnered with Council Connections to bring Santa Barbara County reduced pricing on medical/surgical supplies through Council Connections group purchasing contract with McKesson General Medical. The agreement requires that PHD purchase 80% of medical supplies from them. Expected savings are \$7,500 per year over the historical purchases from McKesson General Medical. This arrangement maximizes the County’s savings as well as boost Council Connections’ marketing power with McKesson General Medical. The County’s purchasing volume will substantially increase Council Connections combined purchasing volume with McKesson General Medical leveraging more significant price decreases the next time Council Connections renegotiates the medical-supply contract.

It is anticipated that when the first year of Council Connection participation ends in February 2005 bidding will become an option.

Mandates and Service Levels:

Medical, laboratory, and x-ray supplies are necessary for medical care. The County is mandated to provide access to necessary medical care under California Administrative Code, Title 17, Chapter 3, Article 2, Sections 1276, 2500, 2501, 2502, 2503 and 2505; California Administrative Code, Title 17, Chapter 3, Subchapter 1; and Section 17000 of the Welfare and Institutions Code.

Fiscal and Facilities Impacts:

The costs associated with these bid waiver requests are included in the Public Health Department's FY 2004-05 Adopted Budget and can be found in the County's Operating Plan Document on page D-184 in the Clinical and Ancillary medical service cost centers.

This action will not result in the need for any additional facilities.

Special Instructions: Please send one copy of the minute order to PHD Contracts Unit, 300 N. San Antonio Road, Bldg. 8; ATTN: Dawn McGrew and one copy of the minute order to Purchasing, ATTN: Gloria Ness.

Concurrence: Purchasing