



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: August 20, 2014
Board Meeting Date: October 21, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical

Subject: Amendment to the agreement with CSS Consulting Group

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with CSS Consulting Group for consulting services, extending the term through June 30, 2015, and increasing the amount by \$504,815 to an amount not to exceed \$1,118,515.

BACKGROUND:

On July 1, 2013, the Chief Executive Officer (CEO) of the San Mateo Medical Center (SMMC) approved an agreement with HFS Consultants – Support Services (HFS) to work with SMMC's Director of Materials Management (Director) to assess the department's needs and to help maximize efficiency in preparation for the Director's planned extended leave. This contract was for the term of July 1, 2013, through October 31, 2013, in an amount not to exceed \$100,000.

On October 22, 2013, your Board approved an amendment to the agreement to extend the term through June 30, 2014, and increase the maximum amount by \$420,700 to an amount not to exceed \$520,700.

On December 13, 2013, the CEO of SMMC approved an amendment to assign the original agreement from HFS Consulting – Support Services to CSS Consulting Group (CSS).

On June 3, 2014, your Board approved an amendment to extend the term of the agreement to September 30, 2014, and increase the amount by \$93,000 to an amount not to exceed \$613,700.

DISCUSSION:

In February 2014, the incumbent Director resigned. SMMC is requesting an amendment to this agreement to allow CSS to continue providing interim management services to Materials Management through June 30, 2015. SMMC's recruitment of a new Director is ongoing; extending the term of the agreement will allow SMMC to complete its recruitment without interruption of services at SMMC. The vendor meets with SMMC's Chief Financial Officer to present the results of its improved purchasing practices each week. These improvements are captured in the form of total savings, comparing fees paid to savings or cost reduction realized on an annualized basis. It is anticipated that the vendor will meet its goal of a 3:1 return on investment for the fees paid by the county under this agreement.

In addition, SMMC is expanding the scope of vendor services to include Group Purchasing Organization (GPO) review. This initiative will allow SMMC to explore savings through the use of other GPOs - in addition to SMMC's current GPO - while also expanding Supply Utilization Management practices to identify further cost savings.

The amendment and Resolution have been reviewed and approved by County Counsel as to form.

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by ensuring that SMMC will continue to improve its purchasing practices and maximize savings in providing quality health products to SMMC's patients. It is anticipated that as a result of the vendor's assessments, SMMC will achieve a 3:1 return on investment (ROI) over the term of the agreement.

PERFORMANCE MEASURE:

Measure	FY 2013-14 Actual	FY 2014-15 Projected
ROI over the term of the agreement	3:1	3:1

FISCAL IMPACT:

The term of the agreement is July 1, 2013, through June 30, 2015. The amount of the agreement is not to exceed \$1,118,515. Funds in the amount of \$597,815 are included in the SMMC FY2014-15 Adopted Budget.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.