



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: February 2, 2016
Board Meeting Date: March 8, 2016
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise Rogers, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

Subject: Amendment to the agreement with Caduceus Systems, LLC extending the software license for the materials management inventory system

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Caduceus Systems, LLC, extending the term of the software licensing agreement through November 30, 2018, adding interfaces and training, and increasing the amount by \$185,000 to an amount not to exceed \$868,830.

BACKGROUND:

On February 8, 2011, your Board approved an agreement with Caduceus Systems, LLC (Caduceus) for installation and implementation of a new Materials Management Inventory System (MMIS). On October 4, 2011, the Chief of the Health System approved an amendment increasing the agreement amount by \$24,830.98, to evaluate the feasibility of interfacing Caduceus with the County's accounting system. On March 13, 2012, your Board approved an amendment increasing the amount by \$254,000 to expand the MMIS throughout San Mateo Medical Center (SMMC), including its satellite clinics. On September 6, 2012, SMMC's Chief Executive Officer approved an amendment to clarify the terms of Exhibit C.

DISCUSSION:

The MMIS is a perpetual inventory system, meaning that it updates SMMC's inventory on-hand immediately as each item is used and consumed. This allows SMMC to keep close to what is known in the medical field as "par inventory", an on-site supply of only enough product as is necessary in the short term. SMMC has been using this system successfully throughout its hospital and clinics since 2012, consistent with County "Lean" practices, and has reduced costs by eliminating the expense of maintaining excess inventory.

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