



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** May 23, 2014  
**Board Meeting Date:** June 18, 2013  
**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 Center

**Subject:** Amendment to agreement with CareFusion Solutions, LLC

**RECOMMENDATION:**

Adopt a Resolution authorizing an amendment to the agreement with CareFusion Solutions, LLC to support the Pyxis Automated Dispensing System for pharmaceuticals, extending the term through August 31, 2013, increasing the amount by \$125,000.00 to an amount not to exceed \$1,096,474.35.

**BACKGROUND:**

On April 4, 2006, your Board approved a group purchasing organization (GPO) agreement with Intermountain Health Care to provide access to its Amerinet, Inc. GPO service (Amerinet). Under the Amerinet GPO service, the County was given access to lower-cost goods and services for use by the Health System. On January 6, 2009, your Board amended the GPO agreement, extending the term through December 31, 2010, authorizing the County's purchasing agent to enter into purchase orders, vendor agreements, rental agreements, and related agreements for the County for supplies, services, and equipment through Amerinet, and waiving the Request for Proposals (RPF) process in relation to such services sourced through the Amerinet GPO.

On September 29, 2008, the Purchasing Agent, pursuant to the Amerinet GPO service, entered into a five-year agreement with CareFusion Solutions, LLC (CareFusion) for the purpose of rental and support of a Pyxis Automated Dispensing System for pharmaceuticals at San Mateo Medical Center (SMMC). This five-year agreement has a fiscal obligation of \$971,474.35, and the term expires in June 2013. SMMC has subsequently expanded the scope of services provided under the agreement to increase SMMC's capacity to manage and dispense pharmaceutical products. However, this expansion of scope has resulted in the agreement running out of funding prior to its June 2013 expiration.

**DISCUSSION:**

SMMC is negotiating with CareFusion pursuant to the County's new GPO with MedAssets Supply Chain Systems, LLC (MedAssets) to enter into a new agreement, but the new agreement will not be ready until approximately September 1, 2013. Accordingly, SMMC is requesting that the current agreement be extended through August 31, 2013, with an increase of \$125,000.00 in funding, to allow use of the Pyxis Automated Dispensing System to continue without interruption.

Use of the Pyxis system permits SMMC to closely monitor and control the storage, dispensing, and restocking of prescription medications. This system helps SMMC reduce diversion of medications and reduces the potential for medication errors that can put SMMC's patients at risk. In addition, the Pyxis system is integrated into some of SMMC's electronic management systems. Continuing the relationship with CareFusion both will save money since CareFusion participates in the County's new GPO service and will reduce any costs associated with switching medication management systems.

The amendment and Resolution have been reviewed and approved by County Counsel as to form. The Contract Compliance Committee has approved a waiver for the three-month extension of the agreement term.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by helping SMMC control the storage and dispensing of medications to its patients, thereby reducing the risk of medication errors. It is anticipated that the med-station restocking accuracy will be at 100%.

**PERFORMANCE MEASURE:**

Measure	FY 2012-13 Estimate	FY 2013-14 Projected
Med-station Restocking Accuracy	100%	100%

**FISCAL IMPACT:**

The term of this agreement is June 3, 2008 through August 31, 2013. The maximum fiscal obligation is \$1,096,474.35. Funds in the amount of \$219,770.59 are included in the SMMC FY 2012-13 Adopted Budget, and funds in the amount of \$83,333 will be included in the SMMC FY 2013-14 Recommended 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.