



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: September 5, 2013
Board Meeting Date: October 22, 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 the agreement with HFS Consultants – Support Services

RECOMMENDATION:

Adopt a Resolution waiving the Request for Proposals process and authorizing an amendment to the agreement with HFS Consultants – Support Services, extending the term through June 30, 2014, and increasing the amount by \$420,700 to an amount not to exceed \$520,700.

BACKGROUND:

On July 1, 2013, as the designee of the Health System Chief, the Chief Executive Officer of San Mateo Medical Center (SMMC) approved an agreement with HFS Consultants – Support Services (HFS) to work with the Manager of Materials Management to assess the unit's needs and to help maximize efficiency in preparation for the manager's planned extended leave. The contract is for the term of July 1, 2013 through October 31, 2013, in an amount not to exceed \$100,000. It thereafter became necessary for the manager to leave earlier than originally planned. In addition, the unit was in the process of hiring two positions that remained unfilled at the time of the manager's departure, leaving the department short-staffed.

DISCUSSION:

HFS was chosen to provide interim management to Materials Management because they have previously provided interim support during a SMMC manager's absence and SMMC was pleased with their work.

In addition to providing continuing management services in Materials Management, SMMC is proposing to expand the assessment services to include Food and Nutrition and Pharmacy services. Once these assessments have been completed, HFS will facilitate implementing their recommendations in the Pharmacy and Food Services

divisions as they have done in Materials Management. HFS guarantees that SMMC will experience a 3:1 return on investment for all fees, with any amount below this ratio being refunded or provided in additional, no-cost services.

SMMC believes that it is in the best interest of the County to expand the scope of work to include these two new units in an effort to increase cost savings and efficiency at SMMC. SMMC accordingly requests a waiver of the Request for Proposals process to permit HFS to continue to supply interim management services in Materials Management and to expand the engagement.

The agreement and Resolution have been reviewed and approved by County Counsel as to form. The contractor meets insurance certification requirements.

SMMC also requests that your Board authorize the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

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 ensuring 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 assessments that SMMC will achieve 3:1 return on investment over the term of the agreement.

PERFORMANCE MEASURE:

Measure	FY 2012-13 Actual	FY 2013-14 Projected
Return on investment over the term of the agreement	N/A*	3:1

*New Measure

FISCAL IMPACT:

The term of the agreement is July 1, 2013, through June 30, 2014, in an amount not to exceed \$520,700. Funds in the amount of \$520,700 are included in the SMMC FY 2013-14 Adopted Budget. Contractor is guaranteeing a reduction in expenses at SMMC at least three times the amount of the cost of services provided over the term of the agreement.

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.