



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 21-387

Board Meeting Date: 5/18/2021

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise F. Rogers, Chief, San Mateo County Health  
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

**Subject:** Agreement with Quest Diagnostics Nichols Institute and Unilab Corporation dba Quest Diagnostics to Provide Diagnostic

Laboratory Testing Services

**RECOMMENDATION:**

Adopt a resolution authorizing an agreement with Quest Diagnostics Nichols Institute and Unilab Corporation dba Quest Diagnostics for laboratory reference testing services for the term of November 1, 2020 through October 31, 2025, in an amount not to exceed \$5,000,000.

**BACKGROUND:**

San Mateo Medical Center (SMMC) has been contracting with Quest Diagnostics (Quest) since March 2003 to perform laboratory reference testing services. The volume of certain individual tests does not support having such testing done on-site at SMMC. Quest is a member of SMMC's Group Purchasing Organization (GPO) that ensures competitive pricing by conducting its own Request for Proposals (RFP) for maximum savings.

The County Manager has approved a waiver of Equal Benefits, Non-discrimination and Employee Jury Service requirements for all contracts with GPO members. On January 24, 2011, your Board approved Resolution Number 071231 that waived the RFP process for agreements made through the MedAssets GPO.

**DISCUSSION:**

SMMC continues to have a critical need for laboratory reference testing. In addition, Quest has a software interface that reports test results electronically. It would be economically prudent and least operationally disruptive to continue to partner with Quest for laboratory reference testing services. This agreement is going to your Board late due to prolonged negotiations with the vendor.

The agreement and resolution have been reviewed and approved by County Counsel as to form.

The resolution contains the County's standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

The Information Services Department has reviewed and approved the IT component of this agreement.

The County's Contract Compliance Committee has approved a waiver request for a five-year term for this agreement.

It is anticipated that laboratory reference testing results will be returned to the lab for analysis within 48 hours from time of pick up 100% of the time.

**PERFORMANCE MEASURE:**

<b>Measure</b>	<b>FY 2019-20 Actual</b>	<b>FY 2020-21 Estimated</b>
Percentage of time laboratory reference testing results will be returned to the lab for analysis within 48 hours from time of pick-up	100%	100%

**FISCAL IMPACT:**

The term of the agreement is November 1, 2020 through October 31, 2025. The amount of the agreement is not to exceed \$5,000,000 for the five-year term. Funds in the amount of \$666,667 are included in the SMMC FY 2020-21 Adopted Budget. Funds in the amount of \$1,000,000 are included in the SMMC FY 2021-22 Recommended Budget. Similar arrangements will be made for future years.

The payment provisions and levels of services in this contract differ from that of the previous contract, due to an increase in the number of weekly visits to be made by the vendor. The total value of the new contract represents a 16% increase compared to that of the previous contract.

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 is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.