



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 23-61

Board Meeting Date: 1/31/2023

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 Vizient, Inc. to Provide Group Purchasing Organization Program

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Vizient, Inc. to provide Group Purchasing Organization program for the term of February 1, 2023, through January 31, 2026 with two one-year extensions, at no cost to the County of San Mateo.

BACKGROUND:

The County has been using a Group Purchasing Organization (GPO) since 1995. A GPO uses a formal Request for Proposals (RFP) process to enter into contracts to build a catalog of agreements that members can access. In January 2011, San Mateo Medical Center (SMMC) initiated an agreement with the GPO MedAssets Supply Chain Systems, LLC (MedAssets). In February 2016, MedAssets was acquired by Vizient Inc. (Vizient) and is SMMC's current GPO. In December 2022, SMMC completed an RFP for a GPO, and of the five proposals sent to vendors, Vizient was the only vendor to enter a submission.

DISCUSSION:

Vizient contracts with a diverse group of vendors through its Supplier Diversity Team for upcoming contracts by reviewing monthly and quarterly reports to identify key strategies to increase spend with diverse suppliers. In addition, Vizient provides a range of commodities and services, typically at low rates, given the bulk nature of their agreements. Vizient also uses a formal RFP process in securing many of its goods and services and will provide a bid matrix for a specific contract upon request. Accordingly, the goods and services offered through Vizient are materially competitive compared to rates that SMMC would otherwise negotiate on its own. For these reasons, SMMC requests this Board to waive any formal bid or RFP process for goods and services purchased under this GPO agreement. Regardless of whether an RFP is conducted, all GPO agreements for services - or services with goods - with a value exceeding \$200,000 will be brought to this Board for execution. Agreements for goods alone will not be brought back to this Board consistent with existing County policy.

SMMC is also requesting this Board authorize the Purchasing Agent to enter into Purchase Orders, Vendor Agreements, Lease Agreements, Rental and Service Agreements for the County of San Mateo for supplies, services, and equipment with vendors through Vizient.

Although this agreement focuses on goods and services for SMMC and its clinics, the GPO agreement is open to other County departments to the extent allowable under Vizient's agreements with its vendors.

County Attorney has reviewed and approved the resolution and agreement 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).

It is anticipated that SMMC will receive approximately \$178,500 annually in shareback rebates because of this agreement.

PERFORMANCE MEASURE:

Measure	FY 2023-24 Projected	FY 2024-25 Projected
Approximate amount in shareback rebates that SMMC receives annually	\$178,500*	\$198,495**

*50% of 3% shareback on total spend of \$ 11,900,000

**50% of 3% shareback on total spend of \$13,233,000

FISCAL IMPACT:

The term of the agreement is February 1, 2023, through January 31, 2026, with two one-year extensions. An average of \$13,000,000 in GPO purchases occur each year, with an average of 0.5% in realized rebates.

The payment provisions and levels of services in this contract are essentially the same as the previous 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 is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.

ATTACHMENT:

RFP Matrix