Health Services
LOS ANGELES COUNTY

July 1, 2016

Los Angeles County
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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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TO: Supervisor Hilda Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **NOTICE OF INTENT TO REQUEST DELEGATED AUTHORITY TO APPROVE A PERCENTAGE INCREASE EXCEEDING 10 PERCENT OF THE TOTAL AGREEMENT AMOUNTS OF TWO EQUIPMENT MAINTENANCE AND REPAIR SERVICES AGREEMENTS**

This is to advise the Board that the Department of Health Services (DHS) is scheduling a Board letter for the July 19, 2016 agenda that requests approval of amendments to two existing agreements for equipment maintenance and repair services. The Board letter also requests delegated authority for annual maximum obligation increases of 40 percent for each of the two agreements.

In accordance with Board of Supervisors' Policy 5.120, prior Board notice is required for any department requesting delegated authority to increase Board-approved contracts by over 10 percent.

AGREEMENTS

Parata Systems, LLC (Parata) is the Original Equipment Manufacturer (OEM) for Automated Outpatient Pharmaceutical Dispensing Systems (APODS) at Department of Health Services (DHS) facilities. Parata APODS aid DHS outpatient pharmacies by allowing for bar-coded dispensing of solid oral tablets and capsules into patient labeled containers, increasing the safety and efficiency of outpatient pharmacy operations.

Toshiba America Medical Systems, Inc. (Toshiba) is the OEM for Computed Tomography Scanners (CT Scanners) at LAC+USC Medical Center and Harbor-UCLA Medical Center. Toshiba CT Scanners provide high-resolution, three-dimensional images of the body, including the brain, chest, spine, and abdomen to diagnose an infection, identify masses and tumors including cancer, study blood vessels, and guide a surgeon to the right area during biopsy procedures. Toshiba's CT technology optimizes the image quality and is the essential foundation for the highest level of diagnostic radiology at the lowest possible radiation dose.

JUSTIFICATION

The Board letter requests approval of a recommendation to allow the Director of Health Services, or his designee, to increase the total annual maximum obligation of each Agreement by no more than 40 percent above the annual maximum obligation of each Agreement. The delegation of authority is necessary to ensure that each Agreement's contract maximum obligation can accommodate the following possible actions: add equipment coming off warranty, provide for out-of-scope repairs or maintenance for equipment that is excluded under each Agreement's basic maintenance services, add equipment or services in additional locations, obtain professional services, and cover emergency or unforeseen as-needed equipment maintenance, repair, and support services. The facilities will only request additional services if funding is available in the facility's budget.

The Joint Commission requires facilities to ensure routine preventative maintenance, timely repairs, and performance/safety testing of its medical equipment is performed to maintain patient safety. Therefore, this delegated authority is necessary to enable the two Agreements to be amended timely to guarantee that critical medical equipment is maintained appropriately and ensure the safety of patients and facility staff, as well as to meet the requirements of The Joint Commission. Board policy generally allows delegated authority to increase the maximum obligation of an agreement up to 10 percent. However, based on experience in recent years with several other equipment maintenance service agreements, DHS believes that requesting 40 percent for potential increases is appropriate since adding even a few pieces of equipment or an additional facility may require a significant funding increase.

If DHS is not able to add equipment to existing Agreements, the alternative is to request a Purchase Order (PO) from the Internal Services Department in the event additional service needs occur. The lead time to obtain a PO is much longer than execution of an amendment to an existing DHS Agreement using the Board's delegated authority.

NOTIFICATION TIMELINE

Consistent with the procedures of Board Policy 5.120, we are informing the Board of our intention to proceed with the filing of the Board letter with the Executive Office of the Board for the July 19, 2016 Board Meeting.

If you have any questions or need additional information, please let me know, or your staff may contact Kathy Hanks, at (213) 240-7819 or khanks@dhs.lacounty.gov.

MHK:kh

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors