



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

14 January 27, 2015

Patrick Ozawa
PATRICK OZAWA
ACTING EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

January 20, 2015

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director, Strategic Planning

**APPROVAL OF AMENDMENT TO AGREEMENT NO. H-704291 WITH
CAREFUSION SOLUTIONS, LLC
(ALL DISTRICTS)
(3 VOTES)**

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATION ()
DISAPPROVE ()**

www.dhs.lacounty.gov

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

SUBJECT

Request approval of an Amendment to Agreement with Carefusion Solutions, LLC for continued provision of repair and maintenance of Pharmacy Dispensing equipment at various Department of Health Services' facilities to extend the term, and delegation of authority to the Director to execute as-needed future amendments to this Agreement.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 2 to Agreement No. H-704291 with Carefusion Solutions, LLC. (Carefusion), effective upon execution, to extend the term of the Agreement for three years commencing March 1, 2015 through February 28, 2018, for the continued provision of preventative maintenance and repair services of automated medication dispensing equipment at DHS facilities listed on Attachment B, for a total annual contract sum of \$400,685.



www.dhs.lacounty.gov

2. Delegate authority to the Director, or his designee, to execute a future amendment to the Carefusion Agreement to increase the annual contract sum by \$240,238 to add new equipment coming off warranty, and provide professional services for interfacing with Online Real-Time Centralized Health Information Database (ORCHID), and amend the Statement of Work to add additional equipment and professional services, subject to review and approval by County Counsel.

3. Delegate authority to the Director, or his designee, to execute future amendments to the Carefusion Agreement to: (a) implement modifications in accordance with the Agreements' terms and conditions; and (b) incorporate administrative changes to the Agreements', including but not limited to the addition, modification, or removal of any relevant terms and conditions, to clarify terms and conditions and otherwise comply with changes in applicable law.

4. Delegate authority to the Director, or his designee, to execute future amendments to the Carefusion Agreement to increase the total annual amount of the Agreement annually by no more than 40 percent above the first year's initial annual contract extension sum of \$400,685 for a total possible annual increase of \$160,274 to: add equipment coming off warranty, provide for out-of-scope repairs or maintenance for equipment that is excluded under the Agreement's basic maintenance services, to add equipment/services to additional locations; provide professional services; and cover emergency or unforeseen as-needed equipment maintenance, repairs, and support services.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the first recommendation will allow the Director, or his designee, to execute an Amendment, substantially similar to Exhibit I, with Carefusion to ensure uninterrupted day-to-day operations and continued maintenance and support of their automated medication dispensing systems. The current Agreement expires on February 28, 2015.

Carefusion agreed not to increase prices for existing services, which have remained the same since 2010.

Approval of the second recommendation will allow the Director, or his designee, to amend the Agreement to add additional equipment coming off warranty, such as the Alaris Pump (Alaris), Carefusion Coordination Engine (CCE), Knowledge Portal, and professional support services to the Agreement. Currently, Alaris and CCE are paid via Purchase Order (PO) issued by the Internal Services Department (ISD). In May 2015, the PO's will expire and ISD has advised that the equipment will need to be added to this Agreement.

LAC+USC Medical Center (LAC+USC MC's) uses Carefusion's Alaris pumps. The Alaris pump is a smart pump that is designed for the delivery of fluids, medications, blood, and blood products using continuous or intermittent delivery to adult, pediatric, and neonatal patients.

CCE provides a common interface across many Carefusion technologies and will directly communicate with the County's new electronic health record system, ORCHID, Talys's Enterprise Server and Cerner's PharmNet Inpatient Pharmacy System. CCE was implemented at Harbor on November 1, 2014 and will be implemented at remaining DHS facilities in coordination with ORCHID's go-live dates. CCE will need to be added to the Agreement once the one-year service

warranty expires.

DHS will work with Carefusion to amend the Statement of Work to incorporate the additional equipment (hardware and software) and appropriate service levels.

Approval of the third recommendation will authorize the Director to amend the Agreement to add or remove equipment, implement modifications in accordance with the Agreement's terms and conditions, and perform any administrative contractual changes to the Agreement as required by changes in applicable law.

Approval of the fourth recommendation will allow the Director, or his designee, to increase the total annual amount of the Carefusion Agreement up to 40 percent of the annual amount indicated in Attachment A, to add equipment coming off warranty, professional services, emergency work, where applicable, out of scope repairs/support services, and/or additional locations.

The Joint Commission requires facilities to ensure routine preventative maintenance, timely repairs, and performance/safety testing of its medical and hospital equipment and to maintain patient safety. Therefore, this delegated authority is necessary to enable the Agreement to be amended timely to guarantee that the critical 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 total annual sum up to 10 percent. The Agreement currently has 25 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.

In accordance with Board Policy 5.120, on January 6, 2015, DHS provided the Board, with a copy to the Chief Executive Office, the required two-week notice of intent to request a delegation of authority in excess of 10 percent.

Implementation of Strategic Plan Goals

The recommended actions support Goal 1, Operational Effectiveness/Fiscal Sustainability, and Goal 3, Integrated Services Delivery, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The total annual amount of the Amendment to the existing Agreement is \$400,685 as identified in Attachment A. The additional equipment and services to be added during FY 2014-2015 will increase the Agreement's total annual sum by \$240,238. The total potential maximum increase under the 40 percent delegated authority is \$160,274 and would be funded using existing resources.

Funding is included in the Department's Fiscal Year 2014-15 Final Budget and will be requested in future fiscal years as necessary for first recommendation.

DHS will either identify existing funding or may request a budget adjustment if needed should delegated authority be exercised for second recommendation.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On March 16, 2010, DHS executed a Sole Source Agreement with Carefusion, who is the Original Equipment Manufacturer (OEM), effective through February 28, 2015 for the provision of equipment maintenance and repair services for automated medication dispensing cabinets at various DHS facilities.

DHS has determined that this is not a Proposition A Agreement because the services are provided on a part-time or intermittent basis, and therefore, provisions of the County's Living Wage Program do not apply.

County Counsel has approved Exhibit I as to form.

The CIO reviewed this item and is recommending approval as this action merely extends an existing previously Board-approved agreement and does not introduce any new technology-related issues. No formal CIO Analysis is included herewith.

CONTRACTING PROCESS

Carefusion is the OEM and uses proprietary technology in their equipment to ensure their competitors cannot service the equipment or limit the availability of the parts to the third party. When the original equipment or purchase warranty expires, the best option is to contract with the OEM to ensure that the equipment is maintained in accordance with equipment specifications. Another benefit to contracting with the OEM is the guarantee of faster access to OEM parts when repair services, especially for emergencies, are needed.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations will allow DHS to obtain ongoing critical equipment maintenance and repair services.

Respectfully submitted,

Handwritten signature of Mitchell H. Katz in black ink.

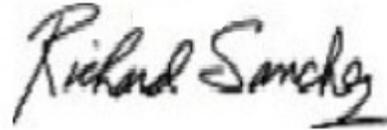
Mitchell H. Katz, M.D.
Director

MHK:RS:mm

Enclosures

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

Reviewed by:

Handwritten signature of Richard Sanchez in black ink.

RICHARD SANCHEZ
Chief Information Officer

CAREFUSION
Effective March 1, 2015 through February 28, 2018

FACILITY	ANNUAL COST
LAC+USC Medical Center	\$ 162,937
Hudson Comprehensive Health Center	\$ 4,092
Hawkins Comprehensive Health Center	\$ 7,000
Harbor UCLA Medical Center	\$ 106,584
Martin Luther King Jr. Outpatient Center	\$ 13,128
Olive View UCLA Medical Center	\$ 81,936
Rancho Los Amigos National Rehabilitation Center	\$ 24,696
High Desert Regional Health Center	\$ 312
TOTAL COST	\$ 400,685

Agreement No.: H-704291

EQUIPMENT MAINTENANCE AND REPAIR FOR AUTOMATED INPATIENT
MEDICATION DISPENSING EQUIPMENT AGREEMENT

Amendment No. 2

THIS AMENDMENT is made and entered into this _____ day of _____,
2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

CAREFUSION SOLUTIONS,
LLC
(hereafter "Contractor")

Business Address:
3750 Torrey View Court
San Diego, CA 92130

WHEREAS, reference is made to that certain document entitled "EQUIPMENT MAINTENANCE AND REPAIR FOR AUTOMATED INPATIENT MEDICATION DISPENSING EQUIPMENT," dated March 16, 2010, and further identified as Agreement No.: H-704291, and any amendments thereto (all hereafter referred to as "Agreement"); and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 8.1 may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon execution.
2. Agreement, Paragraph 4.0, Term of Agreement, is deleted in its entirety and replaced as follows:

"4.0. **TERM OF AGREEMENT**

- 4.1 The term of this Agreement shall commence on March 16, 2010, and shall continue in full force and effect to and include February 28, 2018, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.
- 4.2 The Agreement shall be thereafter automatically extended for two (2) additional one-year periods, without further action by the parties hereto, unless the County desires not to extend, in which case County will provide written notice to the Contractor no less than thirty (30) calendar days prior to the beginning of any such extension period.
- 4.3 The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.
- 4.4 The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address herein provided in Exhibit E - County's Administration."

2. Agreement, Paragraph 5.0, Contract Sum, Subparagraph 5.4.7 is deleted in its entirety and replaced as follows:

"5.4.7 During the term of this Agreement, the Director, or his or her designee, may amend Exhibit B if additional maintenance and repair services are needed and may annually increase the contract sum by no more than forty percent (40%) of the annual contract sum for unanticipated maintenance and repair services and if equipment is added/removed to/from any Medical Facility."

3. Agreement, Paragraph 8.0, Standard Terms and Conditions, Subparagraph 8.12 is deleted in its entirety and replaced as follows:

"8.12 CONSIDERATION OF HIRING GAIN/GROW PARTICIPANTS FOR EMPLOYMENT

8.12.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such

employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW participants by job category to the Contractor.

8.12.2 In the event that both laid-off County employees and GAIN/GROW participants are available for hiring, County employees shall be given first priority."

- 4. Agreement is modified to add Sub-Paragraph 8.52, Time Off For Voting, as follows:

"8.52 TIME OFF FOR VOTING

The Contractor shall notify its employees, and shall require each subcontractor to notify and provide to its employees, information regarding the time off for voting law (Elections Code Section 14000). Not less than 10 days before every statewide election, every Contractor and subcontractors shall keep posted conspicuously at the place of work, if practicable, or elsewhere where it can be seen as employees come or go to their place of work, a notice setting forth the provisions of Section 14000."

- 5. Agreement, Exhibit B, Pricing Schedule, is modified to add Exhibit B-5, attached hereto and incorporated herein by reference.
- 6. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____

Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

By: _____

Signature

Printed Name

Title

APPROVED AS TO FORM:
Mark Saladino
County Counsel

By: _____

James Johnson
Associate County Counsel

Agreement No.: H-704291

EQUIPMENT MAINTENANCE AND REPAIR FOR AUTOMATED INPATIENT
MEDICATION DISPENSING EQUIPMENT AGREEMENT

Amendment No. 2

THIS AMENDMENT is made and entered into this _____ day of _____,
2015,

By and between

COUNTY OF LOS ANGELES
(hereafter "County"),

And

CAREFUSION SOLUTIONS,
LLC
(hereafter "Contractor")

Business Address:
3750 Torrey View Court
San Diego, CA 92130

WHEREAS, reference is made to that certain document entitled "EQUIPMENT MAINTENANCE AND REPAIR FOR AUTOMATED INPATIENT MEDICATION DISPENSING EQUIPMENT," dated March 16, 2010, and further identified as Agreement No.: H-704291, and any amendments thereto (all hereafter referred to as "Agreement"); and,

WHEREAS, it is the intent of the parties hereto to amend Agreement to extend its term and to provide for the other changes set forth herein; and

WHEREAS, Agreement provides that changes in accordance to Paragraph 8.1 may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it possesses the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall commence and be effective upon execution.
2. Agreement, Paragraph 4.0, Term of Agreement, is deleted in its entirety and replaced as follows:

"4.0. **TERM OF AGREEMENT**

- 4.1 The term of this Agreement shall commence on March 16, 2010, and shall continue in full force and effect to and include February 28, 2018, unless sooner terminated or extended, in whole or in part, as provided in this Agreement.
- 4.2 The County maintains databases that track/monitor Contractor performance history. Information entered into such databases may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.
- 4.3 The Contractor shall notify DHS when this Agreement is within six (6) months from the expiration of the term as provided for hereinabove. Upon occurrence of this event, the Contractor shall send written notification to the DHS at the address herein provided in Exhibit E - County's Administration."

2. Agreement, Paragraph 5.0, Contract Sum, Subparagraph 5.4.7 is deleted in its entirety and replaced as follows:

"5.4.7 During the term of this Agreement, the Director, or his or her designee, may amend Exhibit B if additional maintenance and repair services are needed and may annually increase the contract sum by no more than forty percent (40%) of the annual contract sum for unanticipated maintenance and repair services and if equipment is added/removed to/from any Medical Facility."

3. Agreement, Paragraph 8.0, Standard Terms and Conditions, Subparagraph 8.12 is deleted in its entirety and replaced as follows:

"8.12 CONSIDERATION OF HIRING GAIN/GROW PARTICIPANTS FOR EMPLOYMENT

8.12.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor shall give consideration for any such employment openings to participants in the County's Department of Public Social Services Greater Avenues for Independence (GAIN) Program or General Relief Opportunity for Work (GROW) Program who meet the Contractor's minimum qualifications for the open position. For this purpose, consideration shall mean that the Contractor will interview qualified candidates. The County will refer GAIN/GROW

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services and Contractor has caused this Amendment to be executed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____

Mitchell H. Katz, M.D.
Director of Health Services

CONTRACTOR

By: _____

Signature

Printed Name

Title

APPROVED AS TO FORM:
Mark Saladino
County Counsel

By: _____

James Johnson
Associate County Counsel