



**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

28 December 3, 2024

December 03, 2024

*Edward Yen*  
EDWARD YEN  
EXECUTIVE OFFICER



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

Los Angeles County  
Board of Supervisors

Hilda L. Solis  
First District

Holly J. Mitchell  
Second District

Lindsey P. Horvath  
Third District

Janice K. Hahn  
Fourth District

Kathryn Barger  
Fifth District

Dear Supervisors:

**APPROVAL OF AMENDMENT TO SOLE SOURCE AGREEMENT WITH  
GLOBAL HEALTHCARE EXCHANGE LLC FOR SUPPLY CHAIN  
PROCUREMENT AND DATA MANAGEMENT SOFTWARE AND SERVICES  
(ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

Christina R. Ghaly, M.D.  
Director

Nina J. Park, M.D.  
Chief Deputy Director, Clinical Affairs & Population Health

Aries Limbaga, DNP, MBA  
Chief Deputy Director, Operations

Elizabeth M. Jacobi, J.D.  
Administrative Deputy

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

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

Tel: (213) 288-8050  
Fax: (213) 481-0503

[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*"To advance the health of our patient,  
and our communities by providing  
extraordinary care"*

**SUBJECT**

Request approval of amendment to the existing sole source agreement with Global Healthcare Exchange LLC, designated as Agreement No. H-704447, for supply chain procurement and data management software and services at the Department of Health Services (DHS) facilities to increase the maximum agreement sum, extend the term, and update the terms and conditions.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Authorize the Director of Health Services (Director), or designee, to execute Amendment No. 12 to sole source Agreement No. H-704447 (Agreement) with Global Healthcare Exchange LLC (GHX), to: (i) increase the maximum agreement sum by \$3,673,845 (\$3,353,045 in new Pool Dollars, \$320,800 for services) from \$10,413,956 to \$14,087,801, for the current term ending on December 31, 2026; and (ii) extend the Agreement term for five (5) one (1) year periods through December 31, 2031, and further increase the maximum agreement sum by \$3,936,232 from \$14,087,801 to \$18,024,033,



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for the continued use of supply chain procurement and data management software and services (System).

2. Delegate authority to the Director, or designee, to execute future Amendments and/or Change Notices, as applicable to: (i) exercise the options to extend the Agreement's term for up to five (5) additional one (1) year periods; (ii) add, delete, and/or change terms and conditions as mandated by Federal or State law regulation, Los Angeles (LA County) policy, LA County Board of Supervisors (Board) and/or Chief Executive Office (CEO); (iii) make changes to the Agreement, including the Statement of Work (SOW) to meet DHS' procurement service and operational efficiency needs and/or to address technology changes and emergencies; (iv) utilize Pool Dollars included as part of the maximum agreement sum to acquire Optional Work such as hardware, additional software, interface, and professional services; and (v) issue written notice(s) of partial or full termination of the Agreement in accordance with the termination provisions of the Agreement without further action from the Board, subject to review and approval by County Counsel.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

### Background and Justification

GHX is a business exchange that connects healthcare providers with healthcare product vendors, offering healthcare supply chain automation software solutions. GHX maintains updated procurement data for medical supplies, assists members in developing and maintaining standardized and efficient supply formularies for medical supplies, ensures controls for compliance with these formularies, reconciles and cleanses purchasing data for consistency and completeness, and hosts established vendor agreements and pricing to automate the reconciliation of purchases to the group purchasing organization (GPO) contract catalog.

The System provided by GHX is a comprehensive supply chain platform consisting of multiple modules. It was competitively selected by the University HealthSystem Consortium, the predecessor of Vizient, Inc. (Vizient), which provides GPO contracting services. Vizient negotiates vendor contracts on behalf of its members, including DHS, for various medical commodities such as supplies, implants, and equipment. As a Vizient member using the System, DHS has access to Vizient-negotiated GPO vendor contracts providing an alternative to conducting individual solicitations for LA County. This access also enables DHS to leverage economies of scale through group buying, optimizing the procurement of medical commodities. As a result, DHS benefits from more favorable pricing and terms due to the collective purchasing power of Vizient's broader membership.

GHX has developed and deployed several proprietary solutions to manage, streamline and maximize efficiency and automation of supply chain transactions across the DHS enterprise for purchasing medical commodities critical to timely patient care. The modules include an electronic catalog used for ordering medical and non-medical supplies/commodities, (known as Marketplace), a data cleansing and item master management module (NuVia), a purchasing contract management module (Contract Center), an electronic invoice processing module (OnDemand AP), and a vendor credentialing module (Vendor Credentialing). The System has been modified over the years to address the specific needs of DHS, while allowing DHS to participate in purchasing opportunities available to other large healthcare organizations. GHX Procurement Suite software (Procurement Suite) previously enabled DHS to perform electronic requisitioning. Procurement Suite sunset on September 30, 2024 with the catalog functionality being replaced by GHX Marketplace, which has an

electronic catalog used for ordering medical and non-medical supplies/commodities. Additionally, GHX is currently integrated with Vizient's GPO and receives a daily feed from Vizient of the GPO-contracted pricing unique to each member and matches the price to the products purchased through the GHX Marketplace module. This validation ensures that Vizient contract pricing is honored during the procurement process.

The Internal Services Department, (ISD), is currently in negotiations for a LA Countywide procure-to-pay solution with the full implementation of the new system expected to take place after 2026. DHS has been communicating with ISD regarding the plans/timelines for the new system and anticipates using the new system when available. After the new system is implemented, DHS will continue to have the need to utilize the existing System to address its healthcare-specific supply chain requirements that are unique to DHS and would need assistance with procuring high volume critical purchases. For example, using its expertise with healthcare supply chain, GHX does the following: cleanses the DHS "Item Master," provides medical supply/commodity industry standard United Nations Standard Products and Services (UNSPSC) Code and identifies items that are billable and provides the Healthcare Common Procedure Coding System (HCPCS) needed for DHS financial operations. This is the type of healthcare-specific functionality that will need to continue to be provided by GHX to meet the unique needs of DHS.

The current Agreement term will expire on December 31, 2024, and will automatically renew on an annual basis through December 31, 2026, however, the Agreement does not have sufficient funding to support and maintain the System through 2026, due to the addition of the GHX Marketplace module. GHX Marketplace was not available when DHS received Board approval to extend the Agreement on December 7, 2021, therefore, the necessary funding for this module was not included in the Agreement. To ensure continued services and support, an increase in the maximum agreement sum is required for the current term and extension periods.

In addition, DHS needs to increase Pool Dollars for the purchase of Optional Work, such as GHX's Lumere software, Vendormate Kiosks hardware which were previously mentioned as possible additional work in the December 7, 2021 Board letter, however they were not procured because of insufficient Pool Dollars, or new modules that DHS may choose to purchase in the future. The Lumere software would provide DHS with evidence-based research and analytics related to DHS' use of medical devices. The key features of the Lumere software include evidence-based insights, workflow automation, cost optimization, price benchmarking, and utilization analysis. These features will support DHS in making informed decisions and improving the overall efficiency of its medical supply chain. The Vendormate kiosks, if purchased, would be located at DHS facilities and would streamline and enhance vendor representative access to DHS facilities offering them a seamless check-in process.

## Recommendations

Approval of the first recommendation will allow the Director, or an authorized designee, to execute Amendment No. 12 to the Agreement, substantially similar to Exhibit I, to add additional funding for the current term through December 31, 2026, extend the Agreement term through December 31, 2031, and further increase the maximum agreement sum through December 31, 2031.

Approval of the second recommendation will give DHS flexibility to revise the Agreement to exercise the extension options, change terms and conditions in response to changes in law, regulation or policy, update the SOW, utilize Pool Dollars to acquire Optional Work, and issue written notice(s) of partial or full termination of the Agreement in accordance with the termination provisions of the Agreement without further action from the Board, with all actions subject to review and approval by

County Counsel.

Extending the Agreement is essential for DHS to continue managing its healthcare supply chain effectively and maintaining its existing cost savings on the purchase of essential medical supplies/commodities.

### **Implementation of Strategic Plan Goals**

The recommended actions support North Star 3, Realize tomorrow's government today, Focus Area Goal E., Data-Driven Decision Making, Focus Area F., Flexible and Efficient Infrastructure, and Focus Area Goal G., Internal Controls and Processes of LA County's Strategic Plan and Goals.

### **FISCAL IMPACT/FINANCING**

The total maximum agreement sum under the Agreement will be increased by \$3,673,845 from \$10,413,956 to \$14,087,801, for the Agreement period ending on December 31, 2026.

The total maximum agreement sum under the Agreement will be increased by \$3,936,232 from \$14,087,801 to \$18,024,033, for the Agreement period starting January 1, 2027 to December 31, 2031.

Funding is included in DHS' Fiscal Year 2024-25 Final Budget. Continued funding will be requested in future fiscal years as necessary. There is no net County cost impact associated with the recommendations.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

County Counsel has approved the Amendment (Exhibit I) as to form only. In compliance with Board Policy 6.020 "Chief Information Office Board Letter", the Office of the Chief Information Officer (OCIO) reviewed the IT components of this request and recommends approval of Amendment No. 12. The OCIO determined that a CIO analysis is not required since the recommended action does not include any new technology.

The Agreement includes all Board-required provisions, including the most recent provisions, "Compliance with County's Women in Technology Hiring Initiative" and "Campaign Contribution Prohibition Following Final Decision in Contract Proceeding".

The Agreement is not a Proposition A Agreement, as the services provided under the Agreement are highly specialized and cannot currently be provided by LA County staff and, therefore, are not subject to the Living Wage Program (Los Angeles County Code Chapter 2.201).

**CONTRACTING PROCESS**

The Board initially approved the sole source Agreement on September 21, 2010, with extensions through December 31, 2015. On December 1, 2015, the Board approved Amendment No. 5 extending the Agreement term through December 1, 2020 and expanding the SOW to include additional software modules and services. On May 12, 2020, the CEO delegated authority to the Director of DHS or designee, to extend various contracts, allowing DHS to focus its contracting resources on urgent needs in response to the COVID-19 pandemic. DHS exercised this delegated authority and extended the Agreement term through December 31, 2021.

On December 7, 2021, the Board approved Amendment No. 9 to extend the Agreement term through December 31, 2022, with four (4) additional one-year periods through December 31, 2026, and expand the SOW to upgrade and enhance an existing software module. DHS exercised its delegated authority and executed Amendment No. 11 to expand the SOW to purchase a one (1) year subscription for GHX Marketplace as Optional Work.

On June 12, 2024, DHS notified the Board via Attachment A, of its intent to commence negotiations for the sole source Agreement extension in accordance with the revised Board Policy No. 5.100, Sole Source Contracts and Attachment B provides the sole source checklist in compliance with this Board Policy.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the recommendations will enable DHS to continue supply chain automation that is essential for the purchase of medical supplies/commodities at all DHS facilities and maintain existing cost savings on the purchase of medical supplies/commodities.

Respectfully submitted,



Christina R. Ghaly, M.D.  
Director



Peter Loo  
Chief Information Officer

CRG:se

Enclosures

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

AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES  
AND  
GLOBAL HEALTHCARE EXCHANGE LLC  
FOR  
SERVICES

Amendment No. 12

THIS AMENDMENT is made and entered into this \_\_\_ day of \_\_\_\_\_ 2024,

By and between COUNTY OF LOS ANGELES  
(hereafter "County"),

And GLOBAL HEALTHCARE EXCHANGE LLC  
(hereafter "Contractor")

Business Address:

1315 West Century Drive  
Louisville, CO 80027

WHEREAS, reference is made to that certain document entitled "Agreement by and between County of Los Angeles and Global Healthcare Exchange LLC for Services," dated September 21, 2010, and further identified as Agreement No. H-704447, including any amendments and any other modifications thereto (cumulatively hereafter referred to as "Agreement"); and

WHEREAS, on \_\_\_\_\_, the Board of Supervisors ("Board") delegated authority to the Director of Health Services, or designee, to, among other delegations, (i) increase the Pool Dollars and maximum agreement sum, (ii) extend the term of the Agreement, and (iii) add, delete and/or change certain terms and conditions in the Agreement, as mandated by federal or State law or regulation, County policy, the Board and/or Chief Executive Office; and

WHEREAS, it is the intent of the parties hereto to: (i) increase the maximum agreement sum by \$3,673,845 (\$3,353,045 in new Pool Dollars, \$320,800 for services) to \$14,087,801, for the current term ending on December 31, 2026, which includes \$4,855,209 in total Pool Dollars; and (ii) extend the Agreement term for five (5) one (1) year periods through December 31, 2031, and further increase the maximum agreement sum by \$3,936,232 to \$18,024,033, for the continued use of supply chain procurement and data management software and services (System); and (iii) provide for the other changes set forth herein; and

WHEREAS, in 2022 Services for Compliance Document Manager and Vendor Manager have sunset and in 2024 Services for Procurement Suite, Metatrade, and Provider Intelligence will sunset; and

WHEREAS, the Agreement, Sub-paragraph 8.1 - Amendments provides that such changes may be made in the form of an Amendment which is formally approved and executed by the parties; and

WHEREAS, the Contractor warrants that it continues to possess 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 be effective upon execution.
2. As notified by the Contractor on February 27, 2024, the product referred to as Procurement Suite will sunset effective September 30, 2024. DHS will receive a credit in the amount of \$233,174.50 for the termination of its access to Procurement Suite.
3. The Agreement, Paragraph 4.0 – Term of Agreement, Sub-paragraph 4.1 and 4.2 are deleted in its entirety and replaced to read as follows:
  - “4.1 The term of this Agreement shall commence on September 21, 2010, and shall expire on December 31, 2026 (Initial Term). Thereafter, at the County's sole discretion, the Agreement may renew for five (5) additional one (1) year periods (each, a Renewal Term). The term of this Agreement, which includes the Initial Term and any exercised Renewal Term, may be terminated sooner in accordance with the terms of this Agreement.
  - 4.2 Each Renewal Term shall be deemed exercised automatically by the County, unless the County provides the Contractor written notice of non-renewal at least ninety (90) days before the expiration of the applicable Renewal Term.”
4. The Agreement, Paragraph 5.0 - Agreement Sum, Billing and Payment, Sub-paragraph 5.5 is deleted in its entirety and replaced to read as follows:

**“5.5 County’s Reimbursement to Contractor from July 1, 2013 to June 30, 2026**

  - 5.5.1 Between July 1, 2013 through June 30, 2015, the maximum not to exceed cost to County for all services described hereunder is \$797,200. Of this amount, \$488,200 is the total of Contractor's

annual fees (i.e., \$244,100 for FY 2013-2014 and \$244,100 for FY 2014-2015); and \$309,000 is the maximum for Contractor's completion of all work identified in Exhibit B, Section 8.8, Additional Post-Implementation Development, which will be billed at a rate of One Hundred and Ninety-Five Dollars (\$195) per hour, but shall not exceed \$309,000 for the completion of all the work described therein.

5.5.2 County's reimbursement to Contractor for period beginning July 1, 2015 through December 31, 2015 shall not exceed One Hundred Twenty-Two Thousand and Fifty Dollars (\$122,050).

5.5.3 Between January 1, 2016 through December 31, 2020, the maximum not to exceed cost to County for all services described hereunder is \$3,542,535, including \$1,470,410 in Pool Dollars.

5.5.4 Between January 1, 2021 through June 30, 2021, the maximum not to exceed cost to County for all services described hereunder is \$217,600.

5.5.5 Between July 1, 2021 through September 30, 2021, the maximum not to exceed cost to County for all services described hereunder is \$108,801.

5.5.6 Between October 1, 2021 through December 31, 2021, the maximum not to exceed cost to County for all services described hereunder is \$108,801.

5.5.7 Between January 1, 2022 through December 31, 2026, the maximum not to exceed cost to County for all services described hereunder is \$8,296,394, including \$4,855,209 in Pool Dollars.

5.5.8 Between January 1, 2027 through December 31, 2031, the maximum not to exceed cost to County for all services described hereunder is \$3,936,232, as well as the rollover of unspent Pool Dollars as of January 1, 2027."

5. The Agreement, Sub-Paragraph 8.59, Consideration of Hiring GAIN/GROW Program Participants, is deleted in its entirety and replaced as follows:

**"8.59 Consideration of Hiring GAIN/START Participants**

8.59.1 Should the Contractor require additional or replacement personnel after the effective date of this Agreement, the Contractor will 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 Skills and Training to Achieve Readiness for Tomorrow (START) Program who meet the contractor's minimum qualifications for the open position. For this purpose, consideration will mean that the Contractor will interview qualified candidates. The County will refer GAIN/START participants by job category to the Contractor. Contractors must report all job openings with job requirements to: [gainstart@dps.lacounty.gov](mailto:gainstart@dps.lacounty.gov) and [BSERVICES@OPPORTUNITY.LACOUNTY.GOV](mailto:BSERVICES@OPPORTUNITY.LACOUNTY.GOV) and DPSS will refer qualified GAIN/START job candidates.

8.59.2 In the event that both laid-off County employees and GAIN/START participants are available for hiring, County employees must be given first priority.”

6. The Agreement, Sub-Paragraph 8.70, COVID-19 Vaccinations of County Contractor Personnel, is deleted in its entirety and replaced to read as follows:

**“8.70 Intentionally Omitted”**

7. The Agreement is modified to add Sub-Paragraph 8.71, Campaign Contribution Prohibition Following Final Decision in Contract Proceeding, as follows:

**“8.71 Campaign Contribution Prohibition Following Final Decision in Contract Proceeding**

Pursuant to Government Code Section 84308, Contractor and its Subcontractors, are prohibited from making a contribution of more than \$250 to a County officer for twelve (12) months after the date of the final decision in the proceeding involving this Contract. Failure to comply with the provisions of Government Code Section 84308 and of this paragraph, may be a material breach of this Contract as determined in the sole discretion of the County.”

8. The Agreement is modified to add Sub-Paragraph 8.72, Compliance with County's Women in Technology Hiring Initiative, as follows:

**“8.72 Compliance with County's Women in Technology Hiring Initiative**

At the direction of the Board, the County has established a “Women in Technology” (WIT) Hiring Initiative focused on recruiting, training, mentoring and preparing all genders, including women, at-risk youth,

and underrepresented populations (program participants) for County Information Technology (IT) careers. In support of the subject initiative, IT contractors currently offering certification, training, and/or mentoring programs must make such program(s) available to WIT program participants, if feasible. Contractors must report such programs available to: [WITProgram@isd.lacounty.gov](mailto:WITProgram@isd.lacounty.gov).”

9. The Agreement, Exhibit C-8 – Fee Schedule is deleted in its entirety and replaced by Exhibit C-9 – Fee Schedule attached hereto as Exhibit B and incorporated herein by reference. All references to Exhibit C-8 in the Agreement shall hereafter be replaced by Exhibit C-9.
10. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

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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, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_ for  
Christina R. Ghaly, M.D.  
Director of Health Services

CONTRACTOR

GLOBAL HEALTHCARE EXCHANGE LLC

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

APPROVED AS TO FORM ONLY:  
DAWYN R. HARRISON  
County Counsel

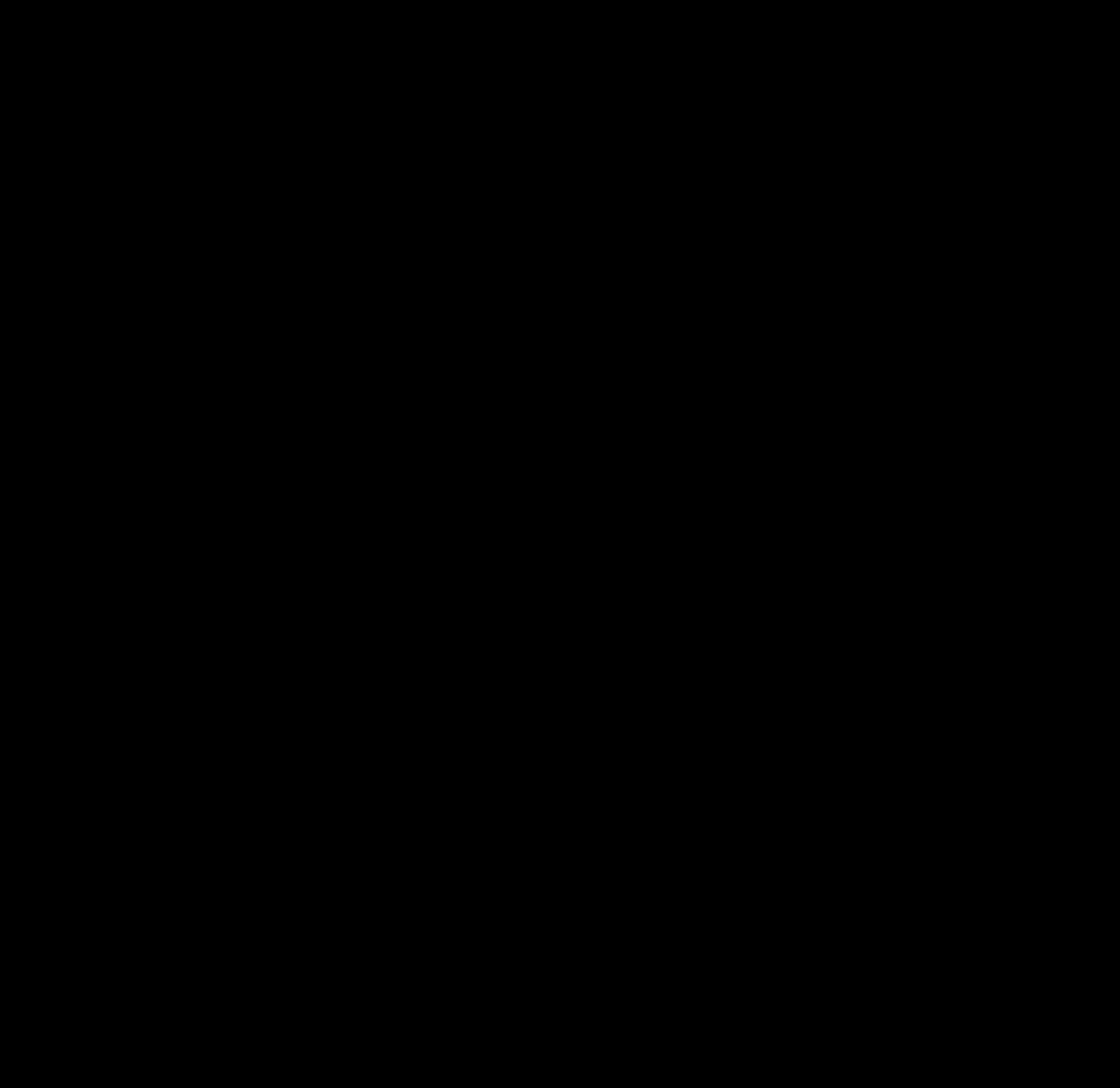
By \_\_\_\_\_  
Deputy County Counsel

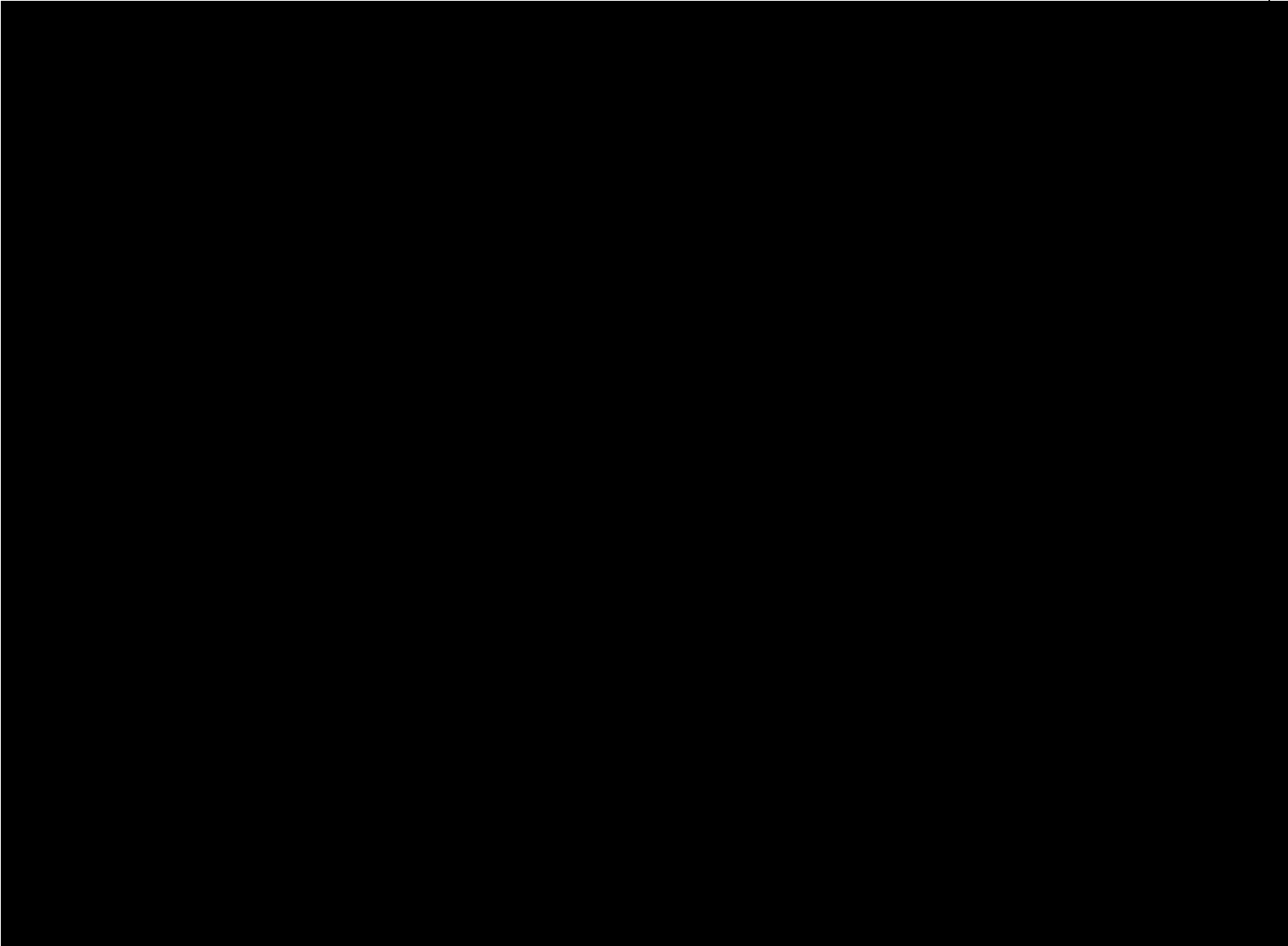
FEE SCHEDULE

Agreement Effective Date	TBD	Agreement Term Length Governing SOW	As defined under Paragraph 4.0 (Term of Agreement) of the base Agreement
		Number of Facilities Covered by Agreement	Found in Affiliates Section of the User Agreement
Primary GPO	Vizient	# MMIS	1

Account Name	Los Angeles County - Department of Health Services 9328 Telstar Ave El Monte, CA 91731
AP Contact at	Name: Jason Ginsberg Title: Chief, Supply Chain Network Email: jginsberg@dhs.lacounty.gov Phone: (323) 914-7926

<b>Table 1: Maximum Agreement Sum</b>	
Total Pool Dollars for Optional Work [1,3]:	\$4,855,209
Maximum Agreement Sum: (Total reimbursement by County to Contractor from September 21, 2010 through December 31, 2031)	\$18,024,033







**Health Services**  
LOS ANGELES COUNTY

**ATTACHMENT A**

June 12, 2024

**Los Angeles County  
Board of Supervisors**

**Hilda L. Solis**  
First District

**Holly J. Mitchell**  
Second District

**Lindsey P. Horvath**  
Third District

**Janice Hahn**  
Fourth District

**Kathryn Barger**  
Fifth District

**TO:** Supervisor Lindsey P. Horvath, Chair  
Supervisor Hilda L. Solis  
Supervisor Holly J. Mitchell  
Supervisor Janice K. Hahn  
Supervisor Kathryn Barger

**FROM:** Christina R. Ghaly, M.D.   
Director

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO  
NEGOTIATE A SOLE SOURCE AMENDMENT TO  
AGREEMENT NO. H-704447 WITH GLOBAL  
HEALTHCARE EXCHANGE LLC FOR SUPPLY CHAIN  
PROCUREMENT AND DATA MANAGEMENT  
SOFTWARE AND SERVICES**

**Christina R. Ghaly, M.D.**  
Director

**Hal F. Yee, Jr., M.D., Ph.D.**  
Chief Deputy Director, Clinical Affairs

**Nina J. Park, M.D.**  
Chief Deputy Director, Population Health

**Elizabeth M. Jacobi, J.D.**  
Administrative Deputy

This is to advise the Board of Supervisors (Board) that the Department of Health Services (DHS) intends to enter into sole source negotiation and then request approval to amend Agreement No. H-704447 (Agreement) with Global Healthcare Exchange LLC (GHX) for use of supply chain procurement and data management software and services (System) to (i) increase the maximum contract amount for the remaining term of the Agreement; (ii) extend the term of the Agreement by up to five additional years; and (iii) purchase related supply chain procurement modules, all on a sole source basis.

Board Policy No. 5.100 requires written notice to the Board when departments do not have delegated authority to increase the maximum amount of a current contract or extend the term of a current contract beyond its original term or change the scope of services.

**Background**

GHX is a business exchange consisting of healthcare providers and healthcare product vendors. GHX provides healthcare supply chain automation software solutions that maintain updated procurement data for medical supplies, assists members with developing and maintaining a standardized and efficient supply formulary for medical supplies, ensures controls for compliance with these formularies, reconciles and cleanses purchasing data for consistency and completeness, and hosts established vendor agreements and pricing to automate the

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reconciliation of purchases to the group purchasing organization, (GPO), contract catalog.

The System provided by GHX is a supply chain platform consisting of several modules that was competitively selected by the University HealthSystem Consortium, the predecessor of Vizient, Inc., (Vizient), which provides GPO contracting services, to negotiate vendor contracts on behalf of its members, including DHS, primarily for medical commodities, including medical supplies, implants, and equipment. As a member of Vizient, using the System, DHS is able to access Vizient-negotiated GPO vendor contracts as an alternative to conducting Los Angeles County, (LA County), solicitations and has leveraged economies of scale, (e.g., group buying), for purchasing medical commodities. For example, DHS purchases needles, syringes, and orthopedic implants using group purchasing, with the prices and terms negotiated for the entire Vizient membership as opposed to purchasing on a single healthcare system basis, allowing it to take advantage of better terms and economies of scale in pricing.

The Board approved a sole source Agreement with GHX on September 21, 2010, for an initial term through June 30, 2013, with a two-year extension and six month-to-month extensions through December 31, 2015. On December 1, 2015, the Board approved Amendment No. 5 to extend the Agreement term for five additional one-year periods through December 31, 2020, and expand the Scope of Work for additional software modules and services.

From 2020-2021, the Chief Executive Office, (CEO), provided delegated authority to the Director of DHS, or its designee, to extend various contracts in support of the response to the COVID-19 pandemic, and DHS exercised the delegated authority to extend the Agreement term through December 31, 2021. On December 7, 2021, CEO provided delegated authority to the Director of DHS, or its designee, to execute Amendment No. 9 to extend the Agreement term through December 31, 2022, with four additional one-year automatic renewal periods through December 31, 2026, with a maximum agreement sum of \$10,413,916 that included the addition of \$1,502,164 in Pool Dollars to acquire Optional Work, such as hardware, additional software, interfaces, and professional services.

### **Justification**

The Agreement will expire on December 31, 2024, and will automatically renew on an annual basis through December 31, 2026, but the Agreement does not have sufficient funding for all needed software and services through 2026. The increase to the maximum contract amount for the authorized extensions is needed to continue support of the System module named, "GHX Marketplace," an electronic catalog used for ordering medical and non-medical supplies/commodities. DHS acquired GHX Marketplace as a replacement for the catalog functionality of the System module referred to as, "GHX Procurement Suite," the electronic requisitioning system which is sunseting on December 31, 2024. While previously approved Pool Dollars allowed

DHS to license access to the new module, ensuring continued availability of a crucial system, GHX Marketplace was not offered as a replacement for GHX Procurement Suite when DHS last received Board approval to extend the Agreement and as such, DHS did not account for the purchase in its Pool Dollars. As a result, there are not sufficient Pool Dollars remaining to continue paying for support for the new module through 2026. It should be noted that the reason GHX Marketplace was not available for sale is because the software was added to the GHX product suite when GHX acquired Prodigio Solutions, Inc. to further cement its status as the leading provider of supply chain technology in healthcare. In addition, DHS needs to increase the Pool Dollars for the purchase of optional work during the extension terms.

The Internal Services Department, (ISD), is currently in negotiations for a LA Countywide procure-to-pay solution with the full implementation of the new system expected to take place after 2026. DHS has been communicating with ISD regarding the plans/timelines for the new system and anticipates using the new system when available. After the new system is implemented, DHS will continue to have the need to utilize the existing System to address its healthcare-specific supply chain requirements that are unique to DHS and would need assistance with procuring high volume critical purchases. For example, using its expertise with healthcare supply chain, GHX does the following: cleanses the DHS "Item Master," provides medical supply/commodity industry standard United Nations Standard Products and Services (UNSPSC) Code and identifies items that are billable and provides the Healthcare Common Procedure Coding System (HCPCS) needed for DHS financial operations. This is the type of healthcare-specific functionality that will need to continue to be provided by GHX to meet the unique needs of DHS.

GHX has implemented several proprietary solutions to manage, streamline and maximize efficiency and automation of supply chain transactions throughout the DHS enterprise for the purchase of medical commodities critical to timely patient care. The modules include an electronic catalog used for ordering medical and non-medical supplies/commodities, (known as Marketplace), a data cleansing and item master management module (NuVia), a purchasing contract management module (Contract Center), an electronic invoice processing module (OnDemand AP), and a vendor credentialing module (Vendor Credentialing). In addition, the System receives a daily feed from Vizient, which allows DHS to take advantage of pricing negotiated as part of the GPO catalog. The System has been implemented over the years to meet the specific needs of DHS, while allowing DHS to participate in purchasing opportunities available to other large healthcare organizations. Finally, to enhance the System to meet the most current requirements of medical purchasing, DHS intends to negotiate terms for the purchase of related System modules, such as a module to perform value analysis of medical supplies and devices.

An increase in the maximum agreement sum, and the Agreement term is necessary for GHX to continue supporting and maintaining the integrated supply chain software modules which focus on healthcare procurement and data management that meets the



procurement automation needs of the DHS enterprise from the requisitioning process to the invoice/payment process. Included in the maximum agreement sum increase is additional funding necessary to keep GHX Marketplace operating with uninterrupted service across DHS-enterprise to allow ordering of critical medical, and non-medical supplies/commodities. Expanding the Agreement is essential for DHS to continue managing the supply chain efficiently and maintaining its existing cost savings on the purchase of medical supplies/commodities.

### **Conclusion**

DHS has determined that GHX is uniquely positioned to continue providing supply chain procurement and data management software and services. DHS will commence negotiations no earlier than four weeks from the date of this notification unless otherwise instructed by the Board.

If you have any questions, you may contact me, or your staff may contact Jason Ginsberg, Chief of Supply Chain Operations by email at [jginsberg@dhs.lacounty.gov](mailto:jginsberg@dhs.lacounty.gov).

CRG:ja

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

**SOLE SOURCE CHECKLIST**

Agreement No. H-704447  
Global Healthcare Exchange LLC

Department Name: \_\_\_\_\_

- New Sole Source Contract
- Existing Sole Source Contract      Date Sole Source Contract Approved: \_\_\_\_\_

Check (✓)	<b>JUSTIFICATION FOR SOLE SOURCE CONTRACTS</b> Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. A monopoly is an “ <i>Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.</i> ”
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Services are needed during the time period required to complete a solicitation for replacement services; provided services are needed for no more than 12 months from the expiration of an existing contract which has no available option periods.
	➤ Maintenance and support services are needed for an existing solution/system during the time to complete a solicitation for a new replacement solution/ system; provided the services are needed for no more than 24 months from the expiration of an existing maintenance and support contract which has no available option periods.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
	➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.

\_\_\_\_\_  
*Erika Bonilla*  
Chief Executive Office

\_\_\_\_\_  
Date