



Los Angeles County
DEPARTMENT OF MENTAL HEALTH

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

30 May 1, 2018

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

May 01, 2018

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:

**REQUEST APPROVAL TO EXTEND THE CLINICAL LABORATORY SERVICES AGREEMENT
WITH PRIMEX CLINICAL LABORATORIES, INC.,
FOR FISCAL YEAR 2018-19
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to extend the existing Clinical Laboratory Services Agreement with Primex Clinical Laboratories, Inc., to continue clinical laboratory services without interruption on a month-to-month basis for a period of up to twelve months in Fiscal Year 2018-19 while the Department of Mental Health completes its competitive solicitation for a new agreement for such services.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve and authorize the Director of Mental Health (Director), or his designee, to prepare, sign, and execute an Amendment, substantially similar to the Attachment, to the existing Clinical Laboratory Services Agreement with Primex Clinical Laboratories, Inc. (Primex), for continued clinical laboratory services for Department of Mental Health (DMH) directly-operated clinics on a month-to-month basis, not to exceed twelve months, beginning July 1, 2018 through June 30, 2019. The cost for this extension period is estimated to be \$591,246, fully funded by 2011 Realignment funds.
2. Delegate authority to the Director, or his designee, to prepare, sign, and execute an amendment to the Clinical Laboratory Services Agreement with Primex for an optional extension for six-months, on a month-to-month basis, beginning July 1, 2019 through December 30, 2019 in the event additional time is need to fully complete the Request for Proposal (RFP) process, including any appeals.
3. Delegate authority to the Director, or his designee, to prepare, sign, and execute future

amendments to further amend the Clinical Laboratory Services Agreement with Primex as needed, provided that: 1) the County's total payments to the contractor under this Agreement for each fiscal year will not exceed an increase of 10 percent from the Board-approved appropriation budgeted for this Agreement; 2) any increases will be used for additional services or to reflect program and/or Board policy changes; 3) sufficient funds are available for services to be provided under the amendment; 4) approval of County Counsel, or designee, is obtained prior to any such amendments; and 5) the Director, or his designee, notifies your Board and the Chief Executive Office (CEO) within 30 days after execution of each amendment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of Recommendation 1 will allow DMH to extend the term of the existing Agreement with Primex on a month-to-month basis, not to exceed 12 months, to avoid an interruption in services.

DMH provides clinical laboratory services to clients receiving medication support to ensure patient safety and treatment efficacy as drug therapy and associated care often require supporting clinical laboratory services. These services include certified phlebotomists drawing laboratory test samples for analysis from DMH clients at directly-operated clinics. As such, DMH seeks to provide both laboratory testing and monitoring in a cost effective and seamless manner by working closely with Primex to meet the clinical laboratory service needs of DMH clients who receive services from DMH directly-operated clinics countywide.

Additionally, as DMH maintains financial responsibility for clients who do not have access to other sources of healthcare benefits, DMH shall only reimburse Primex for services to clients who have no third-party insurance.

Approval of Recommendation 2 will allow DMH to exercise the option of renewing the Agreement for six months, on a month to month basis, beginning July 1, 2019 through December 30, 2019. This will ensure DMH clients at directly operated clinics will receive continuous lab services in the event the RFP to award a new agreement for the clinical laboratory services is delayed due to appeals.

Approval of Recommendation 3 will allow DMH to further amend the existing Agreement with Primex, if and when appropriate.

DMH is in the process of conducting the RFP solicitation to procure clinical laboratory services. This RFP was necessitated by a need to continue the provision of such services beyond the term of the existing Agreement. This RFP was scheduled to be completed prior to the end of the current term of the Agreement. However, certain delays were experienced throughout the process. Initially, the release of the RFP was postponed to allow DMH to explore other potential options for procuring clinical laboratory services, which ultimately did not meet the department's needs. Recently, the RFP was cancelled due to the low number of proposals received as well as technical issues identified in the received proposals. The RFP was also cancelled to allow DMH to make revisions to the RFP.

Implementation of Strategic Plan Goals

The recommended actions support the County's Strategic Plan Goal 1 (Make Investments That Transform Lives), specifically Strategy I.2 (Enhance Our Delivery of Comprehensive Interventions).

FISCAL IMPACT/FINANCING

An estimated \$591,246 in funding for these clinical laboratory services is included in DMH's Fiscal Year 2018-19 Recommended Budget and is fully funded by 2011 Realignment funds.

Funding for the optional six-month extension will be requested through DMH's annual budget request process.

There is no net County cost impact associated with the recommended actions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On May 9, 2017, your Board approved Amendment No. 3 to extend the term of the Agreement with Primex on a month-to-month basis through June 30, 2018 to avoid an interruption in services while DMH developed a RFP for clinical laboratory services.

DMH released a RFP for clinical laboratory services on January 17, 2018 and has solicited the interest of potential contractors by advertising the RFP in major local newspapers and by mailing out the RFP to clinical laboratory service providers on DMH's Bidder's List. DMH also held a Mandatory Proposers' Conference on February 14, 2018 for potential contractors interested in responding to the RFP. Four proposers attended the Mandatory Proposers' Conference and three out of four submitted their proposals to DMH. Due to the low number of proposals received and after careful consideration of the RFP, DMH has decided to revise and reissue the RFP in order to attract a larger pool of competitive bidders.

DMH will return to your Board to request authorization to award and execute such a new clinical laboratory services agreement with the successful bidder upon completion of the RFP process and successful contract negotiations with the qualified proposer.

The attached Amendment has been approved as to form by County Counsel. DMH administrative staff will review and monitor the Contractor's adherence to the Agreement and ensure that Agreement provisions and departmental policies are being followed.

CONTRACTING PROCESS

On June 6, 2012, your Board approved a five-year Clinical Laboratory Services Agreement with Primex, which included an initial term of one year and four one-year renewal periods through June 30, 2017. On May 9, 2017, your Board approved a one year extension of the Agreement with Primex through June 30, 2018. The contract award was the outcome of the laboratory services RFP that was issued on December 3, 2010.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval will ensure there are no interruptions to the provision of clinical laboratory services at mental health clinics and clinical laboratory service sites throughout the County.

The Honorable Board of Supervisors

5/1/2018

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'JES', is centered on the page.

JONATHAN E. SHERIN, M.D., Ph.D.

Director

JES:GP:SK:AP:es

Enclosures

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel
Chairperson, Mental Health Commission

AMENDMENT NO. __

THIS AMENDMENT is made and entered into this ___ day of _____, 2018, by and between the COUNTY OF LOS ANGELES (hereafter "County") and Primex Clinical Laboratories, Inc. (hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated July 1, 2012, identified as County Agreement No. MH110002, as subsequently amended (hereafter collectively "Agreement"); and

WHEREAS, County and Contractor intend to amend Agreement to extend the term of this Agreement for up to an additional 12 months, on a month-to-month basis, beginning July 1, 2018 through June 30, 2019, to allow Contractor to continue to provide Clinical Laboratory Services for clients who reside throughout the County of Los Angeles and receive services at Department of Mental Health's directly operated clinics.

NOW, THEREFORE, County and Contractor agree that Agreement shall be amended only as follows:

1. Paragraph 1 (TERM) shall be deleted in its entirety and replaced as follows:

"A. Initial Period: The Initial Period of this Agreement shall commence on July 1, 2012, and shall continue in full force and effect through June 30, 2013.

B. Automatic Renewal Period(s): After the Initial Period, this Agreement shall be automatically renewed four additional periods without further action by the parties hereto unless either party desires to terminate this Agreement at the end of either the Initial Period or First Automatic Renewal

Period and gives written notice to the other party not less than 30 calendar days prior to the end of the Initial Period or the end of the First Automatic Renewal Period, as applicable.

(1) First Automatic Renewal Period: If this Agreement is automatically renewed, the First Automatic Renewal Period shall commence on July 1, 2013, and shall continue in full force and effect through June 30, 2014.

(2) Second Automatic Renewal Period: If this Agreement is automatically renewed, the Second Automatic Renewal Period shall commence on July 1, 2014, and shall continue in full force and effect through June 30, 2015.

(3) Third Automatic Renewal Period: If this Agreement is automatically renewed, the Third Automatic Renewal Period shall commence on July 1, 2015, and shall continue in full force and effect through June 30, 2016.

(4) Fourth Automatic Renewal Period: If this Agreement is automatically renewed, the Fourth Automatic Renewal Period shall commence on July 1, 2016, and shall continue in full force and effect through June 30, 2017.

C. Additional Extension Period(s): After the Automatic Renewal Periods, this Agreement may be extended by DMH, in its sole discretion, on a month-to-month basis for up to twelve additional one-month terms.

(1) First Additional Extension Period: If this Agreement is extended, the First Additional Extension Period shall commence on July 1, 2017 and shall continue in full force and effect, on a month-to-month basis, through June 30, 2018.

(2) Second Additional Extension Period: If this Agreement is

extended, the Second Additional Extension Period shall commence on July 1, 2018 and shall continue in full force and effect, on a month-to-month basis, through June 30, 2019, unless the Director, in his sole discretion, does not renew the Agreement by giving the other party a 30-day written notice of the last month in which the Agreement will be in effect.

(3) Optional Extension Period: County shall have the option to extend the Agreement on a month-to-month basis, commencing on July 1, 2019 through December 30, 2019, unless the Director, in his sole discretion, does not renew the Agreement by giving the other party a 30-day written notice of the last month in which the Agreement will be in effect.

E. Contractor Alert Reporting Database (CARD): The County maintains databases that track/monitor contractor performance history. Information entered into such database may be used for a variety of purposes, including determining whether the County will exercise a contract term extension option.”

2. Contractor shall provide services in accordance with the Contractor’s Fiscal Year 2018-19 Contract Package for this Agreement and any addenda thereto approved in writing by Director or his designee.
3. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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

COUNTY OF LOS ANGELES

By _____
JONATHAN E. SHERIN, M.D., Ph.D.
Director of Mental Health

Primex Clinical Laboratories, Inc.
CONTRACTOR

By _____

Name Oshin Harootonian

Title President and CEO
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM:
OFFICE OF THE COUNTY COUNSEL