

# County of Santa Clara

## Office of the County Executive

### Procurement Department



---

CE05 102009

Prepared by: Cheryl Liu  
Procurement Manager

Reviewed by: Roslyn Fuller  
Assistant Director of Procurement

DATE: October 20, 2009

TO: Board of Supervisors

FROM:

A handwritten signature in black ink, appearing to read "Jenti Vandertuig".

Jenti Vandertuig  
Director of Procurement

SUBJECT: Acquisition of Automated Medication Dispensing Equipment and Related Services.

### **RECOMMENDED ACTION**

Approve delegation of authority to Director of Procurement, or designee, to issue a solicitation relating to providing automated medication dispensing equipment and related services for a five-year period. Delegation of authority shall expire on March 31, 2010.

### **FISCAL IMPLICATIONS**

There is no fiscal impact on the General Fund as a result of this action. Santa Clara Valley Health and Hospital System (SCVHHS) will utilize funds from their approved budget for these purchases.

### **CONTRACT HISTORY**

On September 27, 2005, the Board of Supervisors approved the lease agreement with Cardinal Health related to providing automated medication dispensing equipment and related services in an amount not to exceed \$2,845,174 for the period September 27, 2005 through March 31, 2010. Subsequent amendments were executed for administrative and business process changes.

## **REASONS FOR RECOMMENDATION**

SCVHHS uses the agreement with Cardinal Health for the lease and support services of automated medication dispensing equipment. Current automated dispensing systems are located in multiple areas within Santa Clara Valley Medical Center (SCVMC). To better control medications in the clinics and meet the regulatory requirements, automatic dispensing systems are also needed in the ambulatory clinic settings. This will increase the number of such units needed in the clinic areas. SCVHHS plans to expand the fleet with new units equipped with up-to-date technology that will provide improved patient safety. The market research has proven that there is competition which warrants a solicitation process. The County also plans to award a contract with a five-year term to obtain the most favorable pricing for equipment leasing.

Upon completion of the new solicitation, the Procurement Department will submit the contract to the Board for execution. The resulting agreement based on the new solicitation is projected to exceed the \$2,000,000 signature authority of the Director of Procurement. Therefore, delegation of authority to the Director of Procurement, or designee, to issue the solicitation is recommended.

## **BACKGROUND**

SCVHHS is comprised of an acute care public teaching hospital - Santa Clara Valley Medical Center (SCVMC) - as well as Ambulatory and Community Health Services (ACHS) outpatient services, Custody, Public Health, Mental Health and Drug and Alcohol Services. SCVMC is a 524-bed acute care public teaching hospital affiliated with Stanford University Medical School and provides a full range of inpatient, emergency, rehabilitation, neonatal, intensive care, high-risk maternity care, psychiatry, pediatric intensive care, and burn intensive care services. The Ambulatory outpatient services include both primary and specialty clinics located not only at SCVMC, but also at satellite facilities located throughout the County.

SCVMC has an average daily census of approximately 343 patients. Annual outpatient visits are approximately 717,000. An automated medication dispensing system is a mechanical system controlled remotely by a pharmacist that performs operations or activities, other than compounding or administration, relative to the storage, dispensing, or distribution of prepackaged medication. An automated medication dispensing system shall collect, control, and maintain all transaction information to accurately track the movement of medications into and out of the system for security, accuracy, and accountability.

The Agreement with Cardinal Health is an agreement for equipment rental and support services. Under the current agreement with Cardinal Health, SCVHHS spent approximately \$60,000 monthly. The equipment provided by Cardinal Health under the Agreement consists primarily of 50 units called "Medstations" located at various nursing units within SCVMC. The Medstations are storage cabinets with a computer on top containing information about the drugs stored in the unit and controlling access to the cabinet. All medications dispensed to patients by nursing staff and other authorized personnel are reviewed by a pharmacist.

Based on the continued needs of SCVHHS, the County Procurement Department will issue a solicitation and award a new agreement.

## **CONSEQUENCES OF NEGATIVE ACTION**

SCVHHS will not be able to address the increased demands for automated medication dispensing equipment.