

FORM APPROVED COUNTY COUNSEL  
 BY: Robert M. Pepper, Jr. 5/22/08  
 DATE

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

457



**FROM:** Human Resources Department

**SUBMITTAL DATE:**  
 May 22, 2008

**SUBJECT:** Request for Sole Source with the Joslin Diabetes Center, Inc. for Professional Consultation and Materials for Program Development.

**RECOMMENDED MOTION:** 1) Approve the sole source purchase of professional consultation and educational materials from the Joslin Diabetes Center, Inc. without securing competitive bids in accordance with Ordinance 459.5 in an amount not to exceed \$200,000; and 2) Authorize the Assistant CEO/Human Resources Director to execute such documents as are necessary to implement said purchase. 3) authorize the Chairperson to sign four (4) copies of the attached Agreement and; 4) retain one (1) copy of the signed Agreement and return three (3) copies to Human Resources for distribution.

**BACKGROUND:** In 1999, the Board of Supervisors established the County's self-funded Exclusive Provider Option (EPO) health plan, Exclusive Care, to provide a value health plan option to the employees of Riverside County and their families. With diabetes reaching epidemic proportions, Exclusive Care is developing a high quality disease management program to focus initially on the treatment of diabetes with the objective of helping members learn to manage their disease, thereby improving their quality of life with less time off due to illness.

*[Signature]*  
 Ronald W. Komers  
 Asst. County Executive Officer/Human Resources Dir.

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 20,000	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2007-08

<b>SOURCE OF FUNDS:</b> Medical Premiums Paid by Health Plan members	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY: *[Signature]*  
 Elizabeth J. Olson

**County Executive Office Signature**

Dept't Recomm.:  
 Per Exec. Ofc.:  
 Consent  
 Policy

**Prev. Agn. Ref.:** | **District:** | **Agenda Number:**

ATTACHMENTS FILED

WITH THE CLERK OF THE BOARD

3.42

### **Background continued**

Exclusive Care professionals who are knowledgeable in diabetes disease management services conducted an industry search for professional services to assist in the development of Exclusive Care's Diabetes Disease Management Program and identified The Joslin Diabetes Center, Inc., a 501c(3) non-profit organization affiliated with Harvard Medical School, which has an international reputation for treatment of diabetes and the development of programs and materials to share their expertise with other organizations in the management of this deadly disease.

The Joslin approach is to divide the scope of work into two (2) phases. The first phase (approximately \$50,000 including out-of-pocket expenses) includes a complete assessment of the Exclusive Care program and needs by Joslin, with recommendations for the development of an effective disease management program for diabetes. Phase II includes providing professional consulting services (approximately \$100,000) and various patient educational materials (approximately \$50,000) to assist Exclusive Care in fully developing a high quality diabetes disease management program for County of Riverside employees.

### **Justification**

Diabetes is a progressive and destructive disease leading to death unless properly managed. People with diabetes are at increased risk for developing heart disease, kidney failure, blindness, and amputation. Diabetes is reaching epidemic proportions throughout the United States, including Riverside County.

The Joslin Diabetes Center, Inc. services include program development for Exclusive Care's Center of Excellence for Disease Management, co-branded diabetes educational materials, and an outreach program to improve diabetes care throughout Exclusive Care's network of over 500 physicians. The Joslin Diabetes Center, Inc. also provides unique professional consultation and educational services designed and proven in the establishment of a diabetes disease management program. To our knowledge, no other providers have a similar proven track record of consultative focus.

The level of care required to allow employees with diabetes to thrive is not available within the general healthcare community, as payors do not reimburse providers to give the focused types of care required for patients to effectively manage their diabetes. With over 618 members (5% of Exclusive Care's enrolled membership) diagnosed with diabetes, it would appear that Exclusive Care's membership has similar characteristics to the population as a whole which, based on a national study, suggests that over 3,484 Exclusive Care members have diabetes or are at risk of developing the disease but are unaware that they even have the disease.

Additional outreach to county employees, patients of Riverside County Regional Medical Center (RCRMC), Public Health Clinics and those who are Blue Shield subscribers (through a contract with the Center) will allow the county to extend the substantial health benefits to more than just Exclusive Care's enrolled population. Additionally, the Diabetes Management Center of Excellence will also accept patients who are exhibiting symptoms of metabolic syndrome, a precursor to diabetes.

A recent article was published entitled "Estimating the Total Cost of Poor Employee Health." Based on the workplaces surveyed for the article, research suggested that employees who were diabetic represented 70% of the overall lost work days reported. The County of Riverside will realize the cost savings from increased productivity and reduced absenteeism of Exclusive Care plan member employees and employees who are members of Blue Shield.

The Joslin Diabetes Center, Inc. has over 100 years of history and a quarter million treated patients with an international reputation as the foremost diabetes research, care and education center in the world. The Joslin Diabetes Center, Inc., affiliated with Harvard Medical School, has pioneered and continues to set the standards for much of today's specialty diabetes care. Joslin has experience intergrating its expertise into various settings including the Centers for Medicare & Medicaid Services (CMS), the Veterans Administration, the U.S. Dept. of Defense, and the University of Mississippi Medical Center. Along with other projects, The Joslin Diabetes Center, Inc. has also successfully implemented a program for primary care practice support that has substantially improved diabetes care in 1,600 practices in New York City and Detroit. The Joslin Diabetes Center, Inc. has specific staff and the program to assist organizations like Exclusive Care in the continued development of diabetes disease management programs.

### **Price Reasonableness**

For the scope of services proposed and the educational materials to be included, the cost of the proposed agreement is considered to be reasonable. The cost is to be funded by Exclusive Care members' premiums with the anticipation that these program costs will result in healthier members with significantly lower health care costs than they would otherwise have without the care and treatment provided by the program. HHS Secretary Mike Leavitt has said that "U.S. residents spend about \$3.8 billion for diabetes-related hospitalizations, about two-thirds of which could be avoided with appropriate preventative care." According to the *Benefits & Compensation Digest*, the average healthcare costs for a person with diabetes in 2005 was \$7,768. Based on this average cost and the costs that could be avoided with appropriate preventative care, the anticipated savings to Exclusive Care and its members would be approximately \$5,200 per diabetic per year or a total savings ranging from \$3.2 million to \$4.8 million annually.

### **Financial Impact**

There is no impact on the County General Fund, as the program is funded by the 12,000 members of Exclusive Care Health Plans.

Date: June 3, 2007

From: Ron Komers Department/Agency: Human Resources

To: Board of Supervisors

Via: Purchasing Agent

Subject: Sole Source Procurement; Request for Professional Consultation and Materials for Program Development

The information below is provided in support of the Human Resources Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

**Supply/Service being requested:** Professional consultation and educational materials for the development and operation of a high quality disease management program addressing diabetes and its many related complications to treat members of the County's Exclusive Care EPO. Services include program development for Exclusive Care's Center of Excellence for Disease Management, co-branded diabetes educational materials, and development of an outreach program to improve diabetes care throughout Exclusive Care's network of over 500 physicians.

**Supplier being requested:** Joslin Diabetes Center, Inc., a 501(C)(3) non-profit organization affiliated with Harvard Medical School.

**Alternative suppliers that can or might be able to provide supply/service:** The Joslin Diabetes Center, Inc. provides unique professional consultation and educational services designed and proven in the establishment of a diabetes disease management program. To our knowledge, no other providers have a similar proven track record or consultative focus.

**Extent of market search conducted:** Exclusive Care professionals knowledgeable in diabetic disease management services conferred and conducted industry search for professional services to assist in developing Exclusive Care's Diabetes Disease Management Program.

**Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** Over 100 years of history and a quarter million treated patients with an international reputation as the foremost diabetes research, care, and education center in the world. The Joslin Diabetes Center, Inc. is affiliated with the Harvard Medical School and has pioneered and continues to set the standards for much of today's specialty diabetes care. Joslin has experience integrating its expertise into various settings including the Centers for Medicare & Medicaid Services (CMS), the Veterans Administration, the US Dept. of Defense, and the University of Mississippi Medical Center. As well as other projects, Joslin has also successfully implemented a program for primary care practice support that has substantially improved diabetes care in 1,600 practices in New York City and Detroit. Joslin has specific staff and the program to assist organizations such as Exclusive Care in developing effective diabetes disease management programs.


**Reasons why my department requires these unique features and what benefit will accrue to the county:** Diabetes is a progressive and destructive disease leading to death unless properly managed. People with diabetes are at increased risk for developing heart disease, kidney failure, blindness, and amputation. Diabetes is reaching epidemic proportions throughout the US including Riverside County. According to a study published in the journal *Diabetes Care*, the prevalence of diagnosed diabetes rose from 5.1% in the period 1988-94 to 6.5% in the period 1999-2002. Researchers also report that there is an additional 2.8% of the population who have diabetes but are not diagnosed for a total of 9.3% of the population having diabetes. In addition, there is another 26% of adults who have fasting blood sugar levels above normal and are at risk for developing diabetes. The level of care required to allow members with diabetes to thrive is not available within the general healthcare community as payors don't reimburse providers to give the level and types of care required for patients to effectively manage their diabetes. With over 618 members (5% of Exclusive Care's enrolled membership) diagnosed with diabetes, it would appear that Exclusive Care's membership has similar characteristics to the population as a whole which, based on the study, suggests that over 3,484 of its members have diabetes or are at risk for developing the disease. To address the health care required to minimize the debilitating effects of this disease on its membership, Exclusive Care is developing a Center of Excellence to help these County employees and their family members manage this chronic disease and continue to be healthy and productive employees for the County while reducing the cost of healthcare. To ensure the best of treatment, Exclusive Care wants to work with the very best in putting this program together and the Joslin Diabetes Center offers that level of support.

As part of its diabetes disease management program, Exclusive Care is also planning to develop protocols and training utilizing the Joslin Center's approach to diabetes management which will be disseminated to its network physicians including those at the Community Health Agency (CHA) Family Health Centers and the Riverside County Regional Medical Center (RCRMC). Adoption of these protocols will improve diabetic care for the general population of the County in addition to the County employees. Development of a diabetes disease management program is supported by both CHA and RCRMC.

**Price Reasonableness:** For the Scope of Services proposed and the educational materials to be included, the cost of the proposed agreement is considered to be reasonable. The cost is to be funded by Exclusive Care members' premiums with the anticipation that these program costs will result in healthier members with significantly lower health care costs than they would otherwise have without the care and treatment provided by the program. HHS Secretary Mike Leavitt has said that "U.S. residents spend about \$3.8 billion for diabetes-related hospitalizations, about two-thirds of which could be avoided with appropriate preventive care." According to the *Benefits & Compensation Digest*, the average healthcare costs for a person with diabetes in 2005 was \$7,768. Based on this average cost and the costs that could be avoided with appropriate preventive care, the anticipated savings to Exclusive Care and its members would be approximately \$5,200 per diabetic per year or a total savings ranging from \$3.2 million to \$4.8 million annually.

**There is no impact on the County General Fund.**

**Does moving forward on this product or service further obligate the county to future similar contractual arrangements?** No, the County through its Exclusive Care program may want to establish an ongoing relationship with the Joslin Diabetes Center to ensure the very best of care for Exclusive Care Members (County employees and their dependents) being treated under the diabetes program operated by Exclusive Care's Center of Excellence for Disease Management, but will not be obligated to do so.



Department Head Signature

5/19/08  
Date

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove



Purchasing Agent

5-19-08  
Date