

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



**FROM:** Riverside County Regional Medical Center (RCRMC)

**SUBMITTAL DATE:**  
March 27, 2014

**SUBJECT:** Approval of blanket purchase orders with Allied Medical and Reliance Wholesale for spot market pharmaceutical purchases. [\$1,500,000] Hospital Enterprise Funds. [Districts: 5/5]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and authorize the Purchasing Agent to develop Blanket Purchase Orders with Allied Medical Supply and Reliance Wholesale, Inc., to be utilized for spot market purchases, without seeking competitive bids, of hard to find injectables, vaccines and pharmaceuticals for an aggregate total of \$300,000 per year to be renewed annually through 2019, and
2. Authorize the Purchasing Agent, in accordance with Ordinance 459.4, to sign amendments that do not change the substantive terms of the agreements, and to allow the Purchasing Agent to switch funds from account to account and increase the aggregate compensation amount not more than ten percent of the annual amount over a twelve month period.

**BACKGROUND:**

**Summary**

Riverside County Regional Medical Center (RCRMC) is a full service medical center providing medical services for both inpatients and outpatients. There have been several recent nationwide shortages of

*Lowell Johnson*

Lowell Johnson  
RCRMC Interim CEO

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 300,000	\$ 300,000	\$ 1,500,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$	

<b>SOURCE OF FUNDS:</b> Enterprise Fund	<b>Budget Adjustment:</b> No
<b>APPROVE</b>	<b>For Fiscal Year:</b> 13/14

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

County Executive Office Signature

BY: *Debra Cournoyer*  
Debra Cournoyer

**MINUTES OF THE BOARD OF SUPERVISORS**

- Positions Added
- Change Order
- A-30
- 4/5 Vote

Prev. Agn. Ref.:

District: 5/5

Agenda Number:

3-17

**BACKGROUND:**

Departmental Concurrence

Purchasing: Mark Seiler, Assistant Director

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

**FORM 11:** Approval of blanket purchase orders with Allied Medical and Reliance Wholesale for spot market pharmaceutical purchases. [\$300,000] Hospital Enterprise Funds. [District: 5/5]

**DATE:** March 27, 2013

**PAGE:** 2 of 2

**Summary**

pharmaceutical resulting in stocked out or allocated inventories on the part of our primary vendor (Amerisource Bergen). Such drug shortages could affect quality patient care. To ensure adequate stock of drugs is maintained at the Medical Center, the Pharmacy Department requires alternative/back-up vendors capable of spot market purchasing of these hard to find pharmaceuticals. Allied and Reliance are licensed specialty distributors of hard-to-find medications.

**Impact on Residents and Businesses**

This service impacts the patients of RCRMC many of whom reside in Riverside County.

**Contract History and Price Reasonableness**

Allied and Reliance are licensed specialty distributors who offer Group Purchasing Organization (GPO) and/or special direct pricing equal to or better than that offered other Government Hospitals. Allied Medical and Reliance Wholesale both provide next-day delivery to the Medical Center at no additional cost. The use of both companies will allow the Medical Center to check prices offered against each other.

Date: January 23, 2014

From: Lowell Johnson, Interim CEO, Riverside County Regional Medical Center

To: Purchasing Agent

Subject: Single Source Procurement; Request for: **Injectables, Vaccines, and other Hard-to-find Pharmaceuticals**

The below information is provided in support of my 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.

1. **Supply/Service being requested:** Injectables, Vaccines, and other Hard-to-find Pharmaceuticals
2. **Supplier being requested:** Reliance Wholesale, Inc.
3. **Alternative suppliers that can or might be able to provide supply/service:** None. This vendor is needed when our primary vendor, Amerisource Bergen, is unable to supply the RCRMC with the medications that are needed to take care of patients. There has been a nation-wide shortage on numerous Pharmaceuticals, causing product allocations on certain drugs with our primary vendor. Reliance Wholesale was found to be one of few vendors in the industry to have a number of Pharmaceuticals available for purchase during these shortages.
4. **Extent of market search conducted:** Internet research has shown a growing number of medication shortages and product allocations, which causes hospitals to rely on secondary wholesalers to provide products needed for their patients.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** Reliance Wholesale, Inc. provides medications that our primary wholesaler is unable to provide us with due to the recent nation-wide medication shortages and allocations. The vendor has quantities immediately on-hand and available for delivery.
6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** The Pharmacy department requires this vendor as an alternative to our primary Pharmaceutical wholesaler when there are shortages in medications. In the event that a medication is not available through the primary vendor, it is imperative that an alternative supplier be available to purchase the medication from. Reliance Wholesale is a licensed specialty distributor that carries hard-to-find medications. A delay in getting medications for the Pharmacy would have a direct impact on quality patient care.
7. **Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:** Reliance Wholesale provides next-day delivery to RCRMC at no additional cost. The pricing offered through Reliance Wholesale is equal to or less than the pricing offered to other Government Hospitals.
8. **Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this sole source? (Maintenance, support, or upgrades, if so, please explain).** Yes, to furthermore, grant the Purchasing Agent the authority to purchase Pharmaceuticals that are on shortage or under allocation from Reliance Wholesale without seeking competitive bids, not to exceed \$200,000.00 annually through the year 2019, or until the Pharmaceuticals are no longer on shortage, whichever comes first.

9. **Period of Performance:** Upon approval, purchases will commence for a 12-month period, with the option to renew for up to 4 additional years.

James V. Johnson 1/28/14  
Department Head Signature Date

Purchasing Department Comments:

Approve                      Approve with Condition/s                      Disapprove

Not to exceed: \$ 200,000     One time     Annual Amount through 6-30-2019

Mark D. Johnson                      3/31/14                      14-432  
Purchasing Agent                      Date                      Approval Number  
(Reference on Purchasing Documents)

Date: January 23, 2014  
From: Lowell Johnson, Interim CEO, Riverside County Regional Medical Center  
To: Purchasing Agent  
Subject: Single Source Procurement; Request for: **Injectables, Vaccines, and other Hard-to-find Pharmaceuticals**

The below information is provided in support of my 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.

1. **Supply/Service being requested:** Injectables, Vaccines, and other Hard-to-find Pharmaceuticals
2. **Supplier being requested:** Allied Medical Supply
3. **Alternative suppliers that can or might be able to provide supply/service:** None. This vendor is needed when our primary vendor, Amerisource Bergen, is unable to supply the RCRMC with the medications that are needed to take care of patients. There has been a nation-wide shortage on numerous Pharmaceuticals, causing product allocations on certain drugs with our primary vendor. Allied Medical Supply was found to be one of few vendors in the industry to have a number of Pharmaceuticals available for purchase during these shortages.
4. **Extent of market search conducted:** Internet research has shown a growing number of medication shortages and product allocations, which causes hospitals to rely on secondary wholesalers to provide products needed for their patients.
5. **Unique features of the supply/service being requested from this supplier, which no alternative supplier can provide:** Allied Medical Supply provides medications that our primary wholesaler is unable to provide us with due to the recent nation-wide medication shortages and allocations. The vendor has quantities immediately on-hand and available for delivery.
6. **Reasons why my department requires these unique features and what benefit will accrue to the county:** The Pharmacy department requires this vendor as an alternative to our primary Pharmaceutical wholesaler when there are shortages in medications. In the event that a medication is not available through the primary vendor, it is imperative that an alternative supplier be available to purchase the medication from. Allied Medical Supply is a licensed specialty distributor that carries hard-to-find medications. A delay in getting medications for the Pharmacy would have a direct impact on quality patient care.
7. **Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:** Allied Medical Supply provides next-day delivery to RCRMC at no additional cost. The pricing offered through Allied Medical Supply is equal to or less than the pricing offered to other Government Hospitals. Allied Medical offers GPO pricing for a number of supplies through Med Assets.

8. Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this sole source? (Maintenance, support, or upgrades, if so, please explain). Yes, to furthermore, grant the Purchasing Agent the authority to purchase Pharmaceuticals that are on shortage or under allocation from Allied Medical Supply without seeking competitive bids, not to exceed \$100,000.00 annually through the year 2019, or until the Pharmaceuticals are no longer on shortage, whichever comes first.
9. **Period of Performance:** Upon approval, purchases will commence for a 12-month period, with the option to renew for up to 4 additional years.

*Jewel Johnson* 1/28/14  
 Department Head Signature Date

Purchasing Department Comments:

Approve                      Approve with Condition/s                      Disapprove

Not to exceed: \$ 100,000                       One time                       Annual Amount through 6-30-

*M. H. [Signature]*                      3-31-14                      14-433  
 Purchasing Agent                      Date                      Approval Number  
 (Reference on Purchasing Documents)