

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

669



FROM: Riverside County Regional Medical Center (RCRMC)

SUBMITTAL DATE:
December 22, 2014

SUBJECT: Approval of the Five-Year Amendment to provide V.A.C. Therapy Rental Program with KCI USA, Inc. through GPO pricing [All District; \$1,008,000; Enterprise Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Ratify and authorize the Chairman to execute the Multiyear Rental Program Amendment with KCI USA, Inc. for negative pressure wound therapy effective December 22, 2014 to November 11, 2019 through Riverside County Regional Medical Center's Group Purchasing Organization (GPO) pricing not to exceed \$201,600 annually; and,
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 to sign amendments that do not change the substantive terms of the agreement and allow the Purchasing Agent to increase the compensation provision that do not exceed the annual CPI rates.

BACKGROUND:

Summary

The Riverside County Regional Medical Center (RCRMC) is currently renting twelve (12) Wound-Vac Ultra Therapy Units through KCI USA, Inc. Negative pressure wound therapy (NPWT) is a treatment for acute and chronic wounds. The treatment requires a vacuum source to create a continuous or intermittent form of negative pressure inside the wound.

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Zareh H. Sarrafian
Zareh H. Sarrafian, Hospital CEO

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 201,600	\$ 201,600	\$ 1,008,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: Hospital Enterprise Fund 100%				Budget Adjustment: No	
				For Fiscal Year: 14/15	

C.E.O. RECOMMENDATION:

APPROVE

BY: *Debra Cournoyer*
Debra Cournoyer

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
PURCHASING & FLEET SERVICES
DATE: 12/23/14
BY: JAMES E. BROWN
Lisa Brandl, Director

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

Prev. Agn. Ref.:

District: ALL

Agenda Number:

3-33

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

FORM 11: Approval for Riverside County Regional Medical Center to extend its V.A.C. Therapy Rental Program with KCI USA, Inc. through GPO pricing [All District; \$1,008,000; Enterprise Funds]

DATE: December 22, 2014

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

By delivering proper negative pressure (a vacuum) at the wound site through a patented dressing, helps draw wound edges together, remove infectious materials and actively promote granulation which helps cure the wound and become more manageable for patients and caretakers.

Ninety three percent (93%) of clinical evidence on NPWT is based on KCI VAC therapy and all KCI products are FDA approved. VAC Ultra is the only therapy system that combines VAC therapy and automated volumetric instillation of topical solutions (VeraFlo Therapy) and the only unit with Dynamic Pressure Control. In recent studies of the KCI VeraFlo Therapy it has been shown to significantly decrease the length of stay (4 days per patient) and operating room (OR) visits while improving clinical outcomes on failed NPWT wounds. Additionally, VeraFlo patients' wounds are closed before discharge. This is important for our Riverside County patients who cannot gain access to post-acute VAC therapy.

Impact on Citizens and Businesses

This service impacts the patients in Riverside County receiving care from RCRMC.

Contract History and Price Reasonableness

This amendment to the current contract extends the same program, maintenance and support that RCRMC has benefitted from the past five (5) years. The pricing from the most recent amendment will remain the same at the same cost of \$1,400 per unit, per month. The amendment will include a complete upgrade to the 5th generation therapy unit (VAC Ultra) at no cost.

At RCRMC, the majority of the NPWT costs (79% of the therapy days) are spent on the long-term patients with a length of therapy greater than ten (10) days. Using the advanced therapy in addition to standard NPWT helps RCRMC reduce costs of long-term patients by decreasing their stay in the hospital. RCRMC benefits from one of the most economic pricing agreement within KCI saving approximately 65% from list price on rentals. By agreeing to a multiyear contract with KCI, RCRMC will save \$87,580.80 annually, which is a thirty percent (30%) savings compared to the normal GPO pricing under Novation # MS0490. Regular GPO pricing is \$2,008.20 a month x 12 units = \$24,098.40 a month x 12 months = \$289,180.80 annually. The multiyear GPO pricing is \$1,400.00 a month per unit x 12 units = \$16,800 a month x 12 months = \$201,600.00 annually.

ZS:sh:ns



**KCI USA, Inc. V.A.C.® Therapy Systems V.A.C.® Customer Plus™ Committed Long-Term Rental Program Amendment
Contract #63756**

Customer: Riverside County Regional Medical Center	KCI Account Number: 105960
Address: 26520 Cactus Avenue Moreno Valley, CA 92555	

This Amendment ("Amendment") shall amend the V.A.C.® Customer Plus™ Committed Long-Term Rental Program Agreement dated, December 22, 2009 (12/22/09) ("the Agreement"), KCI Contract #36211, by and between Riverside County Regional Medical Center, hereinafter referred to individually as "Customer") and KCI USA, Inc. (hereinafter referred to as "KCI"). Unless otherwise expressly amended by the terms of this Amendment, all terms in the Agreement shall remain the same. The Agreement is hereby amended to read as follows and to become effective upon dual execution.

1. The agreement shall be extended for an additional five (5) years with an end date of November 11, 2019.
2. The parties wish to modify the types and number of Units as follows:

KCI Account No.	Participating Facility Name	Street Address City, State, Zip	Unit Model	Number Of Units
105960	Riverside County Regional Medical Center	26520 Cactus Avenue Moreno Valley, CA 92555	Ultra™ Therapy Unit	12

3. Section entitled "Termination" shall be deleted in its entirety and replaced with the following:
"Customer may not terminate during the first twelve (12) months of this Agreement. Thereafter, either party may terminate this Agreement upon ninety (90) days advanced written notice."
4. Customer agrees to utilize KCI products for 100% of Customer's negative pressure wound therapy ("NPWT") needs during the Term of the Agreement including but not limited to V.A.C.®, VeraFlo™, ABThera™, Prevena™, and V.A.C. VIA™.
5. Product Adoption: Customer agrees to order and utilize KCI's ABThera™, Prevena™, VeraFlo™ and VIA™, products if Customer determines that such products are an appropriate therapy device for the nature or type of wound presented.
6. Use of Customer Name in Trade: Customer agrees to serve as a reference to other healthcare providers seeking information about Customer's overall experience with KCI's products and services, subject to the following guidelines: (i) from time to time, KCI may share Customer's contact information with other KCI customers; (ii) Customer may communicate with such other customers regarding Customer's experience with KCI's products and services; and (iii) Customer and KCI acknowledge and agree that such communications will be independently derived and that Customer is under no obligation to commit to any number of such communications with other customers.
7. At any time following the first full calendar quarter after the effective date of this Amendment that Customer is not in compliance with the aforementioned requirements, KCI will allow an additional ninety (90) days for Customer to cure such failure (the "Grace Period"). Should Customer fail to cure the failure within the Grace Period, KCI may, upon written notice, adjust Customer's pricing to reflect Customer's then-current GPO agreement pricing.

This Amendment, including the Agreement and all of its exhibits or schedules, constitutes the entire agreement between the parties. This Amendment and any amendment hereof may be executed in two or more counterparts by each party, all of which when taken together shall constitute one instrument, it being understood that all parties need not sign the same



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counterpart. In the event that any signature is delivered by facsimile or electronic mail transmission, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or electronic mail signature page were an original thereof.

The undersigned individuals below represent and acknowledge they have the company power and authority to bind Customer, any Participating Facilities, and KCI to the terms of this Amendment.

Customer: _____ KCI USA, INC. Authorized Representative:

Customer Signature: _____

Customer (Printed): _____ Peter Pixton, VP Americas Finance

Title: _____ Date: _____

Date: _____

Please email signed Amendment to ccgdocumentprocessing@kci1.com.

FORM APPROVED COUNTY COUNSEL

BY: Neal R. Kipnis DATE 12/23/14