

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

628



**FROM:** Purchasing and Fleet Services Department

**SUBMITTAL DATE:**  
July 7, 2015

**SUBJECT:** Approval of Resolution 2015-171, Authorize the Purchasing Agent to Initialize and Implement Public Contract Code Section 20131, subsection (c), for Procurements not to Exceed \$750,000 per Vendor into County Procurement Policies and Procedures Relating to County Hospital Procurement Procedures and Activities and Direction to Riverside County Regional Medical Center to Report Quarterly to the Board of Supervisors Regarding all Purchases Conducted Under this Resolution, District 5, [\$0], 100% Riverside County Regional Medical Center Budget

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

1. Approve Resolution 2015-171, Authorize the Purchasing Agent to initialize and implement Public Contract Code Section 20131, subsection (c), into County Procurement Policies Relating to County Hospital Procurement Procedures and Activities, and;
2. Direct Riverside County Regional Medical Center to report quarterly to the Board of Supervisors on all purchases conducted under this resolution.

**BACKGROUND:**

**Summary**

(Continued on Page 2)

*Lisa Brandl*

Lisa Brandl, Director  
Purchasing & Fleet Services Dept.

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

<b>SOURCE OF FUNDS:</b> Riverside County Regional Medical Center	<b>Budget Adjustment:</b> No
	<b>For Fiscal Year:</b> 15/16

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

**APPROVE**

BY: *Christopher M. Hans*

County Executive Office Signature

Christopher M. Hans

**MINUTES OF THE BOARD OF SUPERVISORS**

FORM APPROVED COUNTY COUNSEL  
 BY: *Anita C. Willis* 7-15-15  
 DATE: ANITA C. WILLIS  
 Departmental Concurrence  
 Zareh Sarrafian, Assistant CEO Health Systems

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

3-62

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA  
FORM 11: Approval of Resolution 2015-171, Authorize the Purchasing Agent to Initialize and  
Implement Public Contract Code Section 20131, subsection (c), for Procurements not to Exceed  
\$750,000 per Vendor into County Procurement Policies and Procedures Relating to Cties and  
Direction to Riverside County Regional Medical Center to Report Quarterly to the Board of  
Supervisors Regarding all Purchases Conducted Under this Resolution, District 5, [\$0], 100%  
Riverside County Regional Medical Center Budget**

**DATE: July 7, 2015**

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**BACKGROUND:**

**Summary**

The Board of Supervisors delegates its purchasing authority to the Purchasing Agent (the Purchasing Director), which is set forth in Government Code Sections 25500 et seq. Other applicable guidelines and authority can be found in Ordinance No 459, Board Policies A-18 and A-5. Through these documents, delegation to the Purchasing Agent is very specific in order to preserve a level of review that ensures policy decisions are carried out consistent with the Board's direction and approval. There are very few exceptions to this delegation through other Board actions, such as delegation to the Building Official, General Manager of the Flood Control District, etc. Generally, all county departments follow County purchasing policies and procedures, including the Riverside County Regional Medical Center (RCRMC). Generally, most purchases require a competitive bid process, either informally or formally, which requires obtaining three quotes.

Additional purchasing authority can be found in the Public Contract Code. Within the Public Contract Code, there is a specific provision (section 20131, subsection (c)), which exempts county hospitals from the competitive bid process. The section reads as follows:

"Counties which employ purchasing agents may:

(c) Authorize the agent to purchase or contract for medical or surgical equipment or supplies, or for professional services, for a county hospital without competitive bidding, so long as an appropriation for the costs of those purchases or contracts is included in the county budget.

As used in this subdivision, 'medical or surgical equipment or supplies' means only equipment or supplies commonly, necessarily, and directly used by or under the direction of a physician and surgeon in caring for or treating a patient in a hospital."

With the implementation of the Affordable Care Act, RCRMC competes with regional providers for inpatient care and treatment. Exercising the purchasing options under the authority of the Public Contract Code will allow for nimble response to patient needs in a volatile and fast-paced marketplace. The approval of the resolution will allow for hospital operations to streamline the practice and efficiency of procurement, while promoting transparency to the public via the reporting process. Streamlining procurement to become an efficient and timely process will position RCRMC to deliver quality, cost effective services that enhance patient care, increase revenues through pay or reimbursement and enhance provider satisfaction.

To help ensure RCRMC has access to the most informed procurement and pricing information, the hospital has obtained a membership with the ECRI Institute, a nonprofit organization with stringent conflicts of interest rules. ECRI is dedicated to ensuring it provides unbiased information about the quality and costs of hospital supplies. The organization offers industry benchmarking and ready information about potential competitors that might provide a comparable product for similar or better value. Additionally, RCRMC will utilize group purchasing organizations' (GPO's) contracts that help health agencies realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors and other vendors. The hospital will utilize every available procurement mechanism exercising due diligence in securing the best value for the county.

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RCRMC, together with the Executive Office, Purchasing, and County Counsel is reviewing its purchasing process to revise it with several goals in mind: 1) streamline the process; 2) retain and modify legal safeguards and County Counsel participation; 3) retain and modify purchasing safeguards and Purchasing Department participation; and 4) obtain competition via a modified process and achieve best value for all procurements. Pertaining to hospital procurement activities, the Purchasing Department, in consultation with County Counsel, the Executive Office, and RCRMC, recommends approval of resolution 2015-171. This resolution authorizes the Purchasing Agent, on behalf of the hospital, to procure medical equipment and supplies, and professional services relating to the care of a patient and under the care of a physician or surgeon without obtaining competitive bidding up to \$750,000 annually, per vendor, per twelve-month period. The resolution also provides for contracting for physician services up to \$250,000 annually per physician. Any procurement above \$750,000 requires approval by the Board of Supervisors. The types of items and services that can be procured without obtaining competitive bids are listed within Schedule A of the resolution.

Approval of the resolution allows the Purchasing Agent to initialize and implement Public Contract Code section 20131, subsection (c) into county policies and procedures. The resolution determines that: 1) The equipment or supplies are used for treating patients in the hospital, whether in the regular "medical" care, surgery, diagnosis, treatment, and related patient services; 2) They are directly used by or under the direction of a physician or surgeon; 3) The equipment or supplies must be included in the approved County budget; 4) The professional services are directly related to hospital services that require an expertise in the delivery of such services, including but not limited to physicians, attorneys, and other professions with a health care specialty or expertise; and 5) Any purchases and contracts for professional services outside this general scope would be subject to standard purchasing procedures.

The authorization pertains specifically only to hospital procurement items listed within the resolution. As the subject matter experts, the hospital will revise their protocol for review, their internal hospital approval authority, and administrative responsibilities pertaining to this resolution. Prior to award of any item or service, the Purchasing Department will work with the hospital ensuring the best value and quality are obtained and confirm that an internal level of vetting and analysis by hospital executive management is performed. The Purchasing Department will have two Procurement Contract Specialists embedded within the hospital relating to all procurement activity. If approved, the Purchasing Department will collaborate with the hospital and the Executive Office throughout the implementation of this process.

As determined within Ordinance 459, the Purchasing Agent does not ascertain if adequate budgeting is available for procurement of any item or service; this is the responsibility of the department head. Therefore, for transparency purposes, the Purchasing Department recommends a quarterly report of all purchasing activity conducted under this resolution is submitted by Riverside County Regional Medical Center to the Board of Supervisors.

Creation of this resolution is a response to the sheer volume and magnitude of activity, coupled with the responsive pressures within RCRMC's competitive environment of health care delivery and care. If approved, it is anticipated that this resolution will create efficiencies within the procurement process and allows RCRMC to receive required items and services expeditiously to care for its patients. A twelve month period is recommended to evaluate the process and determine its effectiveness.

Upon approval by the Board, this action is immediate and will go into full force and effect for a period of twelve months. The Purchasing Department will consult with RCRMC and the Executive Office throughout this process and return with any further recommendations after the twelve month period. Additionally, during this

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time period, RCRMC will report quarterly to the Board procurements performed under the resolution. This resolution may be rescinded at any time through Board action.

1 RESOLUTION NO. 2015-171

2 A RESOLUTION OF THE BOARD OF SUPERVISORS FOR THE COUNTY OF RIVERSIDE  
3 AUTHORIZING THE PURCHASING AGENT TO INITIALIZE AND IMPLEMENT PUBLIC  
4 CONTRACT CODE SECTION 20131, SUBSECTION (C), FOR PROCUREMENTS NOT TO  
5 EXCEED \$750,000 PER VENDOR INTO COUNTY PROCUREMENT POLICIES AND  
6 PROCEDURES RELATING TO COUNTY HOSPITAL PROCUREMENT PROCEDURES AND  
7 ACTIVITIES

8 **Whereas,** The Board of Supervisors has delegated their purchasing authority to the Purchasing  
9 Agent, also known as the Purchasing Director, as promulgated through Ordinance 459;

10 **Whereas,** The Public Contract Code, section 20131, subsection (c), makes certain allowances  
11 for hospital purchases in recognition of the nature of such operations, and provides in pertinent  
12 part, as follows:

13 "Counties which employ purchasing agents may:

14 (c) Authorize the agent to purchase or contract for medical or surgical equipment  
15 or supplies, or for professional services, for a county hospital without competitive  
16 bidding, so long as an appropriation for the costs of those purchases or contracts  
17 is included in the county budget.

18 As used in this subdivision, 'medical or surgical equipment or supplies' means  
19 only equipment or supplies commonly, necessarily, and directly used by or under  
20 the direction of a physician and surgeon in caring for or treating a patient in a  
21 hospital.";

22 **Whereas,** The Board of Supervisors defines hospital as the Riverside County Regional Medical  
23 Center, which provides medical, surgical, or psychiatric care for the sick or injured;

24 **Whereas,** The Board of Supervisors recognizes the need for the Riverside County Regional  
25 Medical Center to procure items expeditiously relating to the care for its patients;

26 **Whereas,** The Board of Supervisors recognizes the implementation of the Affordable Care Act  
27 requires the Riverside County Regional Medical Center must compete with other providers of  
care in the region;

**Whereas,** The Public Contract Code allows for procurement of these items without obtaining  
competitive bids;

**NOW THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF RIVERSIDE  
DOES HEREBY RESOLVE AS FOLLOWS:**

**Section 1. Recitals.** The Recitals set forth above are true and correct and are  
incorporated in this Resolution by this reference.

1 **Section 2. Direction and Approval to the Purchasing Agent.** The Board of  
2 Supervisors authorizes the Purchasing Agent to initialize and implement the Public Contract  
3 Code section 20131, subsection (c), into county purchasing policies and procedures pertaining  
4 to hospital procurement;

4 **Section 3. Determination of Amount.** The Board of Supervisors authorizes the  
5 Purchasing Agent to award items without seeking competition to items and services listed within  
6 Schedule A of this Resolution up to \$750,000, per vendor, per 12 (twelve) month period, and up  
7 to \$250,000 annually per physician;

7 **Section 4. Determination of Items and Services Authorized.** The Board of  
8 Supervisors determines that the items covered under this resolution will be:

- 9 a) Equipment or supplies used for treating patients in the hospital, whether in the regular  
10 medical care, surgery, diagnosis, treatment and related patient services;
- 11 b) Directly used by or under the direction of a physician or surgeon;
- 12 c) Professional services directly related to hospital services that require an expertise in the  
13 delivery of such services, including but not limited to physicians, attorneys and other  
14 professions with a health care specialty or expertise; and
- 15 d) Are specifically listed within Schedule A of this Resolution and applies to no other item,  
16 equipment or service not listed.

14 **Section 5. Further Determination of Items and Services Not Authorized.** The Board  
15 of Supervisors further determines that purchases and contracts for items, equipment and  
16 professional services outside this general scope would be subject to standard purchasing  
17 procedures;

17 **Section 6. Authorization for Riverside County Regional Medical Center Only.** The  
18 Board of Supervisors authorizes this resolution for the Riverside County Regional Medical  
19 Center and no other County department, agency, authority or other public or non-profit entity  
20 under its authority;

19 **Section 7. Effective Date.** Upon approval by the Board of Supervisors, this action is  
20 immediate and will go into full force and effect for a period of twelve months; and,

20 **Section 8. Ending Date.** This resolution may be rescinded at any time through Board  
21 action.

22 **PASSED AND ADOPTED** by the Board of Supervisors of the County of Riverside at a regular  
23 meeting held on this \_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

FORM APPROVED BY COUNTY COUNSEL  
BY: ANITA C. [Signature] 2-15-15  
DATE

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6 PROCEDURES RELATING TO COUNTY HOSPITAL PROCUREMENT PROCEDURES AND  
7 ACTIVITIES

8 SCHEDULE A

9 The following list of items and services may be obtained without seeking competitive bids:

10 **Professional Services**

11 Physician Services (up to \$250,000 annually per physician)

12 Nursing Services

13 Medical/Pharmacy Consultants

14 Medical Records Management Services

15 Case Management Services

16 Medical Product Distribution Services

17 Medical Advisory/Research

18 Patient Transport

19 Pharmaceuticals

20 Medical/Pharmaceutical Computer Systems

21 Laboratory Services

22 Medical Equipment Rental

23 **Commodities**

24 All commodities associated with the medical care of patients  
25  
26  
27