



**SUBMITTAL TO THE RIVERSIDE UNIVERSITY HEALTH SYSTEM MEDICAL CENTER GOVERNING BOARD
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
15.2
(ID # 10828)

MEETING DATE:

Tuesday, September 17, 2019

FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM - MEDICAL CENTER: Approval of a First Amendment to the Group Purchasing Master Agreement Between County of Riverside and Vizient, Inc. Effective September 20, 2019 through June 30, 2021; 2 years; District - All. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve a First Amendment to the Group Purchasing Master Agreement between the County of Riverside and Vizient, Inc, effective September 20, 2019 through June 30, 2021, and authorize the Chairman of the Board to sign Amendment on behalf of the County;
2. Authorize the Purchasing Agent to continue use of Vizient GPO contract terms and pricing based on competition as fulfillment of the competitive bid requirements in Ordinance 459 and applicable statutes; and
3. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 and based on the availability of funding and as approved by County Counsel, to sign amendments that do not change the substantive terms of the Agreement.


ACTION:Policy


 Jennifer Cruikshank, Chief Executive Officer - Health System 9/3/2019

MINUTES OF THE GOVERNING BOARD

On motion of Supervisor Hewitt, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
 Nays: None
 Absent: None
 Date: September 17, 2019
 xc: RUHS

Kecia R. Harper
 Clerk of the Board
 By: 
 Deputy

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SYSTEM MEDICAL CENTER GOVERNING BOARD OF DIRECTORS
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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$0	\$0	\$0	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 19/20-20/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Vizient, Inc. (formerly UHC/Novation, LLC) is the sole Group Purchasing Organization (GPO) currently under contract with Riverside University Health System-Medical Center (RUHS-MC). Approval of a First Amendment to the Group Purchasing Master Agreement with Vizient, Inc. will allow RUHS-MC to continue to access discounts on medical equipment, supplies and services and pharmacy items through the use of nationwide contracts that have been competitively negotiated with suppliers on behalf of all Vizient members. Most Vizient opportunities are competitively bid according to the American Bar Association (ABA) Model Procurement Code principles – creating a significant potential savings of effort in the County's procurement process when this competition is recognized as fulfillment of competitive bid requirements in Ordinance 459 and other statutes.

RUHS and the County have benefited from participation in 555 Vizient national member contracts worth \$51,360,150 during the period between May 2018 through April 2019.

In addition to competitive pricing, the Vizient GPO membership includes a range of supply chain, pharmacy, and performance improvement tools and services at no additional cost. Other services are available from Vizient at additional cost – such as the “2019 Tools and Services” described in Exhibit A1 of this Amendment. The Master Agreement as amended will permit acquisition of those services by amendment, if the opportunities separately meet and are processed according to the County's procurement standards.

Vizient, Inc. is one of the largest member-driven, GPOs in the country. Backed by network-powered insights in the critical areas of clinical, operation and supply chain performance, Vizient helps members to deliver cost-effective care. Vizient was founded in 2015 as the combination of VHA Inc., a national health care network of not-for-profit hospitals; University Health System Consortium, an alliance of the nation's leading academic medical centers; and Novation, the health care contracting company. It was recently named one of the 2019 World's Most Ethical Companies® by The Ethisphere Institute.

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Impact on Citizens and Businesses

Riverside University Health System-Medical Center serves patients who work and reside throughout Riverside County. By simplifying the procurement process and lowering the prices paid for medical supplies and equipment; membership in a GPO like Vizient, helps improve patient care.

Additional Fiscal Information

Vizient helps RUHS-MC gain the best pricing available particularly for initiatives that pertain to medical surgical supplies, capital equipment, implants, pharmaceuticals and laboratory items. Product standardization programs using Vizient contracts have been essential to the success of RUHS-MC.

Contract History and Price Reasonableness

On September 23, 2014, Agenda item #3-59, the Board of Supervisors approved the Group Purchasing Master Agreement with University Health Services Consortium/Novation effective upon signature with options to renew for four additional years thereafter. The Agreement was a result of a Request for Proposal (RFP) in which UHC/Novation was found to offer the best pricing, best coverage and most comprehensive value-added programs of the GPOs then competing.

Due to the complexity and urgency of RUHS-MC's needs to purchase medical supplies, equipment and services, it was advantageous to have access to GPO contracts to help facilitate the quick procurement of supplies and services in a proven economical fashion.

The Agreement's five-year term will end on September 23, 2019. This First Amendment will allow RUHS-MC to continue fulfilling its obligations for uninterrupted patient care. RUHS's intention is to use the time covered by this extension to conduct another Request for Proposal (RFP). This extension is also beneficial since Vizient is currently providing services related to the acquisition of supplies and equipment for the Medical Office Building project in Moreno Valley (May 21, 2019, Item 15.2) – and the GPO pricing is expected to provide substantial savings in those purchases.

ATTACHMENTS:

Attachment A: FIRST AMENDMENT TO THE GROUP PURCHASING MASTER AGREEMENT FOR GROUP PURCHASING SERVICES BETWEEN COUNTY OF RIVERSIDE AND VIZIENT, INC.

SUBMITTAL TO THE RIVERSIDE UNIVERSITY HEALTH
SYSTEM MEDICAL CENTER GOVERNING BOARD OF DIRECTORS
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Teresa Summers, Director of Purchasing 9/3/2019


Gregory V. Priamos, Director County Counsel 9/10/2019

**FIRST AMENDMENT TO THE GROUP PURCHASING MASTER AGREEMENT FOR
GROUP PURCHASING SERVICES
BETWEEN COUNTY OF RIVERSIDE AND VIZIENT, INC., SUCCESSOR TO
UHC/NOVATION, LLC**

This First Amendment to the Group Purchasing Master Agreement for Group Purchasing Services (herein referred to as “First Amendment”) is made and entered into by and between the **County of Riverside**, a political subdivision of the State of California (herein referred to as “COUNTY”), on behalf of **Riverside University Health System** (herein referred to as “RUHS”), and **Vizient, Inc.**, a Delaware company (herein referred to as “CONTRACTOR”), a successor organization to UHC/Novation, LLC, sometimes collectively referred to as the “Parties” or individually referred to as a “Party.”

WHEREAS, COUNTY and CONTRACTOR entered into that certain Group Purchasing Master Agreement for Group Purchasing Services, executed September 23, 2014; Agenda Item #3-59, (herein referred to as “Agreement”);

WHEREAS, COUNTY AND CONTRACTOR acknowledge and agree that the Agreement was effective from September 23, 2014 through September 22, 2019; and

WHEREAS, the Parties now desire to amend the Agreement to extend the period of performance through June 30, 2021.

NOW THEREFORE, the Parties agree to amend the Agreement as follows:

1. **References.** Delete all references to “UHC/Novation, LLC” and “UHC” and replace with “Vizient, Inc.”
2. **References.** Delete all references to “Riverside County Regional Medical Center” or “Riverside” and replace with “RUHS”.
3. **Supply Chain Services.** Section II A. Included Services subsections i. to xvi is hereby deleted and replaced with the following description of services available to RUHS at no additional cost as a member of Vizient, Inc.:

<u>Services</u>	<u>Description</u>
Academic Medical Center Supply Chain Program	Value may include special tiers, tier optimization, unique access to innovative products and access to clinical trials or educational initiatives. We have over 200 contracts with AMC tiers
Analytical Resource Services	Provides a trained business analyst to work with the members existing resources. Each analyst has specialized training in VSA, the experience to investigate the details of the data and identify savings opportunities. The service can help members achieve superior supply chain performance.
Budget Impact Dashboard	This is a report that provides health care organizations with valid price related data for supply related budgeting. It includes Vizient contract information.

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Capital Resource program	Comprehensive suite of resources to assist with all phases of capital purchasing.
Capital View	Access the latest information on capital equipment, including product availability, product reviews and features comparisons.
Committed portfolios	Our committed portfolios improve member access to market-best pricing and savings on high use commodity categories and increases member efficiency by eliminating the need to rebid commodity categories.
Continuous bid process	Vizient's pharmacy department continually monitors the market conditions by performing a continuous pharmacy bid process on a biweekly basis.
Drug price forecast	Vizient's projection of the change in the cost of pharmaceuticals that health care organizations will purchase. The forecast is based on the acute care hospital setting, and includes price change projections for contract and non- contract product segments, as well as an overall drug price inflation estimate. Published twice annually.
Emerging technologies	Assist with integration of emerging technologies into efficient and appropriate practices.
Environmentally preferred purchasing	Vizient's program spans all functional areas within a member facility. Vizient encourages its awarded suppliers to adopt practices and policies that meet third party and industry standards on environmental stewardship. Awarded suppliers are required to make environmental impact statements for products they manufacture.
Financial performance	Access newsletter, resources and Vizient strategies to improve financial and operational performance.
Group buys	Vizient's national group buy program has proven track record of success for members. The program aggregates members' planned capital equipment purchases for a 90-day timeframe, leading to exceptional value in price, service, trade-ins, and warranty terms for members. Vizient validates and benchmarks its group buys based on the "best price paid". All group buys have produced double-digit savings to the members.
Marketplace procure	Marketplace procure is now Vizient online contract catalog, which serves as a single launch point for sourcing, contracting, and procurement workflow activities.
MSDRG report	Gives access to both clinical and supply data within the same reporting system. This allows members to pinpoint costs in the continuum of care for each patient, contributing to identification of potential cost savings and more efficient medical supply utilization.
New medical technology	Vizient actively monitors and evaluates the development pipeline to identify innovative products and devices. We provide suppliers the opportunity to request consideration as new technology vendors outside the standard contracting process.
NovaPlus Dashboard	Identify opportunities to leverage private label portfolio for additional savings
NovaPlus Private Label	Our private label delivers the best financial value and quality for products that hospitals use most frequently. NovaPlus delivers exclusive discounts, dedicated inventories and higher cooperative returns. Average price savings of 14%.
On demand events	View a listing of all available Web conference recordings organized by topic areas.

On site capital acct executive	Leverage this fee based Vizient position to coordinate bidding, selection, award, and procurement of movable equipment and certain fixed equipment. Will consolidate and group similar products from the same manufacturer for best price
Pharmacy Program	Delivers the industry's most robust program, which ensures best price through a continuous bid process. Our value-added program includes NovaPlus private label, plasma distribution and non-inject generics programs.
Pharmacy Spend Management	Review pharmacy spending to identify, compare and act on cost reduction opportunities.
Physician-Preference contracts	Vizient delivers the broadest offering that includes local negotiation support, immediate access to market competitive pricing on diagnostic and therapeutic devices from leading suppliers.
Plasma Program	Lowers prices and improves access during critical shortages. Includes guaranteed allocations and best access to product.
Price-leveling dashboard	Maintain consistent pricing across your system
Purchased Services	Vizient is the industry leader for creating value within purchased services. Areas include: Clinical and Financial solutions, IT and Telecom, Labor Management, Operational support.
Quality and Supply Scorecard	Features intuitive, highly graphic executive dashboard with integrated performance indicators for safety, mortality, core measures and spend.
Rebate Management Services	Covers a member's entire spend on both contract and non-contract agreements. This service helps track and recover unredeemed and unpaid rebates.
Reports and Alerts	Proactive notification on price and contract changes with alerts 90 days in advance of contract expiration, price changes, or contract price discrepancy.
Spendlink	Supply chain informatics tool, delivering actionable intelligence to direct members in focusing their efforts to realize the greatest cost savings while making optimal use of limited resources.
Standardization Programs	11 Programs drive savings and commitment and delivers an average 3-6% in rebates.
Supplier diversity	Named to Minority Business News Magazine's Corporate 101 List as a top corporation for supplier diversity.
Supplier diversity dashboard	Identify opportunities to convert spending to diverse supplier base.
Supply chain dashboard	Allows members to download their own diversity spend at any time. It focuses on relative supply spend and GPO purchases at an aggregate level using a uniquely developed measure for supply intensity.
Supply Chain Educational series	Offers fresh insights and ideas in a concise Web conference monthly.
Usage reports	Monitor usage of dashboards and analyze patterns to ensure adoption.
Vaccine Program	Contracts with all injectable flu vaccine suppliers that manufacture product for the US market.
Vizient Introductory Training	Learn more about the wide variety of training opportunities, including a general overview and introductory sessions for specific programs.

Vizient Summit	Bi-annual conference brings together a unique group of senior leaders and professionals in clinical operational, financial and supply chain roles.
Vizient University Health system consortium	This network provides a critical venue for AMC and complex teaching hospital members where colleagues can collaborate to position themselves for future success
Volume aggregation tiers	Product tiers leverage the optimal mix of national sourcing and custom contracting to achieve best price measuring through current market data and benchmarks.

4. **Term.** Subsection A. of Section III. Term and Termination of Agreement is hereby amended to extend the period of performance as follows:

“The period of performance for this Agreement is effective from September 23, 2014 through June 30, 2021, unless terminated earlier.”

5. **Financial Terms.** Subsection A. of Section V. Financial Terms is hereby deleted in its entirety and replaced with the following:

“1. **Supplier contracts and rebates:** As a member of Vizient, Inc. COUNTY is eligible to participate in national purchasing contract opportunities negotiated by Vizient, Inc. on behalf of its members. If COUNTY chooses to participate in a particular contract and executes a participation agreement agreeing to the terms and conditions of that opportunity, the supplier will pay to Vizient a prenegotiated and disclosed percentage of the amount reported by the supplier was spent by COUNTY during the term of COUNTY’s participation in the contract (“Administrative Fees”). Vizient in turn will pay to COUNTY sixty-eight percent (68%) of the Administrative Fees reported by suppliers, based on COUNTY’s purchases during the term of County’s participation in that particular contract (“Fee Share”). Such Fee Share will be paid within 120 days following the end of each calendar quarter to COUNTY.

2. COUNTY has no obligation to participate in any particular supplier contract or any of the available supplier contracts during the term of this Agreement.

3. **Additional Tools and Services** - COUNTY has the opportunity to purchase a variety of healthcare related performance improvement, supply chain, pharmacy management, analytics and consulting tools and services directly from Vizient, Inc. in addition to those outlined in Section IIA. For each such service or tool that COUNTY decides to procure from Vizient during the term of this Agreement a form similar to Exhibit A must be executed by both parties and this Agreement amended to become a part of this Master Agreement. COUNTY acknowledges that such services or tools may require the execution of additional agreements such as statement of works, license agreements, and order forms before such services or tools can be provided. Vizient acknowledges that COUNTY’s signatory on such Exhibits, if any, must be authorized by COUNTY’s procurement process to bind the COUNTY and have delegated authority to do so. Vizient accepts the responsibility of informing itself whether the individual signing such Exhibits has the delegated authority to do so and the risk that the Exhibit will not bind the COUNTY or become a portion of this Agreement.”

6. **Joint Responsibilities.** Section 3. Joint Responsibilities is amended to include a Subsection A. v. Transition Period, as follows:

“v. CONTRACTOR recognizes that the services under this Agreement are vital to COUNTY and must be continued without interruption and that, upon expiration, COUNTY or another contractor may continue the services outlined herein. CONTRACTOR agrees to exercise its best efforts and cooperation to effect an orderly and efficient transition of services to a successor.”

7. **Exhibit A.** Any preexisting Exhibits are deleted in their entirety and replaced with Exhibit A.1 “2019 Tools and Services” as attached hereto and incorporated herein.
8. **Notice Addresses:** The addresses set forth in Section XII Miscellaneous are hereby amended to read as follows:

“To: Vizient, Inc.:

To RUHS:

Attn: Membership/Sales Operation
290 E. John Carpenter Fwy.
Irving, Tx 75062-2710

Riverside University Health System
Medical Center
26520 Cactus Avenue
Moreno Valley, CA 92555”

With a copy to:

Vizient, Inc.
Attn: Legal Department
290 East John Carpenter Freeway, 7th Floor
Irving, Texas 75062-2710

9. **Miscellaneous.** All other terms and conditions of the Agreement not modified herein shall remain unchanged and in full force and effect.
10. **Effective Date.** This First Amendment to the Agreement shall become effective September 20, 2019.

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IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this First Amendment.

COUNTY OF RIVERSIDE, a political subdivision of the State of California

By: [Signature]

Name: Kevin Jeffries

Title: Chairman, Board of Supervisors

Date: SEP 17 2019

Vizient, Inc., a Delaware company

By: [Signature]

Name: Cathy Denning

Title: HSVP, Savings operations, Conifer, COE

Date: 9-9-2019

ATTEST:

Kecia R. Harper
Clerk of the Board

By: [Signature]
Deputy

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: [Signature]
Martha Knutson
Deputy County Counsel

Dated: 9.6.19

EXHIBIT A.1

2019 Tools and Services

The parties agree that as of the Effective Date RUHS has paid Vizient in full the annual fee for 2019 for the following additional tools and services and that these tools and services will be provided by Vizient through December 31, 2019:

Tool	Description	Paid Amount for 2019
Clinical DataBase/Resource Manager	Software and web-based services providing an expanded set of comparative data and analytic tools to support the clinical operations of member institutions. This tool highlights opportunities for improvement by combining risk-adjusted encounter information and line-item transactional detail to yield information on patient outcomes and resource utilization.	\$221,000
Imperatives for Quality Program	Tools and services in areas Vizient has determined to be critical to Academic Medical Center success and improving and sustaining superior outcomes: <ul style="list-style-type: none"> • Coordinating Care / Patient Flow • Improving Patient Experience • Improving Patient Survival • Managing Cost and Utilization • Preventing patient harm • Reducing Variation of Care 	\$79,500
Operational DataBase	Subscription services and tools which allow subscribing members to evaluate operational performance on a system and departmental level basis. Specifically, ODB compares detailed operational data such as operational cost, supply spend, labor and resource time, and cost and utilization comparative analysis can compare internal trends and performance with other member peer organizations and identify performance variation, assess utilization need, and identify opportunities for performance and financial improvement	\$75,000