

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



**ITEM: 3.17**  
**(ID # 13944)**

**MEETING DATE:**  
Tuesday, December 08, 2020

**FROM:** PURCHASING AND FLEET SERVICES:

**SUBJECT:** PURCHASING AND FLEET: Ratify and Approve Letter of Participation Agreement with Quest Diagnostics for use by various departments for Laboratory Services for one year through June 30, 2021 in the aggregate amount of \$10,000,000; All Districts [Total Cost: \$10,000,000; up to \$1,000,000 in additional compensation] Department Budgets.

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

1. Ratify and Approve a Letter of Participation Agreement with Quest Diagnostics for use of the Vizient GPO agreement by various departments for Laboratory Services for a total aggregate amount of \$10,000,000 for one year through June 30, 2021, with the option to renew for one additional one-year period and authorize the Purchasing Agent to electronically sign the Agreement on behalf of the County; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based on the availability of fiscal funding and as approved by County Counsel to: (a) sign amendments to the Agreement to renew it for up to twelve months and modifications of the statement of work that stay within the intent of the Agreement; (b) move the allocated funds among the departments to reflect their actual use of services under the Agreement; and (c) sign amendments to the compensation provisions that do not exceed the sum total of ten percent (10%) of the total annual cost of the agreement.

**ACTION: Policy**


  
Tina Grande, Director of Purchasing 11/30/2020

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Spiegel, 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: December 8, 2020  
xc: Purchasing

Kecia R. Harper  
Clerk of the Board  
By:   
Deputy

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$10,000,000	\$10,000,000	\$20,000,000	\$ 0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS: Department Budgets</b>			<b>Budget Adjustment:</b>	No
			<b>For Fiscal Year:</b>	20/21, 21/22

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

**BACKGROUND:**

**Summary**

Despite operating several internal laboratories, Riverside County operations also require “reference” laboratory services for tests that need to be run infrequently enough that they do not justify the required investments in equipment, supplies and trained personnel to maintain required competencies in those tests. Additionally, the County’s geographic size can make the transportation of specimens difficult within required time limits for test accuracy; therefore, the County has historically maintained relationships with one or more “reference laboratories” to which various departments can send specimens for testing.

This Board Action is requested to ratify and approve a Letter of Participation Agreement with Quest Diagnostics, Incorporated (Quest) to take advantage of the terms available through the County’s Vizient – Group Purchasing Organization membership for testing County-wide. Quest has long provided laboratory services to the County and was the successful responder to a Countywide Request for Proposals (RFP) in 2014, winning a one year contract with four options to renew (RIVCO-96148-001-06/15) that was approved by this Board on June 3, 2014 (Item # 3-73).

Prior to that Agreement expiring on June 30, 2019, Riverside University Health System Medical Center (RUHS), began to explore entering into an agreement with Quest via RUHS’s Group Purchasing Organization (GPO) Vizient and shared those terms with the Purchasing Department. Quest ultimately refused to improve on the terms of its Vizient GPO Agreement but instead agreed to extend those terms and conditions and pricing of the Vizient GPO Agreement to services ordered by all County Departments.

When the Medical Center’s Agreement expired, in order to ensure uninterrupted services for patient care, RUHS entered into an agreement with Quest via their GPO, Vizient under its authority under Resolution 2019-147 (June 18, 2019 Item #3.20). While Quest Diagnostics has been currently extending the Vizient GPO terms and conditions and pricing to all County Departments, RUHS is the only Department that has approval by this Board to procure under Resolution 2019-147 (June 18, 2019 Item #3.20). Therefore, County Purchasing seeks this

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Board's approval to utilize Quest services for all Departments under the terms and conditions of the Vizient GPO agreement.

Additionally, a separate Agreement entered into by Exclusive Care for services from Quest was also set to expire on October 31, 2020. Those services would also be added to proposed Agreement so this countywide Agreement will cover reference testing from the RUHS entities (RUHS Medical Center and Clinics, Behavioral Health, and Public Health), Human Resources, the Sheriff's Office, MISP, and Exclusive Care. Central Purchasing will oversee the Agreement, ensure the total spent does not exceed the amount authorized and serve as a central point for collecting data on performance by the laboratory.

The proposed Agreement is nonexclusive and will cover the current fiscal year with the option to renew for one (1) additional one-year period. The purpose is to provide for continued reference laboratory testing availability while the County goes out to bid for a Request for Proposal (RFP). Additionally, as the County is currently participating with the County of San Bernardino on an RFP for Group Purchasing Services, the one year plus a one year option model will permit non-renewal if the current relationship with Vizient is not continued past the end of the current fiscal year.

Also, utilization of Quest services via this proposed non-exclusive agreement will permit the Departments to explore how the Quest services compare with those of other Lab Service providers such as the Laboratory Corporation of America (LabCorp) and Mayo Medical Laboratories, who also competed for the Vizient GPO opportunity.

**Impact on Residents and Businesses**

These laboratory services support the care and treatment for citizens throughout the County. Receiving continued Laboratory Services from Quest and other Vizient GPO laboratory service providers aids in the County's resilience during this time of the Covid-19 pandemic.

**Additional Fiscal Information**

Funding for this agreement will come from RUHS Health System (Medical Center, Community Health Centers (CHCs), Public Health, Behavioral Health), MISP, Detention Health Services, HR Occupational Health and Exclusive Care. These Departments have sufficient funding in their FY 21/22 budgets to cover the proposed levels of services. No additional NCC is necessary at this time. Departments will include funding in next year's budget requests for their anticipated volumes and expenditures for reference lab services.

Due to the Covid-19 pandemic, laboratory services which are now inclusive of Covid-19 testing has spiked in volume for required tests. Based on spend during the pandemic period it is

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projected the County will require an annual aggregate amount of \$10,000,000 to meet the demand of current testing and increased future testing.

**Contract History and Price Reasonableness**

County Purchasing released RFP PUARC-1337 in February 2014 and received (4) bid responses for which all were evaluated in accordance with RFP PUARC-1337 criteria. Factoring in transition cost the evaluation committee deemed Quest, the incumbent, as the most responsive/responsible bidder.

On June 3, 2014 per agenda item 3-73, the Board of Supervisors approved a 1-year (with options to renew for four additional one-year periods) Agreement between the County of Riverside and Quest for various County Departments.

Purchasing now seeks to utilize Quest Diagnostics Incorporated's services via the County's Vizient GPO membership. The Vizient GPO comprehensive contracting process competition has been found by this Board to meet the statutory requirements for competition (September 17, 2019 Item #15.2). Successful participation in the competition administered by Vizient establishes the Quest Diagnostics pricing as competitive with others in the same market.

  
Douglas Cardonez Jr. 12/3/2020

  
Gregory E. Priarios, Director County Counsel 12/2/2020

# Contract Brief

vizient™

LB0593

INITIAL TERM

November 1, 2015 — July 31, 2022

- Multisource

**ENROLLMENT FORM REQUIRED FOR SOME PURCHASES**

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## Quest Diagnostics National Commercial Reference Lab Testing

Suppliers awarded in this category include: Associated Regional University Pathologist Laboratories (LB0591), Mayo Medical Laboratories (LB0592), Quest Diagnostics (LB0593), and Laboratory Corporation of America (LB0594, awarded by MedAssets).

### PRODUCTS

- National Commercial Reference Laboratory Testing

### CONTRACT VALUE

Refer to the contract details page on Marketplace|Procure for line-item pricing and tier structure.

### *Price competitiveness*

At the time of contract launch (November 2015) Quest Diagnostics was offering pricing that was 30 percent lower than the then-current agreement. At the time of integration (August 2017) Quest Diagnostics lowered pricing an additional 2.5 percent. Specific pricing impact may vary based on your institution's volume, product mix and other factors.

### *Nonfinancial value*

- Laboratory Information System (LIS) allowance for interface building
- LIS building and update services
- Precertification for molecular testing
- Reference laboratory testing transition
- Courier Services

### *Fill rate commitment*

Supplier commits to a fill rate of 90 percent.

### *Price protection*

At time of contract launch prices were firm for three years. At the time of Integration prices will be firm for the extension term but may be subject to reduction due to market conditions

### AGREEMENT ACCESS

To activate a tier online: From the contract details page for this agreement on Marketplace|Procure, click the "Request a New Tier" link. Committed Members must complete and submit a letter of participation unless they had sales reported under the original Novation agreement LB0593 or MedAssets agreement LB01066. Additionally, an end user agreement may be applicable for committed and noncommitted purchases of services. Forms are posted on the contract details page, under Contract Documents.

**VIZIENT CONTRACTING PROCESS**

Vizient awards product agreements to the suppliers that offer best overall value, as determined through a comprehensive contracting process that follows the principles of the American Bar Association's Model Procurement Code and involves participating member organizations to the greatest practical degree. The process uses member-driven criteria and a weighted award decision tool that considers financial and product specification/quality factors.

For additional information about this specific contract, refer to the contract details page or the *Contract Legal Documents* area on Marketplace|Procure.

*This document is maintained for 90 days following the contract start date. Contract changes implemented after 90 days may not be reflected.*