



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



ITEM: 15.1  
(ID # 20673)

**MEETING DATE:**

Tuesday, December 13, 2022

**FROM :** RUHS-MEDICAL CENTER:

**SUBJECT:** RIVERSIDE UNIVERSITY HEALTH SYSTEM – MEDICAL CENTER: Ratification and Approval of the Letter of Commitment to Access Discount Rate Tiers for the Supplier Services Agreement between Vizient Supply, Inc. (“Vizient” or “GPO”) and Cardinal Health 200, LLC (“Cardinal Health”) to provide third party freight management services, effective June 1, 2022 through May 31, 2025, with options to renew for two additional one year periods. All Districts. [Annual Cost \$300,000, Total Cost: \$1,500,000] 100% Hospital Enterprise Fund 40050

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

1. Ratify and Approve the Letter of Commitment to Access Discount Rate Tiers for the Supplier Services Agreement between Vizient Supply, Inc. (“Vizient” or “GPO”) and Cardinal Health 200, LLC (“Cardinal Health”) to provide third party freight management services effective June 1, 2022 through May 31, 2025, with the option to renew for two (2) additional one year periods, not to exceed an annual amount of \$300,000, for a total cost of \$1,500,000 for five (5) years and authorize the Chair of the Board to sign the Letter of Commitment on behalf of the County; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based upon the availability of funding and as approved by County Counsel, to sign amendments that make modifications to the scope of services that stay within the intent of the agreement and to 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**

  
Jennifer Cruikshank Chief Executive Officer - Health System 11/29/2022

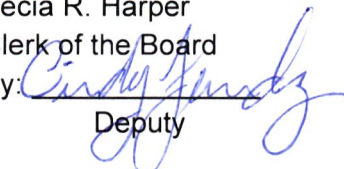
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**MINUTES OF THE GOVERNING BOARD**

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, and Hewitt  
 Nays: None  
 Absent: Perez  
 Date: December 13, 2022  
 xc: RUHS-MC

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>	\$300,000	\$300,000	\$1,500,000	\$0
<b>NET COUNTY COST</b>	\$0	\$0	\$0	\$0
<b>SOURCE OF FUNDS:</b> 100% Hospital Enterprise Fund 40050			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 22/23- 26/27	

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

**BACKGROUND:**

**Summary**

The requested Board action would approve a Letter of Commitment with Cardinal Health 200, LLC to take advantage of terms available through the County's Vizient - Group Purchasing Organization membership. Executing the Letter of Commitment will allow Riverside University Health System Medical Center (RUHS-MC) to access the benefits of a Supplier Services Agreement (Vizient Contract Number SV3041) between Vizient and Cardinal Health, including discount rate tiers based on the volume of shipments.

As a result of the inventory and medical supply needs of RUHS-MC, a large volume of product shipments take place between RUHS-MC and multiple suppliers. In an effort to help control and minimize the cost incurred with these deliveries, there is a need to have a third party freight management solution, such as Cardinal OptiFreight, in place to help minimize the costs associated with these shipments. Cardinal OptiFreight is a third party freight management service and division of Cardinal Health 200, LLC which has entered into a contract with Vizient, the RUHS GPO, for the benefit of Vizient's members. OptiFreight will ensure that RUHS-MC pays discounted rates for the shipping of items of all sizes and weights from all suppliers. In addition, OptiFreight will save RUHS-MC money through discounts with FedEx.

**Impact on Residents and Businesses**

These services will support RUHS's system of care, aimed at improving the health and safety of its patients and the community.

**Additional Fiscal Information**

There are sufficient funds in the Department's budget for FY 22/23 and no additional County funds are required.

**Contract History and Price Reasonableness**

Vizient, Inc. (formerly UHC/Novation, LLC) is the sole Group Purchasing Organization (GPO) currently under contract with RUHS-MC. The Group Purchasing Master Agreement with Vizient, Inc. allows RUHS to access discounts on medical equipment, supplies and services, and

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pharmacy items through the use of nationwide contracts that have been competitively negotiated with suppliers on behalf of all Vizient members.

On September 23, 2014, (Agenda item #3.59), the Board of Supervisors approved the Group Purchasing Master Agreement with University Health System Consortium/Novation (UHC/Novation), 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.

On September 17, 2019, (Agenda Item #15.2), the Board of Supervisors approved a First Amendment to extend the period of performance of the Group Purchasing Master Agreement through June 30, 2021.

On February 4, 2020, the Purchasing Agent executed a Second Amendment to amend the scope of service.

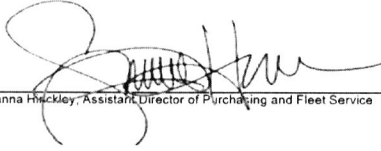
On April 13, 2021, (Agenda Item #15.1) the Board of Supervisors approved a Third Amendment to extend the period of performance of the Group Purchasing Master Agreement through June 30, 2023.

The prior Letter of Commitment to access discount rate tiers provided by the Supplier Services Agreement (Vizient Contract Number BP0031) between Vizient and Cardinal Health, expired on May 31, 2022. This new Letter of Commitment will provide an estimated savings of \$40,002 per year, during the contract period of June 1, 2022, through May 31, 2025.

The Letter of Commitment requires Board approval because it exceeds the Purchasing Agents authority for professional services for competitively bid contracts.

**ATTACHMENTS: VIZIENT LETTER OF COMMITMENT, SUPPLIER SERVICES AGREEMENT FOR FREIGHT MANAGEMENT BETWEEN VIZIENT SUPPLY, LLC AND CARDINAL HEALTH, LLC (#SV3041) AND EXHIBIT A TO SUPPLIER SERVICES AGREEMENT.**

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Suzanna Hackley, Assistant Director of Purchasing and Fleet Service

12/1/2022



Jacqueline Ruiz, Sr. Management Analyst

12/6/2022



Gregg Gu, Chief Deputy County Counsel

12/1/2022

EXHIBIT C

LETTER OF COMMITMENT(S)

NOTICE: MEMBERS MAY HAVE ADDITIONAL OBLIGATIONS TO SUPPLIER UNDER THIS/THESE SEPARATE, INDIVIDUAL END USER AGREEMENTS WITH SUPPLIER (COLLECTIVELY, THE "END USER AGREEMENT"), THAT ARE NOT SPECIFICALLY COVERED OR CONTEMPLATED BY THE SV3041 AGREEMENT BETWEEN SUPPLIER AND VIZIENT SUPPLY, LLC (THE "VIZIENT AGREEMENT"), TO WHICH THIS END USER AGREEMENT IS ATTACHED. PLEASE NOTE THAT (I) VIZIENT HAS NOT NEGOTIATED OR APPROVED THE TERMS OF THIS END USER AGREEMENT AND (II) MEMBERS HAVE THE ABILITY TO NEGOTIATE THE TERMS OF SUCH END USER AGREEMENTS LOCALLY TO SUIT THEIR SPECIFIC NEEDS. MEMBERS SHOULD BE AWARE THERE MAY BE INCONSISTENCIES BETWEEN THE TERMS OF THE VIZIENT AGREEMENT AND THIS END USER AGREEMENT. AS SUCH, EACH MEMBER MAY WANT TO CONSIDER RETAINING ITS OWN LEGAL COUNSEL WHEN NEGOTIATING AND/OR ENTERING INTO THIS END USER AGREEMENT.

SUBJECT TO THE VIZIENT AGREEMENT, [SV3041], [06/01/2022], ("BASE AGREEMENT") FORM OF LETTER OF COMMITMENT (LOC)

Vizient Letter of Commitment ("LOC") to Access Discount Rate Tiers for the Supplier Services Agreement (Vizient Contract Number SV3041) between Vizient Inc. ("Vizient" or "GPO") and Cardinal Health 200, LLC ("Cardinal Health") effective as of June 1, 2022 (the "Agreement").

Services Description: OptiFreight® third party freight management services and freight discounts (the "Program")
LOC and Discounts Effective Date: First of the month following the last signature date ("Effective Date")
Customer Information: County of Riverside, a political subdivision of the State of California ("Customer")
26520 Cactus Avenue, Moreno Valley, CA 92555-3927

\_\_\_\_\_("Recognized Aggregation Group" if applicable)

1. This LOC is subject to the terms and conditions of the Agreement. All capitalized terms not otherwise defined in this LOC have the meanings given to them in the Agreement. This LOC expires upon the expiration or earlier termination of the Agreement.

2. IDN or Independent Customer. Commitment is on behalf of: (please select one) [ ] Independent Customer or [X] Integrated Delivery Network (IDN). If the latter "IDN" box in this paragraph is checked, then any reference to a "Customer" in this LOC will be treated as a reference to the "IDN." If Customer is an IDN and is executing this LOC on behalf of its facilities (as listed on Schedule 1 to this LOC), then (a) Customer represents and warrants it has the authority to bind each facility set forth on Schedule 1 hereto ("Participating Facilities") to the terms and conditions of the Agreement and this LOC; (b) each of the Participating Facilities do not have to execute a separate LOC to access the terms and conditions of the Agreement and this LOC; and (c) Customer may aggregate the purchases of the Participating Facilities for purposes of complying with its Discount Tier.

Additional affiliated facilities that Customer does not have the authority to bind to the terms and conditions of the Agreement and this LOC may be added to this LOC by having such affiliated facility(ies) execute a participating facility agreement in the form set forth on Schedule 2 hereto. Such additional affiliated facility(ies), if added, will (i) not have to execute a separate LOC to access the terms and conditions of the Agreement and this LOC; and (ii) may aggregate their purchases with Customer for purposes of complying with its Discount Tier.

Customer will receive the pricing tier for which they qualify based on the freight volume according to Exhibit A of the Agreement.

3. Aggregation Tier Designation. If Customer is a member of a Recognized Aggregation Group named above (the "Aggregation Group"), then Customer may be eligible for Aggregation Discount Tiers under the Agreement. By initialing below, Customer elects to receive the applicable Aggregation Discount Rates and represents that Customer is a member of the Aggregation Group designated above. Any Recognized Aggregation Group must be recognized by Vizient and have a written agreement with Supplier to designate the eligible members of such group.

Customer's Initials: \_\_\_\_\_

4. Services. Cardinal Health shall provide the services as set forth on Exhibit A of the Agreement.

5. Customer Requirements. Customer represents and warrants that Customer will comply with the following Program requirements within ninety (90) days of the Effective Date in order to maximize savings under the Program. If Customer does not meet the requirements within the initial designated time period or within any Contract Year thereafter, Cardinal Health may provide written notification of Customer being out of compliance and Customer will have 90 days to remedy. If Customer fails to remedy within 90 days of written notification, Cardinal Health reserves the right to move Customer to lowest price tier of this LOC until Customer is in compliance with the requirements.

- (a) Freight History Reports. Customer will submit a weekly report to Cardinal Health via file transfer protocol ("FTP") which identifies all inbound and outbound shipments by Customer and the respective manufacturer and/or supplier of such shipment ("Vendor") that shipped the product directly to Customer.
(b) Purchase Order Comment. Customer shall utilize the purchase order comment language, as provided by Cardinal Health and mutually agreed upon by Cardinal Health and Customer in all purchase orders sent to their vendors and/or suppliers.
(c) Outbound Program. Customer will utilize the Program for outbound shipments via the assigned Account Number.
(d) Vendor Participation. In order to receive the Discounted Rates, Customer shall work with Cardinal Health to require manufacturers and suppliers that ship product to the Customer ("Vendors") to ship such product using the account number identified by Cardinal Health as assigned by the

Small Parcel Carrier ("Account Number"), including, but not limited to executing a vendor authorization letter in the form attached to the Agreement as Exhibit D, and completing required form(s) or outreach as may be required by Vendors, upon request by Cardinal Health.

- (e) **Exclusive Contract.** Customer represents and warrants that Cardinal Health will be the primary provider of third-party freight management and brokerage services, comprising of all solutions, including software for the management of freight, notwithstanding purchases made directly with small parcel freight carriers such as FedEx and UPS, for Customer during the term and renewal term(s) of this Agreement.
- (f) **Champion.** Customer will provide a dedicated "Champion" who actively participates in business reviews and action plans to continually maximize freight savings. The Champion will meet not less than quarterly during a calendar year with Cardinal Health's representatives and agrees to support the implementation of mutually agreed upon savings initiatives as identified by the Cardinal Health representative and Customer.

6. **Freight Payments.** Customer agrees to pay Cardinal Health for all shipments facilitated by Cardinal Health through this LOC. Subject to Customer's obligation to pay Cardinal Health for shipments as set forth herein, Cardinal Health will directly pay the Small Parcel Carrier for Customer Small Parcel shipments that use the Account Number and all Logistics Solutions shipments facilitated by Cardinal Health through the selected Logistics Solutions Carrier. Cardinal Health will invoice Customer on a weekly basis. Payment of such invoices shall be in accordance with Customer's payment terms contained in its distribution contract with Cardinal Health or any affiliated entity for the distribution of medical/surgical products ("Distribution Agreement"), and if there is no Distribution Agreement between the parties, then payment terms shall be net thirty (30) days from receipt of invoice. Notwithstanding any terms to the contrary in the Distribution Agreement, past due invoices will be assessed interest at 1.5% per month (18% annual) rate or the highest amount allowed by law, if lower. In addition, and without limiting any other remedies to which Cardinal Health may be entitled, Customer's failure to make payment when due may result in immediate cessation of the Services and access to the Discounted Rates and/or Logistics Solutions Services until payment is made, and/or in Cardinal Health's sole discretion, immediate termination of this LOC. Customer must raise any invoice disputes within six (6) months of the invoice date.

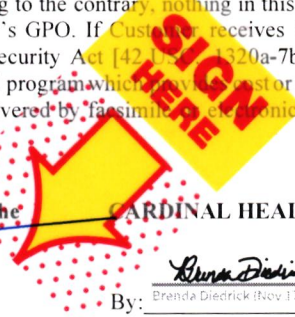
7. **Term and Termination.** Either party may immediately terminate this LOC, for cause, if the other party fails to perform its obligations hereunder and subsequently fails to remedy such failure within thirty (30) days after written notification of such failure. Upon written notice, and without liability, Cardinal Health shall be entitled to immediately terminate this LOC, if the shipping agreement between Freight Carrier and Cardinal Health terminates or expires, if Freight Carrier refuses to extend Cardinal Health discounts for shipments related to Customer, if there is a decrease in the discounts provided thereunder. Either party may terminate this LOC, without cause, upon one-hundred twenty (120) days written notice. If Participating Facility provides notice of its intent to terminate this PFA, or if the Agreement or LOC terminates, Participating Facility will not be entitled to the Services, and any shipments using the Account Number will be at the Member's appropriate access tier based on shipment volume until the date of termination, after which Cardinal Health reserves the right to remove all access to any discounts hereunder.

8. **Standard of Performance and Liability Limitation.** Customer acknowledges and agrees that Cardinal Health will be acting in a broker capacity only, and the contractual relationship for the shipment of goods will be directly between Customer and the Freight Carrier. Accordingly, the terms and conditions of shipment, other than for the Discounted Rates extended hereunder, shall be the Freight Carriers' then-current standard terms and conditions of shipment. Upon Customer's request, Cardinal Health will provide reasonable assistance to Customer in the recovery of freight claims from the Freight Carrier; however, Cardinal Health shall have no liability to Freight Carrier or Customer for freight claims or any other injury, damage or expense associated with the shipment of goods by Vendors, Freight Carrier, or Customer.

Customer agrees that Cardinal Health shall not be liable for any loss, damage, mis-delivery or non-delivery caused by the Logistics Solutions carrier(s), Vendor or Ordering Party. Furthermore, notwithstanding Cardinal Health's assistance in reconciling freight invoice disputes due to invoice errors, Cardinal Health will have no liability to Freight Carrier for payments related to shipments for which Customer has failed to pay Cardinal Health. Customer agrees to provide such signed authorization letters to the Freight Carrier as Cardinal Health shall reasonably request confirming Cardinal Health's role as Customer's freight management agent and Cardinal Health's limited liability hereunder. Cardinal Health shall have no liability to Customer arising out of or related to Vendor billing errors or fraudulent acts against Customer not by Cardinal Health. EXCEPT FOR CARDINAL HEALTH'S INDEMNIFICATION OBLIGATIONS, IN NO EVENT SHALL CARDINAL HEALTH BE LIABLE TO CUSTOMER, WHETHER IN CONTRACT OR TORT OR OTHERWISE FOR: ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES OR LOSSES OF ANY NATURE; OR FOR LOST REVENUE, LOST PROFITS OR LOST BUSINESS; OR FOR ANY LIABILITY RELATED TO CARDINAL HEALTH'S PERFORMANCE OR FAILURE TO PERFORM THE SERVICES OFFERED UNDER THIS LOC.

9. **Maximum Annual Compensation.** Maximum compensation payable under this Agreement by Customer for Freight Management Services shall not exceed the amount of three hundred thousand dollars (\$300,000) per county fiscal year of July 1 through June 30 ("Funded Period"). The parties shall evaluate how much funds remain at the beginning of each month beginning with the sixth month of the Funded Period. Any extension of this Agreement, and thus a corresponding extension to the Funded Period, shall be evaluated in a similar manner to ensure the parties can institute the approvals necessary to maintain funding while Services are provided under this LOC.

10. **Miscellaneous.** This LOC, in addition to any applicable Distribution Agreement and the Agreement, is the entire agreement between the parties hereto with regard to the subject matter of this Agreement, there being no prior written or oral promises or representations not incorporated herein with respect to such matters. In the event of a conflict between the terms of this Agreement, the Agreement and the terms of the Distribution Agreement, the order of priority for terms that will control with respect to the subject matter of this Agreement shall first be the Agreement and then second this LOC. No amendment or modification of the terms of this LOC shall be binding on either party unless reduced to writing and signed by the party to be bound. Customer agrees to keep the terms and conditions of this LOC and the Agreement confidential; provided, however, that Cardinal Health acknowledges that Customer is subject to the California Public Records Act ("Act"), which may require the Customer to produce a copy of this LOC pursuant to applicable law. Customer shall promptly notify Cardinal Health in the event Customer makes a disclosure pertaining to this LOC or the Agreement pursuant to the Act. Information that is aggregated and/or is de-identified as to Customer's or a Participating Facility's name shall not be considered confidential information. Notwithstanding anything to the contrary, nothing in this LOC shall be construed as to prevent Customer from disclosing its own invoice data to either Vizient or Customer's GPO. If Customer receives from Cardinal Health any "discounts or other reductions in price" under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(a)], Customer may have an obligation to disclose the discounts or reductions in price under any state or federal program which provides cost or charge-based reimbursement to Customer for the Services covered by this LOC. This LOC may be executed and delivered by facsimile or electronic mail, with original signature visible, and such electronic copy shall be deemed to be an original signature.



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

CARDINAL HEALTH 200, LLC

By: Jeff Hewitt  
Name: Jeff Hewitt

By: Brenda Dierick  
Name: Brenda Dierick (Nov 17, 2022 10:27 MST)

Title: Chair, Board of Supervisors

Name: Brenda Dierick  
Title: Region Director

Date: 12/13/22

Date: Nov 17, 2022

**ATTEST:**

Kecia R. Harper  
Clerk of the Board

By: Bryana Smith  
Deputy

Date: 12/13/22

**APPROVED AS TO FORM:**

County Counsel

By: Martha Ann Knutson  
Martha Ann Knutson  
Deputy County Counsel

Date: Nov 18, 2022

**SCHEDULE 1 TO LOC  
PARTICIPATING FACILITIES**

<b>Account Number</b>	<b>Contract Facility</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>
0010002660	RIVERSIDE UNIVERSITY HEALTH SYSTEM	26520 CACTUS AVE	MORENO VALLEY	CA	92555-3927