



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



ITEM: 15.2
(ID # 23130)

MEETING DATE:

Tuesday, October 17, 2023

FROM : RUHS-MEDICAL CENTER:

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM – MEDICAL CENTER: Approve an increase to the Previously Authorized Spend Amount under Enhancement Addendum #39 to the Pharmacy Distribution Agreement between the County of Riverside, Vizient Supply, LLC, and AmerisourceBergen Drug Corporation (ABDC) for Pharmacy Distribution Services effective November 1, 2023 through March 31 2025, All Districts. [Total Cost Increase \$156,002,712– Department Budgets]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve an increase to the previously authorized spend amount under Enhancement Addendum #39 to the Pharmacy Distribution Agreement between the County of Riverside, Vizient Supply, LLC and AmerisourceBergen Drug Corporation (ABCD) for Pharmacy Distribution Services, in the amount of \$156,002,712 for the period of November 1, 2023 through March 31, 2025, from \$233,799,021 to an aggregate spend amount not to exceed \$389,801,733, to be allocated to the pharmacies as follows:
 - a. RUHS Medical Center and Retail Pharmacies – 85%
 - b. Community Health Center (CHC) – 4%
 - c. Public Health – 1%
 - d. RUHS Correctional Health System Pharmacy – 10%

Continued on Page 2

ACTION:Policy


 Jennifer Cruikshank, Executive Officer – Health System 9/22/2023

MINUTES OF THE GOVERNING BOARD

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
 Nays: None
 Absent: None
 Date: October 17, 2023
 xc: RUHS-Medical Center

Kimberly A. Rector
 Clerk of the Board
 By: 
 Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459, based upon the availability of funding and as approved as to form by County Counsel, to sign amendments that make modifications to the statement of work that stay within the intent of the agreement and to issue Purchase Orders under the agreement with any unexpended remaining aggregate amount authorized above through March 31, 2025 for Pharmacy Distribution Services.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$75,687,556	\$80,315,157	\$156,002,712	\$0.00
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS:			Budget Adjustment: No	
85% Hospital Enterprise Funds- 40050				
4% FQHC (CHC) – 40090				
1% Public Health – 10000				
10% Correctional Health - 10000				
			For Fiscal Year: 23/24-24/25	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

This board action is requested to approve an increase to the previously authorized spend amount under Enhancement Addendum #39 to the Pharmacy Distribution Agreement between the County of Riverside, Vizient Supply, LLC, and AmeriSourceBergen Drug Corporation (ABCD), in the amount of \$156,002,712 for the period of November 1, 2023 through March 31, 2025 from \$233,799,021 to an aggregate spend amount not to exceed \$389,801,733, and to expend any of the remaining aggregate amount authorized above through March 31, 2025.

The requested board action to modify the contract spend will not require execution of a contract addendum. During the course of discussions with AmeriSourceBergen, the vendor confirmed that the existing contract is structured for movement in purchasing volumes, thus removing any required addendum between the Parties.

With continued growth of RUHS's clinical enterprise including the addition of the Medical Surgical Center, CHC pharmacy locations, the hospital requires greater distribution needs. Additionally, the aggregate spend amount increase will allow the hospital to meet current spend volumes across the enterprise units and drug supply chain demands due to the increasing demands.

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

This board action request will also accomplish the following:

1. Incorporates an annual drug cost inflation rate of 6%
2. Provides an aggregate amount instead of an annual amount to allow flexibility of spend volumes throughout the remaining fiscal years.
3. Provides a dedicated spend allocation for the Community Health Clinics (CHC) which was shared with Public Health in the previous board approval (November 2, 2021, Agenda Item 15.1)
4. Revises the spend allocation for the enterprise units to reflect current business operation structure and spend volumes for each facility as follows:
 - a. RUHS Medical Center and Retail Pharmacies - 85%
 - b. Community Health Center (CHC) – 4%
 - c. Public Health – 1%
 - d. RUHS Correctional Health System Pharmacy – 10%

On April 10, 2018 Agenda Item No. 3.25, the Board approved an addendum (Enhancement Addendum #39) with AmeriSourceBergen Drug Corporation (ABCD) to their Vizient Group Purchasing Organization (GPO) contract. Riverside University Health System (RUHS) is the only department that has approval by this Board to procure via Vizient GPO authority (September 24, 2014, Item #3.59, revised September 17, 2019, Item #15.2 and April 13, 2021, Item #15.1)

The 2018 board item approved a \$39,500,000 annual maximum spend for fiscal years FY17/18 – 22/23 (April 1, 2018 – March 31, 2023), for a total cost of \$197,500,000.

On November 2, 2021 Agenda Item No. 15.1, the Board ratified and approved an increase to the previously authorized spend amount under the addendum (Enhancement Addendum #39) with AmeriSourceBergen Drug Corporation (ABCD) and Vizient Supply, LLC. The authorized spend amount increased to an aggregate spend amount of \$233,799,021 for the entire term of the agreement, effective July 1, 2020 through March 31, 2025 for Riverside University Health System (RUHS) with multiple departments covered.

Impact on Residents and Businesses

The services described above are a component of RUHS's system of care aimed at improving the health and safety of its patients and the community.

Additional Fiscal Information

GPO awarded Vizient with annual rebates incentives distributed to RUHS for minimum purchase volume commitment.

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SYSTEM MEDICAL CENTER GOVERNING BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Departments	BOS 15.1, 11/2/21 Spend Allocation Percentage by Dept.	(Revised) Spend Allocation Percentage by Dept.
RUHS Medical Center and Retail Pharmacies	90%	85%
FQHC (Community Health Centers) and Public Health	FQHC (Community Health Centers) – 3.9%	FQHC (Community Health Centers) – 4%
	Public Health – 0.3%	Public Health – 1%
Correctional Health	5.8%	10%

Description	Total
BOS 15.2, 11/2/21- Total Contract Amount	\$233,799,021
Contract Increase	\$156,002,712
New Aggregate Total	\$389,801,733

Contract History and Price Reasonableness

On January 23, 2012, the Purchasing Department released a competitive bid (RFP #MCARC-178) for Pharmaceutical Wholesale and Hospital Pharmacy Automation Services. As a result of this bidding process, an award notice was issued to AmeriSourceBergen Drug Corporation (ABCD) as the most qualified, responsive/responsible bidder.

On July 17, 2012, Agenda Item No. 3.35, the Board approved the Prime Vendor Agreement, contract award of the RFP to AmeriSourceBergen Drug Corporation for Pharmaceutical Wholesale and Hospital Pharmacy Automation Services effective July 1, 2012 through June 30, 2017.

When the Agreement expired, RUHS procured services under the Direct Patient Care Resolution 3.42, (July 11, 2017, Item #3.42) while negotiations commenced for a new Agreement. Since that time, AmeriSourceBergen has been awarded a contract under the Group Purchase Organization (GPO), Vizient.

On April 10, 2018, Agenda Item No. 3.25, the Board approved a new agreement (Enhancement Addendum #39) with AmeriSourceBergen via their GPO, Vizient. RUHS is the only department that has approval by this Board to procure via Vizient GPO (September 24, 2014, Item #3.59, revised September 17, 2019, Item #15.2 and April 13, 2021, Item#15.1).

On November 2, 2021, Agenda Item No. 15.1, the Board approved to increase the previously authorized spend amount under Enhancement Addendum #39 and modify the spend allocations previously approved with AmeriSourceBergen via their GPO, Vizient.

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

The proposed Addendum requires Board approval as it modifies the spend allocations previously approved by the Board of Supervisions on November 2, 2021, Agenda Item No. 15.1. The Purchasing Agent does not have the current authority to increase contract spend amounts.

Meghan Hahn

Meghan Hahn, Deputy Director of Procurement 10/4/2023

Jacqueline Ruiz

Jacqueline Ruiz, Sr. Management Analyst 10/11/2023

Gregg Gu

Gregg Gu, Chief Deputy County Counsel 10/5/2023