



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



ITEM: 15.4
(ID # 26210)

MEETING DATE:

Tuesday, October 22, 2024

FROM : RUHS-MEDICAL CENTER

SUBJECT: RIVERSIDE UNIVERSITY HEALTH SYSTEM-MEDICAL CENTER: Approve the Dual Source Distribution Agreement and Rebate Program Agreement with Cardinal Health 200, LLC., for Medical and Surgical Distribution Services, effective upon signature through October 31, 2026, with two optional one-year renewals, in the amount of \$1,500,000 annually, All Districts. [Annual Cost \$1,500,000, up to \$150,000 in additional compensation annually, 100% Hospital Enterprise Fund 40050]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Dual Source Distribution Agreement and Rebate Program Agreement with Cardinal Health 200, LLC., for Medical and Surgical Distribution Services, effective upon signature through October 31, 2026, with two optional one-year renewals, in the amount of \$1,500,000 annually and authorize the Chair of the Board to sign the Agreement on behalf of the County; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459 and based on the availability of fiscal funding and as approved as to form by County Counsel, to: (a) issue Purchase Orders for any goods and/or services (b) to sign amendments that may include modifications to the scope of services that stay within the intent of 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

MINUTES OF THE GOVERNING BOARD

On motion of Supervisor Gutierrez, 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 22, 2024
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**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$1,500,000	\$1,500,000	\$6,000,000	\$0
NET COUNTY COST	\$0	\$0	\$0	\$0
SOURCE OF FUNDS: Hospital Enterprise Fund - 40050			Budget Adjustment: No	
			For Fiscal Year: 24/25 – 28/29	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The requested Board action seeks approval for a Dual Source Distribution Agreement and Rebate Program Agreement with Cardinal Health 200, LLC., to establish a secondary distributor for medical and surgical supplies. This Agreement will ensure Riverside University Health System – Medical Center (RUHS-MC) has alternative options for product distribution, creating supply chain resiliency and ensuring improved service levels.

By establishing a formal partnership with Cardinal Health, RUHS-MC will benefit from an additional source of supply, ensuring greater security and flexibility in procurement. This strategic partnership is also expected to yield financial benefits, including rebates and reductions in product mark-up.

Impact on Residents and Businesses

These services 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

There are sufficient appropriations in the Department's FY 24/25 budget. No additional County funds are required.

Contract History and Price Reasonableness

RUHS-MC's Value Analysis team conducted a comprehensive review of multiple distributors available through the group purchasing organization, Vizient. After detailed evaluation, Cardinal Health was selected as the most suitable option to supplement the hospital's existing primary distributor. The comprehensive contracting process administered by Vizient has been found by the Board to meet the statutory requirements for competition which was approved on June 27, 2023 (Item 15.5).

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

The agreement requires Board approval as the compensation provision exceeds the Purchasing Agent's authority and \$750,000 threshold for contracting with a single vendor for medical product distribution services per the Resolution 2024-124.

ATTACHMENTS:

ATTACHMENT A: Cardinal Health – Dual Source Distribution Agreement

ATTACHMENT B: Cardinal Health – Rebate Program Agreement


Melissa Curtis, Deputy Director of Purchasing and Fleet 10/8/2024


Jacqueline Ruiz, Principal Analyst 10/9/2024


Gregg Gu, Chief of Deputy County Counsel 10/8/2024



DUAL SOURCE DISTRIBUTION AGREEMENT

This Dual Source Distribution Agreement ("**Agreement**") is effective as of 11/1/2024 ("**Effective Date**") between County of Riverside, a political subdivision of the state of California, on behalf of Riverside University Health System, located at 26520 Cactus Avenue, Moreno Valley, CA 92555, Facilities (defined below) and any other entities it owns, manages or controls, whether now or hereafter existing (collectively, as applicable, "**Customer**"), and Cardinal Health 200, LLC, located at 3651 Birchwood, Waukegan, IL, 60085 ("**Cardinal Health**") and defines the terms and conditions under which Cardinal Health will sell and distribute to Customer and Customer will purchase from Cardinal Health certain products and related services for the facilities listed on Schedule A, whether now or hereafter existing (each a "**Facility**," and collectively, the "**Facilities**).

1. Term and Termination.

1.1 Term. The term of this Agreement begins on the Effective Date and continues until 10/31/2026 ("**Initial Term**"). At the end of the Initial Term, this Agreement will automatically renew for 2 successive 1-year periods (each a "**Renewal Term**", and together with the Initial Term, collectively, the "**Term**"). A "**Contract Year**" shall consist of a 12-month period commencing as of the Effective Date and each individual 12-month period thereafter.

1.2 Termination. Either party may terminate this Agreement at any time without cause upon providing the other party with 30 days prior written notice of its intent to terminate this Agreement. Either party may terminate this Agreement effective immediately upon written notice only if (a) the other party files for bankruptcy, is adjudicated bankrupt, files for protection under the insolvency laws, makes an assignment for the benefit of its creditors, is dissolved or has a receiver appointed for its property; or (b) a material breach of this Agreement remains uncured for thirty (30) days after written notice is given to the breaching party specifying the nature of the breach.

2. Products; Services.

2.1 Customer may purchase certain products from Cardinal Health pursuant to the terms contained herein, provided such products are included in Cardinal Health's product assortment as may be determined by Cardinal Health in its sole discretion (the "**Assortment**"). Cardinal Health reserves the right to change the designated product category for a product within its Assortment. If Customer desires that Cardinal Health offer products in addition to those in the Assortment, Cardinal Health may, in its sole discretion, elect to offer such additional products upon such terms, conditions and fees as determined by Cardinal Health. Customer acknowledges that some products may not be available for sale outside the U.S. and Puerto Rico.

2.2 If Cardinal Health stocks (a) products made, altered or packaged specifically for Customer, (b) products from suppliers or manufacturers with whom Cardinal Health does not have a distribution agreement, or (c) other specific or unique products at Customer's request that Cardinal Health would not otherwise stock (collectively, the "**Customer Requested Product**"), Customer will purchase all of the Customer Requested Product under the terms hereof (i) before it purchases substitute products in place of such Customer Requested Product; and (ii) upon termination or expiration of this Agreement for any reason.

2.3 Customer may elect to participate in certain distribution related programs or services offered by Cardinal Health. Customer and Cardinal Health will enter into a separate agreement, addendum, or other writing that memorializes the terms and conditions of its participation in the applicable program or service.

3. Price; Payment Terms; Customer Commitment.

3.1 The product category descriptions, initial product price and payment terms are as set forth on Schedule B. Customer must confirm price at time of order placement. Current pricing can be found at market.cardinalhealth.com. All pricing is net of any Group Purchasing Organization ("**GPO**") administrative fees. Cardinal Health will have 15 business days from the Effective Date to load the product pricing set forth on Schedule B.

3.2 Cardinal Health will apply applicable taxes (including tariff, sales, use, excise, gross receipts, value-added or other similar tax, surcharge or assessment), minimum order quantity fees, special handling fees, and/or additional applicable delivery fees. Additional shipping charges may apply for delivery outside the contiguous U.S.

3.3 Cardinal Health will load pricing based on the terms of the manufacturer contract Cardinal Health receives from the applicable manufacturer. If Cardinal Health is denied a manufacturer chargeback for any Contract Product, Cardinal Health will have the right to charge Customer the cost associated with such denial or Customer may return the product with Cardinal Health paying for return shipping.

3.4 Customer may designate a primary GPO but may not designate a secondary GPO. If Customer changes its GPO designation, Cardinal Health will have the right to renegotiate the fees, markups, prices, and/or payment terms extended under this Agreement.

3.5 Customer shall utilize electronic data interchange ("EDI") transactions, market.cardinalhealth.com or other @electronic means acceptable to Cardinal Health for the submission and receipt of 95% or more of the ordered lines of products, order confirmations, invoices, payment remittance and pricing updates.

3.6 If Customer fails to comply with the terms and conditions contained in this Agreement, including, but not limited to, any purchase commitment set forth on [Schedule C](#), or if there is a material change in Customer's business circumstances, including, but not limited to, any acquisitions or divestitures, Cardinal Health may, upon at least - thirty (30) days prior notice, increase the price of products, modify the payment terms and discontinue applicable discounts and rebates, if any under this Agreement, and exercise any other remedy available.

4. **Ordering; Delivery; Returns.**

4.1 Orders for products must be a minimum of \$250. Any order less than \$250 is subject to a \$40.00 minimum order fee.

4.2 Orders for products that are hazardous or temperature controlled (those requiring cool room, refrigeration, or freezing), products that may require special handling, or products that are not compatible with Cardinal Health distribution capabilities or systems are subject to Cardinal Health's written consent and an additional handling fee in the amount of \$10.00 per item with a maximum charge of \$30.00 per order. If Customer is the only customer that requests to add a particular product to its designated primary distribution center, Customer must purchase at least one Standard Unit of Measure from Cardinal Health within a 30 day-time frame. The term "**Standard Unit of Measure**" means the standard package size in which Cardinal Health receives the product from the manufacturer.

4.3 Shipments are FOB Destination when product is shipped from a Cardinal Health distribution center. Title to the product will pass upon delivery to Customer. Delivery frequency and order lead times are set forth on [Schedule D](#). Customer must communicate by phone or fax (in addition to EDI) any order that requires delivery (a) in less than the normal lead time; or (b) at any time other than a regularly scheduled delivery time. Customer will pay all additional transportation charges incurred, plus pay an additional handling fee in the amount of \$100.00.

4.4 Fill Rate. 90 days after implementation of deliveries, Cardinal Health will endeavor to achieve an overall monthly average of a 90.00% fill rate ("Fill Rate") for Cardinal Health Brand Products, contingent upon receipt of reasonably accurate usage information from Customer. The Fill Rate is calculated on a monthly basis by dividing the total number of Cardinal Health Brand product order lines filled on time by the total number of Cardinal Health Brand Product order lines placed during the month, excluding delays beyond Cardinal Health's control, including, shortages of product or raw materials, regulatory issues; or orders which exceed 110% of Customer's average monthly order during the prior 3-month period. An order line is considered filled when the total number of Cardinal Health Brand Products ordered on that line is delivered.

4.5 For all product categories other than Cardinal Health Brand Products, Cardinal Health will use reasonable efforts to fill orders but will not be liable for nonperformance or delays caused by manufacturer backorders, shortages of product or raw materials, or any other causes beyond its control. In these cases, Cardinal Health has the right to decide how to allocate products among all its purchasers.

4.6 When the U.S. average price per gallon of diesel fuel reaches an amount of \$4.00 or greater as reported by the U.S. Department of Energy on the U.S. Retail Diesel Price per Gallon Index ("**Fuel Index**") located at http://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_nus_m.htm, Cardinal Health may include a fuel surcharge fee ("**Fuel Surcharge**") based upon the prior quarter's average price of diesel fuel as reported on the Fuel Index or an appropriate successor index if the Fuel Index is discontinued during the Term. The Fuel Surcharge rate located at market.cardinalhealth.com is adjusted quarterly and invoiced on a per bill of lading basis.

4.7 Customer shall report to Cardinal Health Customer Service any issues relating to the product within 72 hours receipt of the product. Product returns are governed by Cardinal Health's Returns Goods Policy located at market.cardinalhealth.com.

4.8 Customer shall secure certain packing and material handling items owned by Cardinal Health, such as pallets, frozen drug igloos, carts and totes, and will return the items to Cardinal Health at Cardinal Health's expense. Cardinal Health reserves the right to charge Customer for any such packaging or material handling items damaged, stolen, or lost while in Customer's possession.

5. **Warranty.** Cardinal Health warrants that any product it manufactures (the term "manufacture" does not include product repackaging) will, as of the date of shipment, be fit for the purposes and indications described in the product labeling. Any warranties provided by Cardinal Health will not apply if the product is misused, altered, damaged or used other than in accordance with product label, inserts, or other instructions provided by Cardinal Health. Cardinal Health does not warrant product that it does not manufacture; however, to the extent assignable, Cardinal Health will assign to Customer the manufacturer warranties for those other products. THERE ARE NO OTHER EXPRESSED OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE. CARDINAL HEALTH'S SOLE OBLIGATION AND CUSTOMER'S EXCLUSIVE REMEDY FOR BREACH OF ANY WARRANTY WILL BE, AT CARDINAL HEALTH'S OPTION, TO REPAIR OR REPLACE THE PRODUCT OR REFUND THE PRODUCT'S PURCHASE PRICE UPON RETURN OF THE PRODUCT TO CARDINAL HEALTH.

6. **Reserved**

7. **Limitation of Liability.** NEITHER PARTY WILL BE LIABLE, WHETHER IN CONTRACT, TORT, OR OTHERWISE, FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR SPECIAL DAMAGES OR LOSSES FOR LOST REVENUE, LOST PROFITS, OR LOST BUSINESS, OR CARDINAL HEALTH'S FAILURE TO DELIVER PRODUCTS.
8. **Confidentiality.** Neither party shall use for personal gain or make other improper use of privileged or confidential information which is acquired in connection with this Agreement. The term "privileged or confidential information" includes but is not limited to: unpublished or sensitive technological or scientific information; medical, personnel, or security records; anticipated material requirements or pricing/purchasing actions; information or data of a party which is not subject to public disclosure; operational procedures; and knowledge of selection of contractors, subcontractors or suppliers in advance of official announcement. Both parties shall protect from unauthorized disclosure names and other identifying information concerning persons receiving services pursuant to this Agreement, except for general statistical information not identifying any person. Neither party shall use such information for any purpose other than carrying out its obligations under this Agreement. Either party shall promptly transmit to the other party all third party requests for disclosure of such information. Except as required by law, as required by any governmental agency or as necessary to perform its obligations hereunder, neither party will disclose the terms contained herein to any third party or make any press release or other public announcement regarding this Agreement or the other party, without the prior written consent of the other party. The party making the disclosure, press release, or public announcement will use commercially reasonable efforts to obtain the other party's prior consent. The obligation of confidentiality shall survive the expiration or termination of this Agreement for a period of 1 year. Customer is a government entity subject to the public records and meeting laws of the State of California, including the California Public Records Act (Government Code Section 6250 et seq.) and the California Brown Act (Government Code Section 54900 et seq.). Notwithstanding any other provision contained in this Agreement, any information (including Confidential Information), communications, and documents given by Cardinal Health to Customer and meetings involving Customer may be subject to disclosure pursuant to the California Public Records Act and California Brown Act. To the extent Customer is required by law to disclose any of the above-described information, communications, and documents pursuant to the California Public Records Act or California Brown Act, Customer will provide immediate notice to Cardinal Health prior to the disclosure. If Cardinal Health contends that the documents requested are exempt from the California Public Records Act or California Brown Act, Cardinal Health shall invoke the protections and follow the stated requirements of the California Public Records Act, California Brown Act or other applicable laws and regulations prior to or upon submission of the information by Customer for which Cardinal Health is seeking protection in order to provide Cardinal Health the opportunity to contest such disclosure.
9. **Business Reviews.** Beginning 90 days after the Effective Date, the parties will conduct periodic business reviews which will include, among other relevant topics: (a) each party's compliance with the terms contained herein, (b) mutual business activities, and (c) mutual action plans and opportunities.
10. **Adjustments.** If Cardinal Health's cost to acquire, store and/or distribute product(s) increases due to (a) charges from manufacturers or suppliers, inflation, the cost of raw materials, governmental action, a force majeure event, or any other event beyond Cardinal Health's reasonable control that causes the cost to acquire, store and/or distribute product(s) to increase by at least 5% (an "Extraordinary Event"); or (b) the imposition of a tariff, sales, use, excise, gross receipts, value-added, or other similar tax, surcharge or assessment to the product (a "Tax"), then Cardinal Health will have the right to assess a surcharge by an amount equal to the cost increase resulting from such Extraordinary Event or Tax. Cardinal Health will provide written notice of any Extraordinary Event increase or Tax pass-through at least 30 days prior to any such change becoming effective.
11. **Compliance with Laws; Customer Warranties.**
- 11.1 Both Parties will comply with all applicable laws, rules and regulations. Customer represents and certifies to Cardinal Health that it has all governmental licenses, permits and approvals required to purchase, use and/or store the products that it purchases and that all its purchases are for its "own use" (as defined in *Abbott Laboratories v. Portland Retail Druggists*, 425 U.S. 1 (1976)). Cardinal Health may terminate this Agreement immediately if it reasonably determines that Customer has breached this "own use" limitation.
- 11.2 The undersigned represents and certifies that it has the power and authority to enter into this Agreement on behalf of, and in the name of, each of its subsidiaries, affiliates and related parties, and it covenants that it will obtain all necessary authorizations to act under this Agreement on behalf of, and in the name of, any entity it owns, manages or controls, whether now or hereafter existing. The undersigned acknowledges and agrees that Cardinal Health is relying on the representations, warranties and covenants contained herein to enter into this Agreement and perform its obligations hereunder. The undersigned further covenants that it will provide reasonable information requested relating to its Facilities' purchases. Upon request, the undersigned shall certify compliance with the purchase and other requirements set forth herein, including providing supporting documentation.
12. If Customer receives any "discounts or other reductions in price" under Section 1128B(b)(3)(a) of the Social Security Act (42 U.S.C.1320- 7b(b)(3)(a)) from Cardinal Health, Customer may be required 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 products or services Customer buys from Cardinal Health, or as otherwise requested or required by any governmental agency.
13. **Records and Documents.**
- If this Agreement is subject to Section 1861 (v)(1)(I) of the Social Security Act as amended, Cardinal Health agrees that until four (4) years after the expiration or termination of this Agreement, Cardinal Health shall make available to the Secretary of Health and Human Services, the Comptroller General, and their duly authorized representatives, the Agreement and all books, documents and records necessary to verify the nature and extent of the cost incurred by Customer under this Agreement, and that if Cardinal Health carries out the duties of the Agreement through a subcontract for \$10,000 or more over a twelve (12)

month period, such subcontract shall also contain an access clause to permit access by the Secretary, Comptroller General, and other duly authorized representatives to the related organizations' subcontract and related books, documents and records relating to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of Services thereunder, if applicable, if applicable.

14. **Notices.** All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted two days after their deposit in the United States mail, postage prepaid:

RIVERSIDE UNIVERSITY HEALTH SYSTEM

26520 Cactus Avenue
Moreno Valley, CA 92555

Cardinal Health 200 LLC

7000 Cardinal Health Place
Dublin, OH 43017

Attn:

With a copy to: General Counsel, Medical Segment

15. **Miscellaneous.** This Agreement, including all schedules, exhibits, and addenda attached hereto, is the entire agreement between the parties with regard to the subject matter contained herein and may not be amended except in a writing signed by both parties. Failure to enforce any provision contained herein will not be considered a waiver of any right to enforce such provision. Customer's failure to raise any invoice dispute within six months of the invoice date will be deemed a waiver of Customer's right to dispute said invoice. Neither party may assign its rights in this Agreement without prior written consent of the other party, except Cardinal Health may assign this Agreement, or delegate its rights or obligations to any entity that is controlled by or under common control with Cardinal Health, Inc. This Agreement does not create any employment, agency, franchise, joint venture, partnership or other similar legal relationship between the parties.

16. **Indemnification.** Cardinal Health shall indemnify and hold harmless Customer, its directors, officers, employees, and agents and representatives from any third party liability, action, claim or damage of any kind (collectively, "Liabilities"), for property damage, bodily injury, or death in connection with or as a result of the purchase or use of any defective products manufactured by Cardinal Health and purchased under this Agreement or (arising out of the negligent, reckless or willful misconduct of Cardinal Health, its agents, employees or subcontractors in connection with Cardinal Health's performance under this Agreement. Notwithstanding the foregoing, Cardinal Health will not be liable to Customer under this indemnity to the extent the Liabilities are caused by the negligent, reckless, or willful misconduct of Customer, or its agents (including physicians that are independent contractors performing services in Customer's facilities), employees, or subcontractors.

Customer hereby agrees to defend, indemnify and hold harmless Cardinal Health and its affiliates and their respective directors, officers, and employees from and against any and all third-party (including any governmental authority) Liabilities arising out of the negligent, reckless, or willful misconduct of Customer, its agents, (including physicians that are independent contractors performing services in Customer's facilities), employees, or subcontractors related to the representations and obligations under this Agreement, and/or the use of Product provided under this Agreement. Notwithstanding the foregoing, Customer will not be liable to Cardinal Health under this indemnity to the extent the Liabilities are caused by the negligent, reckless, or willful acts or omissions of Cardinal Health or its agents, employees, or subcontractors.

All indemnification obligations in this Agreement are conditioned upon the Party seeking indemnification ("Indemnitee"): (A) promptly notifying the indemnifying Party ("Indemnitor") of any claim or liability of which the Indemnitee becomes aware (including a copy of any related complaint, summons, notice or other instrument), provided, however, that failure to provide such notice within a reasonable period of time does not relieve the Indemnitor of any of its obligations hereunder except to the extent the Indemnitor is prejudiced by such failure; (B) reasonably cooperating with the Indemnitor in the defense of any such claim or liability (at the Indemnitor's expense); and (C) not compromising or settling any claim or liability without prior written consent of the Indemnitor.

17. **Insurance.** Without limiting or diminishing the Cardinal Health's obligation to indemnify or hold the Customer harmless, Cardinal Health shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the Customer herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

A. Workers' Compensation:

If the Cardinal Health has employees as defined by the State of California, the Cardinal Health shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which

may arise from or out of Cardinal Health's performance of its obligations hereunder. Policy shall name the Customer as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

C. Vehicle Liability:

If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then Cardinal Health shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Customer as Additional Insureds.

D. Professional Liability Products Liability insurance coverage, including products and completed operations coverage, covering claims which may arise from or out of Cardinal Health's obligations hereunder related to Products. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than \$2,000,000.

E. General Insurance Provisions - All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) It is understood and agreed to by the parties hereto that the Cardinal Health's insurance shall be construed as primary insurance, and the Customer's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

3) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the Customer reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the Cardinal Health has become inadequate.

4) Cardinal Health shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

5) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the Customer.


6) Cardinal Health agrees to notify Customer of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement

18. **Execution in Counterparts: Digital Signatures**. This Agreement may be executed in one or more counterparts by hand or digital signature and delivered by facsimile or electronic mail.


19. **Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party of this Agreement agrees to the use of electronic signatures, pursuant to applicable federal laws and regulations, for executing this Agreement. The parties further agree that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic

County of Riverside, a political subdivision of the state of California, on behalf of Riverside University Health System

CARDINAL HEALTH 200, LLC

By: 
Name: CHUCK WASHINGTON
Title: CHAIR, BOARD OF SUPERVISORS
Date: 10/22/2024
Email: _____

By: Hector Bacallao
Name: Hector Bacallao
Title: Regional Sales Director, West
Date: Oct 4, 2024
Email: hector.bacallao@cardinalhealth.com

ATTEST:
KIMBERLY A. RECTOR, Clerk
By 
DEPUTY

APPROVED AS TO FORM:
Minh C. Tran
County Counsel

By: Gregg Gu
Gregg Gu
Chief Deputy County Counsel

OCT 22 2024 15.4

SCHEDULE A
CUSTOMER FACILITIES

Account Number	Contract Facility	Street Address	City	State	Zip	Facility Type
0010002660	RIVERSIDE UNIVERSITY HEALTH SYSTEM	26520 CACTUS AVE	MORENO VALLEY	CA	92555-3927	Owned

OWNED FACILITIES:

An “**Owned Facility**” is an entity controlled by Customer. Customer shall be deemed to be in control of an entity (controlled entity) if the Customer owns, directly or indirectly, more than 50% of the outstanding voting equity of the controlled entity (or other equity or ownership interest if the controlled entity is other than a corporation).

AFFILIATE FACILITY:

An “**Affiliate Facility**” is a healthcare facility that is not owned by Customer but is either (i) affiliated with Customer’s integrated delivery network, (ii) managed by Customer, or (iii) has granted Customer authority to make purchasing decisions with respect to purchase of products and distribution services.

Each Affiliate Facility must execute the Letter of Authority as shown in the form attached as Schedule A-1. Customer certifies that it will provide the terms of this Agreement, including the existence of any rebate contained herein, to all Affiliate Facilities immediately upon full execution of the Agreement or any amendment, as applicable.

The parties acknowledge and agree that Cardinal Health will not pay an Affiliate Facility’s respective portion of any rebate, if applicable, under this Agreement until such Affiliate Facility submits a fully executed Letter of Authority to Cardinal Health authorizing Cardinal Health to pay to Customer the applicable Affiliate Facility’s portion of any rebate due. Customer shall pay the Affiliate Facility its respective portion of the applicable rebate.

SCHEDULE A-1
LETTER OF AUTHORITY

By signing this Letter of Authority ("LOA"), [Insert Full Legal Name of Affiliate] ("Affiliate") certifies that Affiliate is a healthcare facility that is either (i) a member of the [Insert IDN Name] ("Insert IDN Abbreviated Name") integrated delivery network, (ii) managed by [Insert Abbreviated Contract Party Name], or (iii) has granted [Insert Abbreviated Contract Party Name] authority to make purchasing decisions with respect to purchases of products and distribution services, and that Affiliate desires to receive the healthcare products and distribution services set forth in the [Insert Name of the Agreement] between Cardinal Health 200, LLC ("Cardinal Health") and [Insert Abbreviated Contract Party Name], dated [Insert date of the Agreement] as the same has been and may be modified from time to time by Cardinal Health and [Insert Abbreviated Contract Party Name] (the "Agreement"). Affiliate shall abide by and be bound by the terms and conditions of the Agreement.

If applicable, Affiliate directs Cardinal Health to pay any rebate earned on Affiliate product purchases to [Insert IDN Abbreviated Name] and acknowledges and agrees that [Insert IDN Abbreviated Name] shall receive specific rebates based on the volume and/or mix of Affiliate's product purchases from Cardinal Health as provided for in the rebate calculation. Affiliate further acknowledges and agrees that the foregoing rebate, as well as any other discounts or reductions in price Affiliate or [Insert IDN Abbreviated Name] receives on Affiliate's product purchases under this Agreement, if any, are each a "discount or other reduction in price" to Affiliate under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(A)]. Accordingly, Affiliate may be required to disclose this and any other discounts or reductions in price it or the [Insert IDN Abbreviated Name] receives on Affiliate's product purchases under any state or federal program which provides charge based reimbursement for the products and services covered by this Agreement.

Upon the execution date of this LOA, any prior written or verbal agreement between Affiliate and Cardinal Health for the purchase of healthcare products and distribution services shall be terminated and all such purchases shall be governed by the terms and conditions of the Agreement.

[Insert Full Legal Name of Affiliate]

By: _____

Printed Name: _____

Title: _____

Date: _____

SCHEDULE B

PRICING AND PAYMENT TERMS

I. **PRODUCT PRICING** Contract Products will be priced at the “**Cost Plus Markup Percentage**” as set forth in the matrix below. Product pricing categories include Contract Products and Net Priced Products as described below:

<u>CONTRACT PRODUCTS</u>	<u>COST PLUS MARKUP PERCENTAGE</u>
<p>“Contract Products” have a contracted price under: (a) Customer’s Group Purchasing Organization Agreement (“Customer’s GPO Agreement”); or (b) Customer’s locally negotiated price agreement with a manufacturer or supplier (“Customer’s Local Agreement”)</p>	
<p>(i) “National Brand Products” include: (a) medical surgical products that are used in any healthcare setting (excluding laboratory products) (“Med/Surg Products”) and sold by Cardinal Health through its hospital supply distribution business; and (b) suture and endomechanical products</p>	Cost plus 5.00%
<p>(ii) “Cardinal Health Brand Products” include: (a) products manufactured by Cardinal Health or its affiliate; (b) Cardinal Health’s medical kitting products; and (c) products sourced by Cardinal Health or its affiliate that bear the Cardinal Health name and/or trademark</p>	Cost plus 0.00%
<p>(iii) “Non-Traditional Products” include products that Cardinal Health does not normally distribute through its medical/surgical distribution business, including, but not limited to, infant nutritionals, office supplies, food service, building, cleaning and maintenance such as trashcan liners, housekeeping, chemicals, floor care products, “away from the home” paper products, other paper products, and polyliners.</p>	Cost plus 5.00%
<p>(iv) “IV Solutions” include intravenous solutions and products that are utilized to administer intravenous medications</p>	Cost plus 5.00%
<p>(v) “Performance Plus™ Products” (“P+ Products”) include a subset of National Brand Products from a select list of manufacturers. Cardinal Health will provide customer access to P+ Products at market.cardinalhealth.com, or such other website as designated by Cardinal Health (the “Site”). Cardinal Health reserves the right to add or remove P+ Products by updating the Site.</p>	Cost plus 2.00%

For establishing price, the term “**Cost**” referenced below means, for purposes of applying any Cost plus markup, the manufacturer’s invoice price to Cardinal Health for products (excluding Cardinal Health Brand Products), plus inbound freight and other distribution expense, less any rebate on Customer’s GPO Agreement or Customer’s Local Agreement. “**Cost**” means, for purposes of any Cardinal Health Brand Products that are Contract Products, the “dealer net cost” specified in the Customer’s GPO Agreement or the Customer’s Local Agreement. The following are excluded from the Cost calculation: (a) prompt pay discounts and fees paid to Cardinal Health by the manufacturer for benefits received by that manufacturer (e.g. sales reporting documents, joint marketing efforts); and (b) settlements, judgments, or other fees owed to Cardinal Health which relate to any dispute between Cardinal Health and a manufacturer. If a manufacturer changes its terms or conditions with Cardinal Health, Cardinal Health retains the right to add to the Cost for that manufacturer’s product an amount equal to (a) any increase in direct cost to Cardinal Health; and (b) any reduction in benefit to Cardinal Health. Cardinal Health retains the right to adjust the product price if the final price the Customer will pay for a product falls below Cost.

If there is a material change in Cardinal Health’s business circumstances, including, but not limited to, any acquisition or divestiture, or a change in a product category, Cardinal Health reserves the right to modify the Cost Plus Markup Percentages

<u>NET PRICED PRODUCTS</u>	<u>PRICE</u>
<p>“Net Priced Products” include all products (including Equipment) sold by Cardinal Health other than Contract Products.</p>	
<p>The term “Equipment” means capital equipment, including but not limited to, durable medical and laboratory equipment (“DME”), carts, exam tables, beds, lifts, lights, patient transport, scales, microscopes, analyzers, and cabinets.</p>	Prices for Net Priced Products are not firm and subject to change at any time

II. PAYMENT TERMS

Provided that Customer and each Facility is approved for credit by Cardinal Health, Customer's and each Facility's payment terms shall be net 30 days from date of invoice. All payments due to Cardinal Health for products delivered and services rendered by Cardinal Health under the Agreement will be made by electronic funds transfer, accompanied by EDI 820 remittance or other remittance acceptable to Cardinal Health to provide good funds to Cardinal Health by the due date. If Customer or any Facility disputes an invoice, the disputing party must provide the following information to Cardinal Health within 72 hours from the date of the invoice: (1) invoice number, (2) product code, (3) amount disputed, and (4) specific details as to the nature of the dispute. Any undisputed portion of an invoice must be paid on or before payment due date.

Cardinal Health retains the right to adjust Customer's or any Facility's payment terms, place Customer or a Facility on C.O.D. status, and/or refuse orders from Customer or a Facility if Cardinal Health has not received payment by the payment due date or based upon credit considerations deemed relevant by Cardinal Health. Customer and each Facility hereby grants Cardinal Health a security interest in the products it has received from Cardinal Health. All obligations hereunder shall be joint and several obligations of Customer, including each Owned Facility and each Affiliate Facility, as applicable, whether now or hereafter existing. Customer and each Facility, whether now or hereafter existing, hereby unconditionally guaranty, jointly and severally, the payment and performance of all obligations hereunder. Without limiting Cardinal Health's rights under law or in equity, Cardinal Health and its affiliates, parent or related entities, collectively or individually, may exercise a right of set-off against any and all amounts due Customer or any Facility. For purposes of this section, Cardinal Health, its affiliates, parent or related entities shall be deemed to be a single creditor. Customer and its Facilities will provide to Cardinal Health any and all credit information Cardinal Health requests not less than 30 days before any initial purchases are made under this Agreement and, after that, as Cardinal Health may reasonably request from time to time.

III. DSO and DSO COST PLUS INCREASE

"DSO" means the days sales outstanding which is the length of time it takes a Customer or a Facility to pay Cardinal Health for products purchased and services rendered. A Customer's or Facility's DSO is measured on a daily basis and calculates the ratio of total Outstanding Receivables to the Average Daily Sales for a given period. The term "**Outstanding Receivables**" includes all obligations incurred under this Agreement. The term "**Average Daily Sales**" means Customer's or Facilities' total sales for a month divided by 30. At the end of each Contract Quarter, Cardinal Health will evaluate the payment history based on a Customer's or Facility's DSO during the immediately preceding 3 month period. "Contract Quarter" shall mean one of the following three-month periods during a Contract Year: January 1 - March 31; April 1 - June 30; July 1 - September 30; and October 1 - December 31, except the first Contract Quarter shall commence on the Effective Date, and the last Contract Quarter shall end on the last date of the Term of this Agreement. Prospective adjustments to the then-applicable Cost plus markups will be made as appropriate. No retroactive adjustment will be applied to purchases, absent bad faith. If a Customer's or a Facility's DSO exceeds the current payment terms, then upon notice and without limiting any other remedy available to Cardinal Health, Cardinal Health reserves the right in its sole discretion, to increase any portion or all of Customer's or Facility's markups by an additional .05% per day for each day beyond the current payment terms (up to day fifteen beyond the current payment terms) and .10% per day for each day beginning on day sixteen beyond the current payment terms and thereafter.

SCHEDULE C

PURCHASE COMMITMENTS & ADDITIONAL DISCOUNTS

1. **Cardinal Health Brand Products Purchase Commitment.** Customer commits that 60% of its Net Purchases from Cardinal Health will be Cardinal Health Brand Products. The term "**Net Purchases**" means all product purchases made through this Agreement as reflected in Cardinal Health's invoices, less all discounts, returns, credits, rebates, late charges, and other similar items.
2. **Prime Vendor Conversion Rebate.** If at any time during the Term of this Agreement, the parties terminate this Agreement and enter into a prime vendor agreement for medical surgical distribution to be effective as of the date of termination, then Customer shall be eligible to receive a 3% rebate on its Net Purchases under this Agreement ("**Rebate**") during the twelve months prior to the termination date of this Agreement ("**Rebate Period**"). For example, if the termination date of this Agreement is April 30, 2025, then the Rebate Period shall be May 1, 2024 – April 30, 2025, with the new prime vendor agreement beginning May 1, 2025. The Rebate will be payable within sixty (60) days after the end of the Rebate Period and will be in the form of a credit memo or electronic funds transfer.
3. **Discount Disclosure.** The discounts or rebates described in this Agreement, as well as any other discounts or reductions in price Customer receives under this Agreement, if any, are each a "discount or other reduction in price" to Customer under Section 1128B(b)(3)(A) of the Social Security Act [42 U.S.C. 1320a-7b(b)(3)(A)]. Accordingly, Customer may be required to disclose this and any other discounts or reductions in price Customer receives under any state or federal program which provides charge-based reimbursement for the products and services covered by this Agreement.
4. **Limitations on Payment.** Cardinal Health reserves the right to withhold and/or refuse payment of any rebate or fee if Customer (or its Facilities) is not in compliance with the payment terms of any agreement with Cardinal Health. Any such amount shall be credited towards Customer's or the applicable Facility's outstanding balance and reflected in Customer's or the applicable Facility's account record.

SCHEDULE D
DELIVERY FREQUENCY AND SCHEDULE

- (a) Number of Deliveries per Week
as of the Effective Date: _____
- (b) Time of Delivery Window: _____
- (c) Lead Time Required: _____
- (d) Transportation Charges: _____

Additional delivery days, inside deliveries and locations, as well as other customized deliveries and special requests by Customer are subject to additional fees as determined by Cardinal Health.

* If Customer qualifies for a greater number of delivery days through another distribution agreement with Cardinal Health, such as a Laboratory Distribution Agreement, then Customer shall receive the maximum number of deliveries per week set forth in its signed Cardinal Health distribution agreements. For example, if a Customer in this Dual Source Distribution Agreement has one delivery per week, but that Customer has an active Laboratory Distribution Agreement and receives two laboratory deliveries per week, Customer will continue to receive two deliveries per week as long as such Laboratory Distribution Agreement remains in effect versus the one day per week delivery it would be eligible for under this Agreement. If at any time the Laboratory Distribution Agreement in this example is terminated, the Customer will revert to the delivery days allowed under this Agreement.











Cardinal Health - Dual Source Distribution Agreement

Final Audit Report

2024-10-04

Created:	2024-10-02
By:	Joel Ruvalcaba (J.Ruvalcaba@ruhealth.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAACe9aFbLJvWSFr3vwg_aldA_iAjmMITiK

"Cardinal Health - Dual Source Distribution Agreement" History

-  Document created by Joel Ruvalcaba (J.Ruvalcaba@ruhealth.org)
2024-10-02 - 10:29:36 PM GMT- IP address: 158.61.14.12
-  Document emailed to justin.saya@cardinalhealth.com for signature
2024-10-02 - 10:35:20 PM GMT
-  Email viewed by justin.saya@cardinalhealth.com
2024-10-03 - 6:48:37 AM GMT- IP address: 104.28.85.110
-  Document signing delegated to hector.bacallao@cardinalhealth.com by justin.saya@cardinalhealth.com
2024-10-04 - 3:12:55 PM GMT- IP address: 134.238.190.230
-  Document emailed to hector.bacallao@cardinalhealth.com for signature
2024-10-04 - 3:12:56 PM GMT
-  Email viewed by hector.bacallao@cardinalhealth.com
2024-10-04 - 3:13:17 PM GMT- IP address: 104.47.56.254
-  Signer hector.bacallao@cardinalhealth.com entered name at signing as Hector Bacallao
2024-10-04 - 3:14:01 PM GMT- IP address: 208.127.84.82
-  Document e-signed by Hector Bacallao (hector.bacallao@cardinalhealth.com)
Signature Date: 2024-10-04 - 3:14:03 PM GMT - Time Source: server- IP address: 208.127.84.82
-  Document emailed to ggu@rivco.org for signature
2024-10-04 - 3:14:04 PM GMT
-  Email viewed by ggu@rivco.org
2024-10-04 - 3:24:08 PM GMT- IP address: 104.47.65.254

 Signer ggu@rivco.org entered name at signing as Gregg Gu

2024-10-04 - 3:26:56 PM GMT - IP address: 158.61.6.1

 Document e-signed by Gregg Gu (ggu@rivco.org)

Signature Date: 2024-10-04 - 3:26:58 PM GMT - Time Source: server- IP address: 158.61.6.1

 Agreement completed.

2024-10-04 - 3:26:58 PM GMT



Rebate Program Agreement

This Rebate Program Agreement (“**Agreement**”) is entered into between COUNTY OF RIVERSIDE, a political subdivision of the state of California, on behalf of Riverside University Health System located at 26520 CACTUS AVE, MORENO VALLEY, CA, 92555-3927 (“**Customer**”) and Cardinal Health 200, LLC, with offices located at 3651 Birchwood Drive, Waukegan, IL 60085 (“**Cardinal Health**”) and is dated as of November 1, 2024 (“**Effective Date**”). Cardinal Health and Customer hereby agree as follows:

1. **Base Rebate.** Customer shall be eligible to receive a 2% rebate on its Eligible Rebate Purchases and the Eligible Rebate Purchases of the facilities it owns, operates and/or has authority to contract on behalf of as listed on Schedule A (“**Facilities**” and references to Customer will include the Facilities unless otherwise expressly stated) during each Agreement Year in which Customer’s Eligible Rebate Purchases meet or exceed Baseline (“**Base Rebate**”). The Base Rebate will only be paid on Eligible Rebate Purchases up to the Baseline amount for such Agreement Year.
2. **Growth Rebate.** Customer shall be eligible to receive a 5% rebate on its incremental Eligible Rebate Purchases and the incremental Eligible Rebate Purchases of its Facilities over Baseline during each Agreement Year in which Customer’s Eligible Rebate Purchases exceed Baseline (“**Growth Rebate**”). The Growth Rebate will only be paid on Eligible Rebate Purchases in excess of Baseline amount for such Agreement Year.
3. **Eligible Rebate Purchases.** Eligible Rebate Purchases shall be determined on the basis of Cardinal Health’s records. Notwithstanding anything herein to the contrary, in order to receive the rebates, discounts or fees described herein, Customer will be required to demonstrate compliance with the applicable purchase and other requirements. If earned, the rebates will be payable within 90 days after the end of each Agreement Year and will be in the form of a credit memo or electronic funds transfer. No rebates will be paid in any Agreement Year that terminates prior to the end of the Agreement Year.
 - 3.1 “**Eligible Rebate Purchases**” shall mean Net Purchases of **Cardinal Health Brand Products** (excluding (1) Equipment set forth on leases, and (2) enteral feeding pumps, sets, tubes, and access devices); and net purchases of **Cardinal Health Brand Services**, as reflected in the selling entity’s invoices less all discounts, returns, credits, rebates, late charges, surcharges and accessorials, or other similar items. Eligible Rebate Purchases shall be determined on the basis of Cardinal Health’s records.
 - 3.2 “**Cardinal Health Brand Products**” shall mean products manufactured by Cardinal Health or its affiliate (as designated by Cardinal Health), Cardinal Health’s medical kitting products, or products sourced by Cardinal Health or its affiliate that bear the Cardinal Health name and/or trademark excluding: (1) New Products as defined in Section 6 below and, (2) enteral feeding pumps, sets, tubes, and access devices.
 - 3.3 “**Cardinal Health Brand Services**” shall mean Customer’s purchases through: the OptiFreight Programs, Supply Chain Strategy Engagement, and WaveMark Solutions (excluding ValueLink program service fees and Provider 3PL/FlexConnect purchases) other than New Services as defined in Section 6 above.
4. **Right of Set-off.** Without limiting Cardinal Health’s rights under law or in equity, Cardinal Health and its affiliates, parent or related entities, collectively or individually, may exercise a right to set-off against any and all amounts due to Customer. For purposes of this Section, Cardinal Health, its affiliates, parent or related entities shall be deemed to be a single creditor.
5. **Adjustments.** Cardinal Health may, in its sole discretion, adjust the amount to be used as the Baseline and/or tier thresholds following (a) a material change in the size or nature of Customer’s business as a result of a merger of Customer, an acquisition or divestiture by Customer of a business or product line, a merger, acquisition or divestiture by Cardinal Health of a business or product line, or other extraordinary event, or (b) Cardinal Health’s failure or inability to supply products in accordance with valid purchase orders placed by Customer during the Term for standard delivery within the Term.
6. **New Products and New Services.** Cardinal Health in its sole discretion will notify Customer in writing of any additional Cardinal Health Brand Products resulting from an acquisition (“New Products”) or Cardinal Health Brand Services resulting from an acquisition (“New Services”) that will be added to the rebates and the effective date of such addition(s).
7. **Definitions.**
 - 7.1 “**Agreement Year**” means the twelve-month period commencing as of the Effective Date, and each individual twelve (12) month period thereafter. All succeeding Agreement Years during the Term of this Agreement shall commence on the anniversary date of the Effective Date.
 - 7.2 “**Baseline**” shall mean (i) for the first Agreement Year \$1,176,290.00 of Eligible Rebate Purchases (the “**First Year Amount**”), and (ii) each Agreement Year thereafter, the actual Eligible Rebate Purchases during the preceding Agreement Year (for example, in the third Agreement Year, the Baseline will be Eligible Rebate Purchases during the second Agreement Year), provided the Baseline cannot fall below the First Year Amount.
 - 7.3 “**Equipment**” shall mean capital equipment including but not limited to durable medical and laboratory equipment (“DME”), carts, exam tables, beds, lifts, lights, patient transport, scales, microscopes, analyzers, and cabinets.
 - 7.4 “**Net Purchases**” shall mean all product purchases as reflected in Cardinal Health’s invoices and/or trace sales received by Cardinal Health from other distributors for sales of Cardinal Health Brand Products to Customer less all discounts, returns, credits, rebates, late charges, or other similar items.
 - 7.5 “**OptiFreight Programs**” are programs under which Cardinal Health offers freight management services and brokers discounted freight rates to healthcare providers.



- 7.6 “**Presource Products**” shall mean the medical kitting products from Cardinal Health’s medical kitting division.
- 7.7 “**Supply Chain Strategy Engagement**” shall mean a service under which Cardinal Health offers supply chain strategy, design and execution services to help customers optimize their supply chain and manage the total cost of care.
- 7.8 “**WaveMark Solutions**” shall mean a software platform supporting multiple tools including RFID-enabled Smart Cabinets and Smartwands, barcoding, 2-Bin Kanban and Equipment through WaveMark, Inc. Subscription fees for Equipment/software through WaveMark, Inc. shall be included as purchases of Cardinal Health Brand Services.

8. **Term.** The Agreement will commence on the Effective Date and continue in effect for 2 years (the “**Term**”) and may be renewed upon mutual written agreement of the parties. Either party may terminate this Agreement upon 60 days prior written notice.
9. **Discount Disclosure.** If Customer receives any “discounts or other reductions in price” under Section 1128B(b)(3)(a) of the Social Security Act (42 U.S.C.1320- 7b(b)(3)(a)) from Cardinal Health, Customer may be required 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 products or services Customer buys from Cardinal Health, or as otherwise requested or required by any governmental agency.
10. **Facilities.** Customer represents and certifies that it either owns or has a controlling interest in, or has express contractual authority to make purchasing decisions on behalf of each of each Facility. Additional Facilities may be added to this Agreement upon the mutual written agreement of the parties and Cardinal Health reserves the right to modify the rebate(s) prior to or upon such an addition.
11. **Confidentiality.** Neither party may disclose the terms and conditions of this Agreement to a third party without the prior written consent of the other, except as required by law or as necessary to perform its obligations under this Agreement. To the extent Customer is required by law to disclose any of the above-described information, communications, and documents. Customer shall comply with such law. Neither party will make any press release or other public announcement regarding this Agreement without the other party’s prior written consent except as required under applicable law or by any governmental agency.

Neither party shall use for personal gain or make other improper use of privileged or confidential information which is acquired in connection with this Agreement. The term “privileged or confidential information” includes but is not limited to: unpublished or sensitive technological or scientific information; medical, personnel, or security records; anticipated material requirements or pricing/purchasing actions; Customer information or data which is not subject to public disclosure; Customer operational procedures; and knowledge of selection of contractors, subcontractors or suppliers in advance of official announcement. Each party shall protect from unauthorized disclosure names and other identifying information concerning persons receiving services pursuant to this Agreement, except for general statistical information not identifying any person. Neither party shall use such information for any purpose other than carrying out their obligations under this Agreement. Each party shall promptly transmit to the other party all third party requests for disclosure of such information. For purposes of this paragraph, identity shall include, but not be limited to, name, identifying number, symbol, or other identifying particulars assigned to the individual, such as finger or voice print or a photograph.

12. **Non-Discrimination.** Cardinal Health shall not discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status or sex in the performance of this Agreement; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code 12900 et. seq), the Federal Civil Rights Act of 1964 (P.L. 88-352), the Americans with Disabilities Act of 1990 (42 U.S.C. S1210 et seq.) and all other applicable laws or regulations.
13. **Records and Documents.** If this Agreement is subject to Section 1861 (v)(1)(I) of the Social Security Act as amended, Cardinal Health agrees that until four (4) years after the expiration or termination of this Agreement, Cardinal Health shall make available to the Secretary of Health and Human Services, the Comptroller General, and their duly authorized representatives, the Agreement and all books, documents and records necessary to verify the nature and extent of the cost incurred by Customer under this Agreement, and that if Cardinal Health carries out the duties of the Agreement through a subcontract for \$10,000 or more over a twelve (12) month period, such subcontract shall also contain an access clause to permit access by the Secretary, Comptroller General, and other duly authorized representatives to the related organizations’ subcontract and related books, documents and records relating to the nature and extent of the costs thereunder for a period of four (4) years after the furnishing of Services thereunder, if applicable.

14. **Notices.** All correspondence and notices required or contemplated by this Agreement shall be delivered to the respective parties at the addresses set forth below and are deemed submitted two days after their deposit in the United States mail, postage prepaid:

RIVERSIDE UNIVERSITY HEALTH SYSTEM
26520 Cactus Avenue
Moreno Valley, CA 92555

Cardinal Health 200 LLC
3651 Birchwood Drive.
Waukegan, IL 60085

15. **Miscellaneous.** Both parties shall comply with all laws, rules and regulations applicable to this Agreement. This Agreement is the entire agreement between the parties with regard to the subject matter of this Agreement. No amendment of the terms of this Agreement will be binding on either party unless reduced to writing and signed by an authorized employee of the party to be



CardinalHealth

bound. Neither party shall have the right to assign its interest in this Agreement without the prior written authorization of the other party.

16. **Execution in Counterparts; Digital Signatures.** This Agreement may be executed in one or more counterparts and delivered by facsimile or electronic mail, each with original signature visible, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same agreement. Alternatively, this Agreement may be executed by digital signatures made in accordance with Cardinal Health's contract execution policies and procedures. The version of this Agreement retained by Cardinal Health in its contract management database in the ordinary course of Cardinal Health's business is deemed to be the best evidence of the executed Agreement.
17. **Insurance.** Without limiting or diminishing the Cardinal Health's obligation to indemnify or hold the Customer harmless, Cardinal Health shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the Customer herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, or representatives as Additional Insureds.

A. Workers' Compensation:

If the Cardinal Health has employees as defined by the State of California, the Cardinal Health shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Cardinal Health's performance of its obligations hereunder. Policy shall name the Customer as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than \$2,000,000.

C. Vehicle Liability:

If vehicles or mobile equipment is used in the performance of the obligations under this Agreement, then Cardinal Health shall maintain liability insurance for all owned, non-owned, or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than \$2,000,000. Policy shall name the Customer as Additional Insured.

D. Products Liability

Products Liability insurance coverage, including products and completed operations coverage, covering claims which may arise from or out of Cardinal Health's obligations hereunder related to Products. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than \$2,000,000.

E. General Insurance Provisions - All lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) Cardinal Health will make available Evidence of Insurance evidencing the required insurance and any additional insured status to County of Riverside where County of Riverside may retrieve Cardinal Health proof of evidence of liability coverage at any time during the Term here: <https://www.aon.com/aonline/zaldkc5mvxfvkz5yd2bv>. Cardinal Health endeavors to provide a thirty (30) days written notice to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. An individual authorized by the insurance carrier shall sign the original endorsements for each policy and the Certificate of Insurance.

3) It is understood and agreed to by the parties hereto that the Cardinal Health's insurance shall be construed as primary insurance, and the Customer's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

4) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the Customer reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the Cardinal Health has become inadequate.

5) Cardinal Health shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

6) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the Customer. To the extent that Cardinal Health does self-insure, such insurance will not be deemed to exceed the scope of



CardinalHealth

coverage and/or limits that would have been provided in an actual policy of insurance that satisfies the insurance requirements set forth in this Section 18. Further, no insurance coverage maintained by Cardinal Health, whether self-insurance or otherwise, will be construed to expand any indemnification obligations that may be contained in this Agreement. 7) Cardinal Health agrees to notify Customer of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement

18. Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party of this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The parties further agree that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

19. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized representatives as of the Effective Date.

COUNTY OF RIVERSIDE, a political subdivision of the state of California, on behalf of Riverside University Health System

CARDINAL HEALTH 200, LLC

By:
Name: CHUCK WASHINGTON
Title: CHAIR, BOARD OF SUPERVISORS
Date: 10/22/2024
Email: ATTEST:

By: Hector Bacallao
Name: Hector Bacallao
Title: Regional Sales Director, West
Date: Oct 4, 2024
Email: hector.bacallao@cardinalhealth.com

KIMBERLY A. RECTOR, Clerk
By
DEPUTY

APPROVED AS TO FORM:
Minh C. Tran
County Counsel

By:
Gregg Gu
Chief Deputy County Counsel

OCT 22 2024 15.4



Schedule A

Customer Facilities

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











Cardinal Health - Base and Growth Rebate Agreement


Final Audit Report

2024-10-04

Created:	2024-10-02
By:	Joel Ruvalcaba (J.Ruvalcaba@ruhealth.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAA3100rF5TNfHFJY1jniTGC7mOFpO2Hx5I

"Cardinal Health - Base and Growth Rebate Agreement" History

-  Document created by Joel Ruvalcaba (J.Ruvalcaba@ruhealth.org)
2024-10-02 - 10:33:25 PM GMT- IP address: 158.61.14.12
-  Document emailed to justin.saya@cardinalhealth.com for signature
2024-10-02 - 10:36:23 PM GMT
-  Email viewed by justin.saya@cardinalhealth.com
2024-10-02 - 11:29:56 PM GMT- IP address: 104.47.57.254
-  Document signing delegated to hector.bacallao@cardinalhealth.com by justin.saya@cardinalhealth.com
2024-10-04 - 2:36:30 PM GMT- IP address: 134.238.190.230
-  Document emailed to hector.bacallao@cardinalhealth.com for signature
2024-10-04 - 2:36:30 PM GMT
-  Email viewed by hector.bacallao@cardinalhealth.com
2024-10-04 - 2:58:10 PM GMT- IP address: 104.47.58.254
-  Signer hector.bacallao@cardinalhealth.com entered name at signing as Hector Bacallao
2024-10-04 - 2:59:25 PM GMT- IP address: 208.127.84.82
-  Document e-signed by Hector Bacallao (hector.bacallao@cardinalhealth.com)
Signature Date: 2024-10-04 - 2:59:28 PM GMT - Time Source: server- IP address: 208.127.84.82
-  Document emailed to ggu@rivco.org for signature
2024-10-04 - 2:59:28 PM GMT
-  Email viewed by ggu@rivco.org
2024-10-04 - 3:25:32 PM GMT- IP address: 104.47.65.254

 Signer ggu@rivco.org entered name at signing as Gregg Gu

2024-10-04 - 3:26:33 PM GMT- IP address: 158.61.6.1

 Document e-signed by Gregg Gu (ggu@rivco.org)

Signature Date: 2024-10-04 - 3:26:35 PM GMT - Time Source: server- IP address: 158.61.6.1

 Agreement completed.

2024-10-04 - 3:26:35 PM GMT