

**MEMORANDUM  
COUNTY OF PLACER  
ADMINISTRATIVE SERVICES DEPARTMENT  
PROCUREMENT SERVICES DIVISION**

**TO:** Honorable Board of Supervisors  
**FROM:** Brett Wood, Purchasing Manager  
**DATE:** April 23, 2013  
**SUBJECT:** Pharmaceutical Services- Cardinal Health

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**ACTION REQUESTED**

1. Approve the award of a Blanket Purchase Order with Cardinal Health Distribution of Elk Grove, CA for pharmaceuticals in the maximum amount of \$192,500 for the period of May 1, 2013 through April 30, 2014, funded 45 percent by Federal Medicare, 10 percent private insurance and 45 percent with required County General Fund match.
2. Approve the option to renew for one additional term for the period of May 1, 2014 through April 30, 2015 as long as the renewal amount does not exceed 10 percent of the recommended current contract amount of \$192,500; and
3. Authorize the Purchasing Manager to sign the resulting blanket purchase orders

**BACKGROUND**

The Department of Health and Human Services Community Clinic Division requires a vendor to supply a variety of pharmaceuticals to the clinics pharmacy. On July 1, 2004, the department became a member of the University Health System Consortium (UHC) sponsored by UC Davis as a result of your Board's approval. UHC is an alliance of academic health centers throughout the United States that provides each member the buying power of over 90 academic medical centers, which optimizes savings for the pharmaceutical products available. HHS evaluated distributors and determined that Cardinal Health offers the most favorable UHC pricing to the County.

The current UHC contract expires on April 30, 2013. This year Novations Health Management, on behalf of Cardinal Health, has extended the current UHC contract for an additional two years beginning May 1, 2013 through April 30, 2015.

Purchasing Policy Manual Section 1.3(j) exempts pharmaceuticals from the competitive process.

**FISCAL IMPACT**

Upon your Board's approval, a Blanket Purchase Order will be awarded to Cardinal Health for pharmaceutical products in the maximum amount of \$192,500, effective May 1, 2013 through April 30, 2014. The Department's Fiscal Impact Statement is attached.

**Attachment:**

Department of Health and Human Services Fiscal Impact Statement

**CC:** Rebecca Mellott, HHS Fiscal Program Manager  
Connie Amey, HHS-Community Clinic Program Manager



**Placer County  
Health and Human Services Department**

**Administrative Services Division**

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Date: April 23, 2013  
To: Honorable Board of Supervisors  
From: Rebecca Mellott, HHS Fiscal Program Manager  
Subject: **Fiscal Impact Statement  
BPO for Pharmaceutical Services (Cardinal Health)  
Community Clinics  
For the period May 1, 2013 to April 30, 2014**

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The Department has budgeted appropriately for the renewal of this \$192,500 (\$86,625 net County cost) Blanket Purchase Order (BPO). It is funded 45 percent by Federal Medicare and Medicaid revenues, 10 percent by private insurance, and 45 percent of required County General Fund match. Funding for the first two months of this BPO is included in the Department's FY2012-13 Final Budget, and the remainder will be included in the Department's FY2013-14 Requested Budget. The renewal amount is \$17,500 higher than the current BPO in place due to the implementation of the Medicaid 1115 Waiver Demonstration Program approved by the Board of Supervisors on July 24, 2012. These pharmaceuticals are provided to Medicare, Medi-Cal, and private insurance patients.

*Perspective, Hope, and Opportunity*