


SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor	<u>Omnicell Technologies, Inc.</u>	Division/Section:	<u>SFHN/ SFGH & LHH</u>
		Director SFHN:	<u>Roland Pickens</u> 
Address	<u>1201 Charleston Rd</u>	DPH Administrators (Pharmacy / Supplies)	<u>David Woods</u> <u>Baljeet S. Sangha</u>
	<u>Mountain View, CA 94043</u>	Program Manager (Pharmacy / Supplies)	<u>Elena Tinloy</u> Phone: <u>206-6251</u> <u>Daisy Aguallo</u> <u>206-5688</u>
Contact	<u>Felisa Orozco, System Sales Director</u>	Contract Analyst:	<u>Jonathan Lyens</u> Phone: <u>554-2886</u>

Request for approval of two equipment leases with software licensing addendums, and corresponding equipment maintenance agreements, for pharmacy and supply cabinets for San Francisco General Hospital and Laguna Honda Hospital, of the San Francisco Health Network, of the Department of Public Health in the amount of \$9,807,573 for the pharmacy lease agreement, \$1,356,690 for the supply lease agreement, and \$1,596,014 for the corresponding pharmacy equipment maintenance agreement, \$215,044 for the corresponding supply maintenance agreement. Both leases and maintenance agreements will be coterminous, with a term of 60 months (5 years), and will commence once all equipment is delivered, installed and accepted by hospital staff (anticipated to be complete in October 2015).

Profit Non-Profit LBE RFQ – Number: _____ Date: _____

New Renewal Mod UHC / Novation _____

Number of years DPH has been doing business with this organization: 10+

<u>CONTRACT INFORMATION:</u>	<u>Prior Transaction</u>	<u>Proposed Transaction</u>	<u>Annualized Difference</u>
	(new)	10/1/2015 – 9/30/2020	

Note: Calculations are based on a 60 month lease commencing on or about October 1, 2015 using the discounted pricing. See page 2 for a comparison of the discounted pricing vs the standard pricing Due to the structure of the leases and potential amortization issues of on-boarding new equipment in the middle of a lease, contingency was not included. .

<u>Funding Sources (Pharmacy Lease):</u>			
General Funds and Rebuild			
TOTAL DPH REVENUES		\$9,807,573	\$9,807,573
CONTRACT TOTAL		\$9,807,573	\$9,807,573
<u>Funding Sources (Supply Lease):</u>			
General Funds and Rebuild			
TOTAL DPH REVENUES		\$1,356,690	\$1,356,690
CONTRACT TOTAL		\$1,356,690	\$1,356,690
<u>Funding Sources (Pharmacy Maintenance):</u>			
General Funds Rebuild			
TOTAL DPH REVENUES		\$1,596,014	\$1,596,014
CONTRACT TOTAL		\$1,596,014	\$1,596,014
<u>Funding Sources (Supply Maintenance):</u>			
General Funds and Rebuild			
TOTAL DPH REVENUES		\$215,044	\$215,044
CONTRACT TOTAL		\$215,044	\$215,044
<i>ANNUAL AMOUNT OF CONTRACT (estimate; Pharmacy Lease)</i>		\$1,961,515	\$1,961,515
<i>ANNUAL AMOUNT OF CONTRACT (estimate; Supply Lease)</i>		\$271,338	\$271,338
<i>ANNUAL AMOUNT OF CONTRACT (estimate; Pharmacy Maintenance)</i>		\$319,203	\$319,203
<i>ANNUAL AMOUNT OF CONTRACT (estimate; Supply Maintenance)</i>		\$43,009	\$43,009
Agency Funds		-\$0-	-\$0-
Contract FTE		N/A	N/A

PROPOSED:

Mode(s) of Service & Unit of Service Definition	No. of Clients		Number of Units	Unit Cost (avg.)
	N/A	Duplicated		
Lease				
Pharmacy Lease			60 months	\$163,459
Supplies Lease			60 months	\$22,611
Equipment Maintenance				
Pharmacy Maintenance Agreement			60 months	\$26,600
Supplies Maintenance Agreement			60 months	\$3,584

Explanation of Service Change and Variances:

These are new contracts.

Monitoring Report/Program Review & follow-up:

The contracts will be monitored in accordance with all applicable Departmental procedures.

Nondiscrimination and Cultural Competency:

The Contractor will participate in applicable cultural competency requirements for the upcoming year.

Other Significant Issues:

Omnicell provides the latest in technology in automated medication management and supply dispensing systems. An integrated system of products spanning the controlled substance vault in the central pharmacy to the operating rooms, nursing units and ultimately to the patient's bedside. It is interfaced with the hospital's information technology systems. Omnicell provides tools that improves patient safety, manages costs, captures charges accurately, creates efficient workflows and builds relationships between all disciplines.

The Department has agreed that Omnicell will be the exclusive supplier of pharmacy and supplies cabinets for San Francisco General Hospital and Laguna Honda Hospital. The exclusivity agreement shall be in effect from contract certification through February 28, 2018. Upon the expiration of this exclusivity period the Department will still continue to receive discounted pricing. In agreeing to this exclusivity the Department has achieved a significant discount in the cost of the products under this lease.

	Discounted Price	GPO Price	Savings from the GPO Price
Pharmacy Lease	\$8,473,796	\$9,807,573	\$1,333,777
Supply Lease	\$1,299,377	\$1,356,690	\$57,353
		Total Savings (Both Leases)	\$1,391,130

The total not to exceed amount of the contracts are based on the standard Group Purchasing Pricing (GPO; UHC Novation) actual expenditures under the contract will be based on the discounted pricing. The GPO pricing would only be applicable if the Department breaches the terms of the exclusivity agreement, and then the GPO price shall only be applicable to any remaining payments of the lease.

Omnicell is recognized as a leading provider of comprehensive, technologically advanced automation that enables health care facilities to acquire, manage, dispense, and deliver medications and supplies more effectively. Omnicell automation is used from the point of entry into the hospital through the central pharmacy, nursing units, operating room, procedural areas, and patient bedsides – as well as in long-term care sites.

Omnicell was selected under the authority of section 21.43 of the Administrative Code through the Departments membership in the University HealthSystems Consortium and the University HealthSystems Consortium Services Corporation Purchasing Program (Novation) program.

Listing of Board of Directors, Owners of 10% or More of the Firm, and Executive Director:

Board of Directors	Vance B. Moore
Randall A. Lipps	Mark W. Parrish
Joanne B. Bauer	Gary S. Petersmeyer
James T. Judson	Bruce D. Smith
Randy D. Lindholm	Sara J. White

Omnicell is a publicly traded company, therefore the mix of stockholders changes on a daily basis. Based on filings made with the Securities and Exchange Commission, BlackRock, Inc. appears to be the only current holder of 10% or more of Omnicell's common stock.

There are nine members of the Omnicell Board. There are no vacancies on the Omnicell Board. Each director is elected to hold a three-year term under the charter document. If a director (who is not an Omnicell employee) has served for three three-year terms, that director is required to submit a letter of resignation that the Omnicell Board may accept or reject.

Recommendations:

The Department recommends approval of this contract.

