

SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor	<u>QuVA Pharma, Inc</u>	Division/Section	<u>ZSFGH</u>
Address	<u>3 Sugar Creek Center Blvd, Suite 250</u> <u>Sugar Land, TX 77478</u>	Deputy Director	<u>Ronald Pickens</u>
Contact	<u>Jennifer Biggerstaff</u> <u>Director of Contract Strategy</u>	DPH Administrator	<u>David Woods</u>
		Program Administrator	<u>Kamran Shirazi</u> Phone <u>628-206-0287</u>
		Contract Analyst	<u>Cynthia Wu</u> Phone <u>415-554-2533</u>

DS
RP
DW

Request for approval of a new contract with QuVa Pharma, Inc. to provide outsourced sterile compounding services, and products not otherwise commercially available, for use by Zuckerberg San Francisco General Hospital. The total proposed contract amount is \$5,296,200 which includes a 12% contingency for the term of November 1, 2020 through June 30, 2023. The contract has the option to extend the initial term for a maximum of 24 additional months. The full term of the contract including options is from November 1, 2020 to June 30, 2025.

Profit Non-Profit LBE RFP-Number: _____ Date: _____
 New Renewal Mod GPO

Number of years DPH has been doing business with this organization: 0

<u>CONTRACT INFORMATION:</u>	<u>Prior Transaction</u>	<u>Proposed Transaction</u>	<u>Annualized Difference*</u>
	(New)	11/1/2020 – 6/30/2023	
<u>Funding Sources:</u>			
General Fund		\$4,728,750	\$4,728,750
TOTAL DPH REVENUES		\$4,728,750	\$4,728,750
12% Contingency Amount		\$567,450	\$567,450
CONTRACT TOTAL		\$5,296,200	\$5,296,200
<i>ANNUAL AMOUNT OF CONTRACT (estimate)</i>		\$1,576,250	\$1,576,250
Agency Funds		-\$0-	-\$0-
Contract FTE		N/A	N/A

PROPOSED:

<u>Mode(s) of Service & Unit of Service Definition</u>	<u>No. Of Clients</u>		<u>No. of Units</u>	<u>Unit Cost (per test)</u>
		Duplicated		
	N/A	Unduplicated		
1 Unit of Service = 1 compounded drug				
Various compounded products as requested by the Department. A pricing/product sheet of products covered is included as Attachment 1 to this agenda item.	N/A		Actual	See Attachment 1

Explanation of Service Change and Variances:

This is a new contract.

Monitoring Report/Program Review & Follow-up:

The contract will be monitored in accordance with all applicable Departmental procedures by the Department of Pharmacy.

Nondiscrimination and Cultural Competency:

The Department will work closely with the contractor to ensure compliance with City and Departmental procedures.

Other Significant Issues:

The DPH Pharmacy at ZSFG has a need to contract with FDA-registered 503B outsourcing providers of sterile compounding products for hospital administered products. These products are essential to providing high quality patient care and must meet stringent sterility requirements. Specialized 503B companies (registered outsourced facilities that batch compound medications) are able to produce these types of products at a higher quality and lower price than ZSFG currently can produce in-house.

QuVa Pharma, Inc. is incorporated in Delaware and has its corporate headquarters in Sugar Land, Texas, a suburb of Houston. QuVa Pharma began operating in 2015 exclusively as an FDA registered, 503B compounding outsourcing facility and is licensed by and registered with the California Board of Pharmacy. Following FDA clinical good manufacturing practices, QuVa compounds and distributes pharmaceuticals that are essential for the care and treatment of patients in all fifty states.

QuVa Pharma was selected under the authority of Section 21A.2 of the Administrative Code through the Department's membership in the Group Purchasing Organization (GPO), Vizient, which was formerly known as University HealthSystems Consortium and the University Health Systems Consortium Services Corporation Purchasing Program (Novation).

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

Executive Director:

Stuart Hinchon (Chief Executive Officer)

Board of Directors

Stuart Hinchon – Chief Executive Officer

Peter Jenkins – Chief Development Officer

Owners of 10% or more of the Firm:

QuVa Pharma, Inc is owned by QuVa Pharma Holdings, Inc. The supplier has indicated that QuVa Pharma Holdings, Inc. is owned by Mr. Hinchon and Mr. Jenkins as well as Bain Capital.

Mr. Hinchon and Mr. Jenkins are both owners and members of the board of QuVa Pharma, Inc., with no term limits. There are no vacancies on the board.

Recommendation: The Department recommends approval of this contract.

Attachment 1										
Item Number	Item Source	Extended Description	Case Quantity	BUD	Year 1 Each Price	Year 2 Each Price*	Year 3 Each Price*	Year 4 Each Price*	Year 5 Each Price*	
70092145546	Sterile Drug Product	Ephedrine Sulfate PF 50 mg (5 mg/ml) 10 ml in NS 10 ml syringe	5	90	\$34.71	\$36.10	\$37.54	\$39.04	\$40.61	
70092151246	API	Epinephrine 100 mcg (10 mcg/ml) 10 ml in 0.9% Sodium Chloride solution 10 ml syringe	5	60	\$4.91	\$5.11	\$5.31	\$5.52	\$5.74	
70092150935	API	Fentanyl Citrate PF 2500 mcg (50 mcg/ml) 50 ml in Intravia® bag	12	90	\$21.54	\$22.40	\$23.30	\$24.23	\$25.20	
70092116037	API	Fentanyl Citrate PF 500 mcg (2 mcg/ml)/Bupivacaine HCl PF 0.1 % in 250 ml NS IntraVia bag	12	90	\$23.75	\$24.70	\$25.69	\$26.72	\$27.78	
70092111779	API	Hydromorphone HCl PF 30 mg (1 mg/ml) 30 ml in 0.9% Sodium Chloride solution 30 ml PCA vial (MedNet)	5	90	\$23.80	\$24.75	\$25.74	\$26.77	\$27.84	
70092117546	API	Lidocaine 1% and 8.4% Sodium Bicarbonate (10:1) 10 ml syringe PF	5	90	\$4.59	\$4.77	\$4.96	\$5.16	\$5.37	
70092141836	API	Midazolam PF 100 mg (1 mg/ml) in 100ml 0.9% Sodium Chloride solution- 150 ml Intravia bag	12	90	\$20.39	\$21.21	\$22.05	\$22.94	\$23.85	
70092103505	API	Norepinephrine PF 8 mg added to 250 ml 0.9% Sodium Chloride solution bag	24	90	\$26.20	\$27.25	\$28.34	\$29.47	\$30.65	
70092106807	Sterile Drug Product	Oxytocin 30 Units added to 500 ml 0.9% Sodium Chloride solution bag	12	90	\$18.97	\$19.73	\$20.52	\$21.34	\$22.19	
70092104646	Sterile Drug Product	Phenylephrine HCl 1 mg (100 mcg/ml) 10 ml in 0.9% Sodium Chloride solution 10ml syringe	5	90	\$4.64	\$4.83	\$5.02	\$5.22	\$5.43	
70092904505	Sterile Drug Product	Phenylephrine HCl 50 mg added to 250 ml 0.9% Sodium Chloride solution bag	24	90	\$35.67	\$37.10	\$38.58	\$40.12	\$41.73	
70092147903	API	Potassium Chloride 10 mEq and Lidocaine HCl 10 mg added to 100 ml 0.9% Sodium Chloride solution bag PF	24	90	\$10.60	\$11.02	\$11.46	\$11.92	\$12.40	
70092145244	Sterile Drug Product	Rocuronium Bromide PF 50 mg (10 mg/ml) 5 ml syringe	5	90	\$11.18	\$11.63	\$12.09	\$12.58	\$13.08	
70092108746	Sterile Drug Product	Succinylcholine Chloride 200 mg (20 mg/ml)10 ml syringe	5	90	\$32.43	\$33.73	\$35.08	\$36.48	\$37.94	
70092105405	API	Vancomycin HCl PF 1.25 gm added to 250ml 0.9% Sodium Chloride solution bag	12	90	\$13.61	\$14.15	\$14.72	\$15.31	\$15.92	
70092959907	Sterile Drug Product	Vancomycin HCl PF 1.5 gm added to 500ml 0.9% Sodium Chloride solution bag	12	90	\$23.68	\$24.63	\$25.61	\$26.64	\$27.70	

*Year 2 - 5 include a 4% annual increase; however, the actual increase % will be based upon the CPI-U percentage for the previous 12 month period for that Agreement Year.

** In order to accommodate any Market Price Adjustments we receive from our Suppliers, please calculate in an additional 10% (per SKU) each year for these anticipated pass-through costs.

Prices listed in the above table in Appendix B-1, shall be increased on an annual basis for each calendar year. Prices may not be raised more than one (1) time per calendar year and the price increase for any Product must not exceed the lesser of (i) 5% of the then-current price of the Product or (ii) the increase of the average unadjusted percentage change of the CPI-U of all items Contractor must provide City thirty (30) days prior written notice before the price increases will be effective. Additionally, in the event there is an increase in raw material cost, a price increase imposed by Contractor’s manufacturers/suppliers, or additional manufacturing costs that are incurred by Contractor due to regulatory changes, then Contractor may increase the price of any Product(s) at any time upon thirty (30) days' written notice to City.