



Contra
Costa
County

To: Board of Supervisors
From: Anna Roth, Health Services Director
Date: March 29, 2022

Subject: Payment for Services Provided by Medline Industries

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Auditor-Controller, to pay \$242,654 to Medline Industries for end to end distribution services provided to Contra Costa Regional Medical Center (CCRMC) for the period July 1, 2021 through February 28, 2022.

FISCAL IMPACT:

Approval of this action would result in a one-time expenditures of \$242,654 and will be funded by Hospital Enterprise Fund I revenues.

BACKGROUND:

Several years ago, the Hospital went through bid process for the selection of their Prime Medical/Surgical distributor. One of the bid requirements was for the selected vendor to provide a product distribution channel from their distribution center to the point of use at the hospital and clinics. Professional Hospital Supply (PHS) was the only distributor that provided their customers with end-to-end distribution. In 2014, Medline Industries purchased PHS. Both PHS and Medline were awarded Medical/Surgical distribution agreements through Vizient (formerly VHA/UHC/Med Assets).

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **03/29/2022** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 29, 2022

Monica Nino, County Administrator and Clerk of the Board of Supervisors

By: Stacey M. Boyd, Deputy

Contact: Ronny Leffel, (925)
550-2299

cc:

CCRMC has space constraints making it challenging to provide Low Unit of Measure (LUM) distribution program. The square footage and floor plan of the warehouse is inadequate to store and properly inventory the thousands

BACKGROUND: (CONT'D)

of Store Keeping Units (SKUs) maintained on the static carts. Most of the items stocked on the carts are distributed to the units and clinics by Medline and are not available from the CCRMC warehouse.

CCRMC has been in the process of evaluating the future of medical/surgical supply replenishment for CCRMC and Health Clinics. Research and analysis to determine the most efficient and cost-effective solutions for inventorying, ordering, distribution and replenishment processes for supplying medical/surgical supplies has taken longer than anticipated causing a delay in establishing a new purchase order. CCRMC is currently in negotiating a new agreement for future services.

Despite the aforementioned delays and a purchase order that expired June 30, 2021, the vendor continued to provide goods and services in good faith. Without an existing contract or purchase order in place, the Department has not been able to pay the vendor's invoices. The Department has determined that Medline Industries is entitled to payment for the value of the services provided under the equitable relief theory of quantum meruit. The theory provides that where a vendor has been asked to provide services without a valid agreement, and the vendor does so to benefit the recipient, the vendor is entitled to recover the reasonable value of those services.

The Department is currently working on an agreement with Medline to prevent this issue from continuing.

CONSEQUENCE OF NEGATIVE ACTION:

If this board order is not approved, Medline Industries will not be paid for the end to end distribution services rendered in good faith. Supplies will be delivered in bulk for the departments to restock, inventory and order supplies within the designated timeframe set by the Medline Distribution agreement. Late submission of orders will result in unfilled orders. Order quantities ordered by the lowest unit of measure that does not meet the distributor's stocking requirements will only be available for order by the box/case. Space and staffing constraints limit Materials Management's ability to assist with the completion of the distribution process.