



Contra
Costa
County

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

Subject: Payment for Services Provided by Medline Industries, Inc

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Auditor-Controller, to pay \$236,383 to Medline Industries, Inc for medical supplies, surgical supplies, laboratory supplies, diagnostic imaging supplies, cleaning supplies, disaster supplies, miscellaneous minor equipment, and low unit of measure (LUM) services provided to Contra Costa Regional Medical Center (CCRMC) from June 1, 2022, through June 30, 2022.

FISCAL IMPACT:

Approval of this action will result in expenditures of up to \$236,383 and will be funded by 90% Hospital Enterprise Fund I revenues and 10% American Rescue Plan Act allocations.

BACKGROUND:

Medline Industries is the primary distributor for medical and non-medical supplies and products for the CCRMC and Contra Costa Health Centers. They have been awarded a Vizient Group Purchasing (GPO) agreement for the distribution of contracted and non-contracted supplies. As a Vizient member, the CCRMC and Contra Costa Health Centers receive enhanced value from their participation in the Medline Vizient contract. Additionally, administrative fees and program rebates are paid quarterly to the County for

<input checked="" type="checkbox"/> APPROVE	<input type="checkbox"/> OTHER
<input checked="" type="checkbox"/> RECOMMENDATION OF CNTY ADMINISTRATOR	<input type="checkbox"/> RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: 11/29/2022 ☒ 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: November 29, 2022

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

By: Laura Cassell, Deputy

Contact: Ronny Leffel,
925-550-2299

cc:

participating in the Vizient Medline agreement.

In addition to providing medical supplies, surgical supplies, laboratory supplies, diagnostic imaging supplies, cleaning supplies, disaster supplies, and miscellaneous minor equipment for CCRMC and the Contra Costa Health Centers, Medline also provides low unit of measure (LUM) services. CCRMC's space constraints create challenges for providing a 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 of Store Keeping Units (SKUs) maintained on the static carts. Therefore, CCRMC utilizes Medline to maintain the items stocked on the carts and to be distributed to the various units and clinics that are not available from the CCRMC warehouse.

On June 11, 2019, the Board of Supervisors approved agenda item C.146 to execute a purchase order with Medline Industries Inc. in an amount not to exceed \$33,000,000 for medical supplies, cleaning supplies, disaster supplies, and miscellaneous equipment for CCRMC and Contra Costa Health Centers for the period from June 27, 2019 through June 26, 2022.

BACKGROUND: (CONT'D)

On June 7, 2022, the Board of Supervisors approved agenda item C.90 to execute an amendment to purchase order (#16157) with Medline Industries, Inc. to increase the payment limit by \$1,000,000 to a new payment limit of \$34,000,000 to include low unit of measure (LUM) services provided to Contra Costa Regional Medical Center (CCRMC), and extend the term through June 30, 2022. Due to an oversight by the Materials Management Accounts Payable unit, the amendment was understated by \$236,382.60.

The vendor is entitled to payment for the reasonable value of its services under the equitable relief theory of quantum meruit. The theory provides that where a vendor has been asked to provide services without a valid payment instrument, and the vendor does so to the benefit of the County, the vendor is entitled to recover the reasonable value of those services. The vendor has provided services at the request of the County. The Department cannot pay the vendor for services rendered as the purchasing instrument has reached the maximum amount approved. As such, the Department is requesting that the Board authorize the Auditor-Controller to issue a one-time payment not to exceed \$236,383.

CONSEQUENCE OF NEGATIVE ACTION:

If this action is not approved, CCRMC and Contra Costa Health Centers will not be able to pay this vendor for services rendered in good faith and as requested by Health Services Department staff.