



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

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First District

DIANNE JACOB
Second District

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Third District

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Fifth District

DATE: April 11, 2017

XX

TO: Board of Supervisors

SUBJECT: AUTHORIZATION FOR SINGLE SOURCE PROCUREMENT OF PUBLIC HEALTH LABORATORY TEST KITS FROM ABBOTT LABORATORIES (DISTRICTS: ALL)

Overview

The County Public Health Laboratory (PHL) uses equipment from numerous companies to perform automated laboratory testing for multiple diseases that affect the public's health, including, but not limited to, tuberculosis, HIV, Hepatitis, and other sexually transmitted diseases (STDs). Proprietary equipment used by the PHL requires the use of specific supplies to ensure accurate, reliable, and valid test results.

This action requests the Board of Supervisors to authorize the Director of Purchasing and Contracting to negotiate a single source contract with Abbott Laboratories for procurement of test kits for HIV, Hepatitis, and other STDs. These test kits provide the benefit of increased efficiency, as well as avoidance of repetitive motion injuries and human error. Abbott Laboratories provides the proprietary equipment necessary to perform these tests at no additional cost to the County, saving time and staff resources.

This action supports the Building Better Health component of the County's *Live Well San Diego* vision by providing timely test results which enable treatment of infected individuals and prevent further spread of communicable diseases.

Recommendation(s)

CHIEF ADMINISTRATIVE OFFICER

1. In accordance with Board Policy A-87, Competitive Procurement, approve and authorize the Director, Department of Purchasing and Contracting, to enter into negotiations with Abbott Laboratories, and subject to successful negotiations and determination of fair and reasonable pricing, award a single source contract to Abbott Laboratories to purchase test kits and related supplies required for simultaneous laboratory testing of HIV, Hepatitis, and other STDs for the initial term of July 1, 2017 through June 30, 2018, with up to four option years through June 30, 2022, and up to an additional six months, if necessary, to amend the contract as needed to reflect changes to requirements and funding. Waive the advertising requirement of Board Policy A-87.

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Fiscal Impact

Funds for this request are included in the Fiscal Year 2016-18 Approved Operational Plan in the Health and Human Services Agency. If approved, this request will result in costs and revenue of \$200,000 annually in FY 2017-18 and all subsequent years for total costs and revenue of \$1,000,000. The funding source is Health Realignment. There will be no change in net General Fund cost and no additional staff years.

Business Impact Statement

N/A

Advisory Board Statement

The Health Services Advisory Board reviewed this item and recommended approval at its meeting on March 16, 2017.

Background

The Health and Human Services Agency (HHS), Public Health Services, Public Health Laboratory (PHL), currently contracts with Abbott Laboratories for test kits required for PHL testing of HIV and Hepatitis and contracts with Diasorin for PHL testing of syphilis. The initial agreements were contracted through single source procurements, Diasorin in 2014 and Abbott Laboratories in 2010. Abbott Laboratories is also able to provide additional test kits for other STDs, including syphilis. PHL requests authority to purchase these additional test kits as well. Abbott's cost for the syphilis test kit is equivalent to the current supplier, Diasorin; however, consolidation to the Abbott instrument is expected to provide numerous operating efficiencies. These efficiencies include: one service contract rather than two, faster turnaround time on the Abbott machine, ability to use same patient sample for two tests, and less staff time as one Microbiologist can run two tests simultaneously.

Proprietary equipment used in PHL testing requires specific test kits used to maintain the accuracy and integrity of test results. Other manufacturers' kits cannot be used and there are no generic reagents for these tests. Abbott Laboratories is the sole provider of the proprietary equipment and maintenance used to test these reagents.

The technology provided by Abbott Laboratories contributes to improved workflow efficiency because the testing systems currently used in the PHL have proven to be extremely accurate, reliable, and reproducible. Because of the fully automated nature of these systems, County Microbiologists are able to perform other tests while the system is running. It also has the potential to reduce repetitive motion injuries. The Abbott Laboratories test kits will continue to allow early detection of infections which not only assist individuals with early treatment, but also prevent HIV and STD transmission during the early stages of the diseases. In addition, the turnaround time from specimen collection to results will be reduced as single specimens can be tested. The faster turnaround time makes it possible to give same day results to the submitter allowing patients to be treated quickly and effectively. This promotes community wellness and health protection in San Diego County.

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PHL staff with the requisite expertise to evaluate available products have surveyed the viable marketplace and determined the Abbott Laboratories test kit pricing to be fair and reasonable. Fair and reasonable pricing has been determined based on the special pricing provided by the manufacturer. Manufacturer list price was 37 percent over this special pricing. Furthermore, changing suppliers of testing systems and reagents prompts an FDA-required comparison and validation study to be performed before testing can begin and results reported. This would result in added costs to the County in acquiring new equipment and supplies, additional training, and disruption of the present workflow. PHL staff will continue to monitor the market and evaluate new tests as they become available.

Linkage to the County of San Diego Strategic Plan

Today’s proposed action supports the Healthy Families initiative in the County of San Diego’s 2017-2022 Strategic Plan as well as the *Live Well San Diego* vision by providing timely test results which enable treatment of infected individuals and prevent further spread of communicable diseases.

Respectfully submitted,

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SIGNATURE

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

ATTACHMENT(S)

N/A

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:
N/A

BOARD POLICIES APPLICABLE:
A-87 - Competitive Procurement

BOARD POLICY STATEMENTS:
In accordance with Board Policy A-87 Competitive Procurement; the recommended contract extension with Abbott Laboratories is in compliance with Board Policy A-87, because proprietary equipment used in PHL testing requires specific test kits used to maintain the accuracy and integrity of test results. Other manufacturers’ kits cannot be used and there are no generic reagents for these tests. Abbott Laboratories is the sole provider of the proprietary equipment and maintenance used to test these reagents.

MANDATORY COMPLIANCE:
N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):
Abbott Laboratories BPA 536296

ORIGINATING DEPARTMENT: Health and Human Services Agency

OTHER CONCURRENCES(S): Department of Purchasing and Contracting

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