



## Board Report

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**File #:** 13-0520, **Version:** 1

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- a. Determining that there is a need to add an item to the Agenda, pursuant to Government Code section 54954.2(b)(2) and a need to take immediate action, due to the medication shortages of Total Parenteral Nutrition (TPN) at Natividad Medical Center (NMC) (2/3s vote required); (Contractor - Central Admixture Pharmacy Services or CAPS); and
- b. Determining that this need for action came to the attention of the County subsequent to the posting of the agenda for the May 21<sup>st</sup> hearing; and
- c. Authorizing emergency purchase of Total Parenteral Nutrition (TPN) compounded sterile preparations by NMC without a formal approved agreement; and
- d. Authorizing the NMC Purchasing Manager, or his designee, to enter into a contract and issue purchase orders to avert a substantial threat to the public health, and to return to the Board to ratify the execution of final agreement and actions taken by the NMC Purchasing Manager, or his designee.

It is recommended the Board of Supervisors:

- a. Determine that there is a need to add an item to the Agenda, pursuant to Government Code section 54954.2(b)(2) and a need to take immediate action, due to the medication shortages of Total Parenteral Nutrition (TPN) at Natividad Medical Center (NMC) (2/3s vote required); (Contractor - Central Admixture Pharmacy Services or CAPS); and
- b. Determine that this need for action came to the attention of the County subsequent to the posting of the agenda for the May 21<sup>st</sup> hearing; and
- c. Authorize emergency purchase of Total Parenteral Nutrition (TPN) compounded sterile preparations by NMC without a formal approved agreement; and
- d. Authorize the NMC Purchasing Manager, or his designee, to enter into a contract and issue purchase orders to avert a substantial threat to the public health, and to return to the Board to ratify the execution of final agreement and actions taken by the NMC Purchasing Manager, or his designee.

### SUMMARY/DISCUSSION:

There are currently nationwide shortages of certain ingredients used in the production of Total Parenteral Nutrition (TPN). Total Parenteral Nutrition (TPN), also called hyperalimentation, is given to malnourished patients who are unable to receive nutrition by mouth. Examples of such patients include but are not limited to: burn patients, bowel obstruction, severe diarrhea, intractable vomiting, bowel surgery, certain cancers, severe inflammatory bowel disease, neonatal necrotizing enterocolitis, and premature infants.

At this time, NMC is at dangerously low levels for TPN. This is due to the nationwide shortages, resulting in slow re-supply when ordered. NMC formerly mixed their own TPN by purchasing the individual items that make up TPN. However, individual sale of the materials that make up TPN has become unavailable and NMC has been seeking a source that would sell completed TPN. Since the materials that make up TPN are in a nationwide shortage, many companies are unable to make it or sell it.

NMC found a vendor who sells completed TPN -- Central Admixture Pharmacy Services or CAPS. This vendor's TPN is in high demand at this time since it is one of the only places to get TPN. Currently SVMH and CHOMP are both using this vendor. NMC and the Office of County Counsel have been in contract negotiations

with the vendor and although a completed contract is close to being negotiated, it is not yet complete. In the meantime, NMC is closer to running completely out of the ability to provide TPN as each day goes by. This will cause patients who need TPN to be transferred to another facility that has TPN, or risk serious health problems or death. Transferring some of these patients may be dangerous or life threatening for the patient as well. As such, it is imperative that NMC be able to obtain TPN as soon as possible, despite continuing contract negotiations.

NMC requests that the Board of Supervisors authorize NMC, to authorize the CEO to purchase the TPN from CAPS, and with the assistance of the Office of County Counsel, to negotiate the best terms and enter into an agreement with the vendor. NMC will return to the Board to ratify the agreement once it is completed. The vendor's current proposed agreement requires NMC to purchase at least 80% of NMC's TPN requirements from the vendor for at least three-years, with prices remaining fixed for the first year, but subject to price increases, not to exceed 7% per year, for providing NMC directly with the compounded sterile preparations, or TPN, including delivery services. The vendor would also receive a minimum of \$25,000 per year for the three year agreement. The vendor agreement also lacks the County's standard provisions for insurance and indemnity. It is NMC's intent to obtain the best terms available under the circumstances, with the assistance of the Office of County Counsel. It was only after the posting of the agenda for the meeting of May 21, that NMC heard from the vendor that negotiations would be delayed, threatening the ability of NMC to maintain a minimally safe level of TPN during negotiations.

OTHER AGENCY INVOLVEMENT:

County Counsel is currently assisting NMC in negotiating an agreement with the vendor as stated above. The contract is close to completion, but is not yet complete.

FINANCING:

The cost for outsourcing of total parenteral nutrition compounding is estimated to be \$30,000 yearly. These expenditures will be fully funded by NMC, Fund 7710, Unit 380. This action will not require any General Fund subsidy.

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