



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 14-201, **Version:** 1

Approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Master Agreement with Med Assets Performance Management Solutions Inc. (Med Assets) for Group Purchasing Organization (GPO) services, which includes an annual Committed Purchases Requirement of \$6,000,000 for the period July 1, 2014 to June 30, 2019 for a total maximum liability of \$30,000,000 in the aggregate.

RECOMMENDATION:

It is recommended the Board of Supervisors approve and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Master Agreement with Med Assets Performance Management Solutions Inc. (Med Assets) for Group Purchasing Organization (GPO) services, which includes an annual Committed Purchases Requirement of \$6,000,000 for the period July 1, 2014 to June 30, 2019 for a total maximum liability of \$30,000,000 in the aggregate.

SUMMARY/DISCUSSION:

GPO stands for Group Purchasing Organization and consists of hospitals nationwide pooling their buying power in order to receive discounts for both Medical Supplies and Services.

Med Assets is one of the nation's largest GPO's supporting hospitals nationally by evaluating supply chain operations and setting industry standards resulting in lower supply costs and maximum savings on Medical Supplies and Services. Med Assets will also be providing a clear source of process improvement solutions for NMC. These improvements give NMC access to technologies developed by Med Assets, determining purchasing trends within the healthcare field in order to maximize the GPO's number of contracted vendors and NMC's choices for vendor selection.

Med Assets' GPO provides best pricing and has gone through the Competitive Bidding Process for all vendors participating with the GPO. This meets the County requirement and allows NMC to select any vendor having a contract with the GPO for both supplies and services.

There are no direct costs paid to Med Assets GPO from NMC for GPO services. Instead, the GPO retains an "Administrative Fee" from each vendor having a contract with the GPO. The GPO then pays NMC a 30% or "Shareback" of the Administrative Fees per the Agreement. MedAssets lower pricing for patient supplies will result in a reduction of approximately 10% in supply costs.

In addition to lower pricing for supplies from GPO, MedAssets will provide Spend Analytics and Item Master Services. Spend Analytics consist of expenditures analysis, validation of savings and opportunities for further savings. Item Master Services validates product codes for appropriate billing and improve reimbursement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Agreement as to legal form and risk provisions. The Agreement has also been reviewed and approved by Natividad Medical Center's Executive Committee (5-29-2014) and Board of Trustees (6-6-14).

FINANCING:

There are no direct costs associated with this agreement. There is no impact to the General Fund.

Prepared by: Roy Creamier, Director of Materials Management, 783-2621

Approved by: Dr. Kelly O'Keefe, Interim Chief Executive Officer, 783-2553

Attachments: Agreement

Attachments on File with the Clerk to the Boards Office