



Board Report

File #: A 16-281, **Version:** 1

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Med Turn, Inc., an Inmar company and parent company of EXP Pharmaceutical Services Corp. for pharmaceutical reverse distribution services and Cactus Smart Sink Supplies & Services, for an amount not to exceed \$96,000, with an Agreement term of October 1, 2016 through September 30, 2019; and
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to two (2) future amendments to the agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) (\$9,600) of the original cost of the agreement.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Med Turn, Inc., an Inmar company and parent company of EXP Pharmaceutical Services Corp. for pharmaceutical reverse distribution services and Cactus Smart Sink Supplies & Services, for an amount not to exceed \$96,000, with an Agreement term of October 1, 2016 through September 30, 2019; and
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to two (2) future amendments to the agreement which do not significantly alter the scope of work and do not cause an increase of more than ten percent (10%) (\$9,600) of the original cost of the agreement.

SUMMARY/DISCUSSION:

Natividad Medical Center accumulates medications that cannot be dispensed to patients for various reasons, the most common being expiration. These unusable medications can be divided into two groups based upon their legal requirements for handling. The two groups are controlled substances and non-controlled substances.

Controlled substances are designated as such by federal and state law. These medications are controlled due to high addiction or abuse potential. By law expired intact controlled substances cannot be disposed of in the regular medication waste stream. Each dose of a controlled substance must be accounted for. Reverse distribution is the process by which Drug Enforcement Administration (DEA) registrants dispose of intact controlled substances using a vendor. This vendor, called a reverse distributor, removes the items from the hospital and either destroys the product or returns it to the manufacturer. Upon removal, invoices are created listing every item and the quantities thereof removed by the reverse distributor. These records can later be combined with Natividad's purchase and medication administration records to account for each item.

Non-controlled medications may be disposed of in the regular medication waste stream though many manufacturers offer credit for expired medications as an incentive to stock those medications. The reverse distributor collects and aggregates these items on the customer's behalf taking a percentage of the credits received to cover their overhead. The sheer numbers of medication manufacturers (each with differing requirements for returns) make doing this in house daunting and unprofitable. Most hospitals use a reverse distributor.

On September 9, 2014 the Drug Enforcement Agency published its Final Rule on the Disposal of Controlled Substances. This rule ended the practice of sewerage as a method for the destruction of controlled substances.

The DEA requires that controlled substances be rendered non-retrievable. Non-retrievable means that a substance's physical or chemical state is irreversibly altered rendering it unavailable and unusable for all practical purposes.

In contrast to intact items the DEA allows hospitals to destroy, on site, the unused portion of a controlled substance given to a patient. The cactus smart sink is a wall mounted device that consists of a stationary protective shell with two locked in place removable containers that render controlled substance waste non-retrievable. There are two containers one for solid medication dosage forms and one for liquid forms. Devices are mounted in hospital medication rooms making it easy for nurses to efficiently waste controlled substances as they prepare doses for patients.

Nurses place waste in the appropriate container. When the container is full an alarm notifies staff. Pharmacy staff replaces the full container with an empty container. The filled container will be sent to the vendor and incinerated.

Due to Environmental Protection Agency (EPA) regulations related to the destruction of unused portions of controlled substances, the vendor is required to have their Cactus User Agreement, attached to the Agreement as Exhibit B, signed by all end users of their services. Despite stringent negotiations over several months on behalf of NMC's Contracts Division, the vendor requires their Terms and Conditions remain in place as it relates to their User Agreement in order to meet these EPA requirements.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Agreement as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved as to payment provisions. The Agreement has also been reviewed and approved by NMC's Finance Committee on August 25, 2016 and by its Board of Trustees on September 2, 2016.

FINANCING:

The cost for this Agreement is \$96,000 of which \$32,000 is included in the Fiscal Year 2016-17 Adopted Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Jason Warren, Pharmacist, 783-7720

Approved by: Gary R. Gray, DO, Chief Financial Officer, 783-2504

Attachments:

Original Agreement with Med Turn, Inc., an Inmar company and parent company of EXP Pharmaceutical Services Corp.

Attachments on file with the Clerk of the Board