



## Board Report

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**File #: A 18-069, Version: 1**

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- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 1 to the agreement (A-12086) with GE Healthcare for diagnostic imaging equipment services, including an addendum to true-up the diagnostic imaging equipment inventory list, to extend the term of the agreement for one (1) additional year (September 1, 2018 through August 31, 2019) for a revised full agreement term of September 1, 2011 through August 31, 2019, and to increase the Agreement by an additional \$1,146,191 for a revised total Agreement amount not to exceed \$4,886,166.
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to three (3) future addenda to the agreement reconciling the list of diagnostic imaging (DI) equipment inventory to be serviced under the Agreement as DI equipment is newly acquired or retired, which addenda do not significantly alter the scope of work or cause an increase of more than \$100,000 in total across all amendments.

### **RECOMMENDATION:**

#### **It is recommended the Board of Supervisors:**

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute Amendment No. 1 to the agreement (A-12086) with GE Healthcare for diagnostic imaging equipment services, including an addendum to true-up the diagnostic imaging equipment inventory list, to extend the term of the agreement for one (1) additional year (September 1, 2018 through August 31, 2019) for a revised full agreement term of September 1, 2011 through August 31, 2019, and to increase the Agreement by an additional \$1,146,191 for a revised total Agreement amount not to exceed \$4,886,166.
- b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to three (3) future addenda to the agreement reconciling the list of diagnostic imaging (DI) equipment inventory to be serviced under the Agreement as DI equipment is newly acquired or retired, which addenda do not significantly alter the scope of work or cause an increase of more than \$100,000 in total across all amendments.

### **SUMMARY/DISCUSSION:**

In 2007 NMC established an agreement with GE Healthcare (GE) for Biomed equipment maintenance and repair services. Then in 2011, NMC established another agreement with GE for preventive equipment maintenance on diagnostic imaging (DI) equipment. This DI equipment service agreement has a term of September 1, 2011 through August 31, 2018 and a not to exceed amount of \$3,739,975. This total amount includes dollars to cover routine maintenance and repair of inventoried DI equipment plus additional dollars to cover maintenance and repair services for off- inventoried DI equipment such as newly acquired equipment and damaged equipment. These off-inventory items are referred to as “billable” items and are invoiced on a time and materials basis.

The Joint Commission requires that hospitals have a diagnostic imaging equipment inventory with a plan on how it will be maintained based on the manufacturer’s recommendation. Per the State of California Regulatory Requirements, Title 22, all diagnostic imaging equipment is to receive preventative maintenance services providing functionality that also ensures public safety. This is a requirement of The Joint Commission as well.

This amendment includes a one year extension to the term and has an updated inventory list attached. Given the refreshed inventory list, effective on March 1, 2018 once the addendum included in this amendment as Exhibit A is signed, the “Normal Fixed Charges” billed for inventoried DI equipment will drop from \$38,277 per month to \$36,534 per month. This amendment No. 1 also includes an “Additional Services Allotment” to cover the costs for maintenance and repair on items that are not included in the current inventory list at a not to exceed amount of \$150,000 through the term of the Agreement. Approximately \$338,579 of the total amount requested in this amendment shall be used to pay outstanding invoices. This amendment would have been processed sooner had the parties agreed early on to the terms and costs. NMC has been negotiating this amendment with GE for many months and both parties have

only recently come to an agreement on the amendment terms and cost.

The mechanism GE uses to formally modify the inventory list of DI equipment to be serviced under this agreement is on an addendum document, therefore, NMC is seeking authority to execute up to three (3) future addenda as needed should there be a significant change in inventory. As equipment is retired it will be removed from the list and the flat monthly cost will decrease, and as equipment is added the monthly cost will increase. This request is being capped so as not to exceed \$100,000 across all addenda. Anything more significant than that and NMC will return to the Board of Supervisors for approval.

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this amendment No. 1 as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved as to payment provisions. The amendment No. 1 has also been reviewed and approved by NMC's Finance Committee on February 2, 2018 and by its Board of Trustees on February 2, 2018.

**FINANCING:**

The cost for this amendment No. 1 is \$1,146,191. \$500,000 was included in the NMC Fiscal Year 2017-18 Adopted Budget for this agreement. Amounts for remaining years of the agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

**BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

This request ensures that NMC's diagnostic imaging equipment is properly maintained for compliance and safety purposes which contributes to the improved health and wellness for patients.

- ☐ Economic Development
- ☐ Administration
- ☒ Health and Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Heidi Dormody, Clinical Lab Manager, 772-7660

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

**Attachments:**

Amendment No. 1 to GE Healthcare DI Services Agreement  
Agreement with GE Healthcare for DI Services

Attachments on file with the Clerk of the Board