

July 23, 2019

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93003

**Subject:**

**Approval of, and Authorization for the Purchasing Agent to Sign, the Intalere IDN Group Purchasing Savings Agreement with Intalere, Inc. for its Group Purchasing Program; Approval of, and Authorization for the Purchasing Agent to Sign, the Intalere/Western Alliance of Healthcare Resources Addendum with Intalere, Inc. for Its Group Purchasing Program; and Authorization for the Purchasing Agent to Approve Amendments to Attachment A (Facility List) in the Intalere IDN Group Purchasing Savings Agreement.**

**Recommendations:**

1. That your Board approve, and authorize the Purchasing Agent or designee to sign, the Intalere IDN Group Purchasing Savings Agreement with Intalere, Inc. (Intalere) for its group purchasing program, for a three-year term.
2. That your Board approve, and authorize the Purchasing Agent or designee to sign, the attachments to the Intalere IDN Group Purchasing Savings Agreement that require signature by the County, including Attachment E extending the term of the Intalere IDN Group Purchasing Savings Agreement for one additional two-year period.
3. That your Board authorize the Purchasing Agent or designee to, from time to time, make changes to Attachment A (facility list) of the Intalere IDN Group Purchasing Savings Agreement.
4. That your Board approve, and authorize the Purchasing Agent or designee to sign, the Intalere/Western Alliance of Healthcare Resources Addendum with Intalere for its group purchasing program, for an initial three-year term.

**VCMC Fiscal Impact:**

Mandatory: No  
Source of Funding: VCMC Operating Revenues/Collections/  
General Fund  
Funding Match Required: None  
Impact on Other Departments: NA

Summary of Annual Revenues and Costs under this agreement:

|                    |                  |                  |
|--------------------|------------------|------------------|
|                    | <u>FY2019-20</u> | <u>FY2020-21</u> |
| REVENUE:           | \$1,500,000      | \$1,600,000      |
| DIRECT COSTS:      | \$0              | \$0              |
| INDIRECT COSTS:    | Minor            | Minor            |
| Net Revenue <cost> | \$1,500,000      | \$1,600,000      |

**Current Year Fiscal Budget:**

| FY 2019-20 Budget Projections for Ventura County Medical Center #3300 |                |                 |                  |                                |
|---|----------------|-----------------|------------------|--------------------------------|
|   | Adopted Budget | Adjusted Budget | Projected Actual | Estimated<br>(Savings/Deficit) |
| Expenditures  | \$504,040,129  | \$504,040,129   | \$504,040,129    | \$0                            |
| Revenue   | \$501,052,444  | 501,052,444     | \$501,052,444    | \$0                            |
| Operational<br>Income/(Loss)  | (\$2,987,685)  | (\$2,987,685)   | (\$2,987,685)    | \$0                            |

\*The operational income includes "Operating Transfers In" that is primarily attributed to County contributions.

**Discussion:**

Under the Intalere IDN Group Purchasing Savings Agreement (Exhibit 1), the County will contract with Intalere as its Group Purchasing Organization (GPO) provider for healthcare related supplies and equipment. A GPO is a membership organization with the core function of aggregating the purchasing power of its members to obtain products and services at a lower cost. GPOs typically provide contracted price discounts on services and medical, nutrition, pharmacy, and laboratory supplies, and also offer extensive benchmarking services on supply costs, clinical outcomes databases, and technology solutions, as well as consulting services. The added benefits of a GPO membership, in addition to pricing and contract administrative fee share-back, include: project and pricing analytics, technology and tools to assist with purchasing, standardized sourcing of supplies and equipment, value analysis, product reviews and clinical insight, strategic input and guidance, and dedicated resources for ongoing improvement efforts. Intalere

core services (i.e., access to contracted pricing) do not require any payment from the member, as Intalere collects its revenue by applying a contract administrative fee to suppliers with which it has contracts.

The Intalere/Western Alliance of Healthcare Resources Addendum (Exhibit 2) sets the terms and conditions for the County's participation in Intalere's Western Alliance of Healthcare Resources (WAHR). As a member of WAHR, the County will gain access to discounted regional contracts and pricing, preferred distribution programs, educational programs, vendor presentations, and other programs designed to assist the County with localized purchases.

Intalere charges a contract administrative fee to suppliers in exchange for access to members through its contracts, and will return to the County 29% of gross contract administrative fees revenue that it receives as a result of suppliers' reported purchases attributable to the County.

The Intalere IDN Group Purchasing Savings Agreement requires that Intalere be the exclusive GPO for the County for healthcare related supplies and equipment.

The Intalere IDN Group Purchasing Savings Agreement contains a list of participating facilities in Attachment A. It is anticipated that from time to time this list will change as facilities are added to or removed from the list, hence the request for authorization to amend the attachment as needed.

This letter has been reviewed by the County Executive Office, County Counsel, and Auditor-Controller's Office. If you have any questions regarding these recommendations, please contact John Fankhauser, CEO, County Hospitals, at 652-6058.

  
\_\_\_\_\_  
John Fankhauser  
CEO, County Hospitals  
\_\_\_\_\_  
Karla Valle  
HCA Chief Financial Officer  
\_\_\_\_\_  
William T. Foley  
Health Care Agency Director

**Attachments:**

Exhibit 1 – Intalere IDN Group Purchasing Savings Agreement

Exhibit 2 – Intalere/Western Alliance of Healthcare Resources Addendum