



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 38
AGENDA DATE: Thu 06/24/2004
PAGE: 1 of 2**

SUBJECT: Authorize execution of a 12-month service agreement with WALGREENS HEALTH INITIATIVES, Chesterfield, MO for pharmacy management and dispensing services in an amount not to exceed \$1,200,000, with four 12-month extension options in amounts not to exceed \$1,400,000 for the first extension, \$1,600,000 for the second extension, \$1,800,000 for the third extension, and \$2,000,000 for the fourth extension, for a total agreement amount not to exceed \$8,000,000.

AMOUNT & SOURCE OF FUNDING: Funding is contingent upon approval of the Fiscal Year 2004-2005 Proposed Operating Budget for the Community Care Services Department. Funding for the extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing	DIRECTOR'S
DEPARTMENT: for Community Care	AUTHORIZATION: <u>Vickie Schubert</u>
Services;	

FOR MORE INFORMATION CONTACT: Vikie DeLuyck, MSW, Buyer II/972-4014

PRIOR COUNCIL ACTION: June 10, 2004, Council approved negotiation of a contract with Walgreens Health Initiatives

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Best proposal of two proposals received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This service agreement with Walgreens Health Initiatives (WHI) provides pharmaceutical management and dispensing services for patients who receive services at the Community Health Centers (CHC) and for the City of Austin Medical Assistance Program (MAP) patients. The agreement covers a network of pharmacies providing prescription dispensing services, formulary management, drug use review, and assistance with prior authorization programs.

On May 25, 2004, the Health Care Subcommittee met to discuss the proposed 340B pricing initiative. The following addresses issues raised by the Subcommittee and the City Council:

- o **Transportation Obstacles.** Most prescriptions currently filled at the CHCs are re-fills, therefore, a trip to pick up the re-fill is still required whether it be to a CHC or to a pharmacy location. Some new prescriptions will continue to be provided at the CHCs through the Class D pharmacies.
- o **Delivery Service.** Currently, neither Walgreens nor the CHCs offer delivery service. The City does not provide delivery service and the City did not include this requirement in the RFP.
- o **Dispensing Fees.** The proposed fee increases are necessary to avoid reductions in CHC and MAP



**Purchasing Service Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 38
AGENDA DATE: Thu 06/24/2004
PAGE: 2 of 2**

pharmacy benefits. The Social Security Administration cost of living increase is 19.9% compounded from 1997 thru 2004. The dispensing fee paid by CHC patients was \$4 in 1997-98 and increased to \$5 in 1999. It has remained at \$5.00 since that time.

- o Customer Service Staff. WHI employs Spanish-speaking staff in all stores that serve the CHCs. WHI's software can print the prescription label in Spanish and 7 other languages.
- o Cost. An analysis was made to compare having WHI provide the services versus having the City upgrade the current CHC pharmacy infrastructure and not merge the MAP prescription benefit into the CHC 340B pricing initiative. Contracting with Walgreens is expected to cost \$5,953,668. Upgrading the current operations is estimated to cost \$7,382,457.

On Thursday, June 10th, Council approved an RCA granting approval for the department to negotiate a contract with WHI. On Friday, June 11, 2004, negotiations were held with WHI and the following issues were discussed:

- o Homeless patient co-payment waiver. WHI will establish a process for the waiver of co-payments for homeless patients.
- o Delivery for home-bound elderly patients. WHI will establish a local courier service to deliver medications to home-bound patients at the patient's expense. Prescriptions can also be mailed to the patient's home when there is sufficient lead time.
- o Spanish-speaking staff. WHI has Spanish-speaking staff in all locations for CHC patients. WHI will use translation services as required for other languages.
- o Closer HEB pharmacies. WHI offered to contact the two HEB grocery stores near the Northeast Health Center and Rosewood-Zaragosa Health Center to seek their participation in the WHI network to provide pharmacy services for these two CHC locations.
- o Austin Resource Center for the Homeless (ARCH) pharmacy services. WHI will contact Eckerd's Pharmacy at 5th Street and Congress to seek its participation in the WHI network to provide pharmacy services for the ARCH. Eckerd's Pharmacy may also be able to provide services for the Montopolis Health Center, the Salvation Army Clinic, and Blackstock Clinic.

EVALUATION MATRIX
PHARMACY MANAGEMENT AND DISPENSING SERVICES
FOR CCSD

	WALGREENS	HEB
Evaluation Factors	Points Scored	Points Scored
Business Organization - 2 points	2	1
Business Info		
Personnel and Project Mgmt		
Experience		
Scope of Work - 73 points	54	39
Pharmacy Network Mgmt - 12 points	11	2
Formulary mgmt, Prior Auth, Provider Panels & Enrollment - 12 points	9	8
Transaction Admin & Patient Profiles - 12 points	8	8
Inventory Logistics - 15 points	11	2
Reporting - 6 points	3	5
Invoicing - 2 points	1	2
Populate Med HX for Electronic Medical Record-4 points	2	3
Accept Electronic RX and Populate Electronic Medical Record - 4 points	4	4
System Requirements & Has Web Access - 2 points	2	2
Business Requirements (training, support & compliance) - 4 points	3	3
Pricing - 25 points	15	15
Proposer with lowest cost gets maximum points, percentage ratio formula for other		

EVALUATION MATRIX
PHARMACY MANAGEMENT AND DISPENSING SERVICES
FOR CCSD

Sub-total Points - 100	71	55
Interviews/Presentation - 25 points	24	10
TOTAL POINTS - 125 points	95	65



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 39
AGENDA DATE: Thu 06/24/2004
PAGE: 1 of 3**

SUBJECT: Authorize execution of a 12-month supply agreement with EMERGENCY VEHICLE EQUIPMENT COMPANY, Arlington TX, for the supply of repair parts for "Federal Signal" brand emergency Light Bars and Sirens in an amount not to exceed \$60,000, with two 12-month extension options in an amount not to exceed \$60,000 per extension option, for a total agreement amount not to exceed \$180,000.

AMOUNT & SOURCE OF FUNDING: Funding in the amount of \$15,000 is available in the Fiscal Year 2003-2004 Approved Operating Budget of the Wireless Communications Services Office of the Financial & Administrative Services Department. Funding for the remaining nine months of the original contract period and extension options is contingent upon available funding in future budgets.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

REQUESTING Purchasing	DIRECTOR'S
DEPARTMENT: for Financial and	AUTHORIZATION: <u>Vickie Schubert</u>
Administrative Services -	
Communications and	
Technology	
Management; Financial	
and Administrative	
Services - Wireless	
Communications;	

FOR MORE INFORMATION CONTACT: Vic Chanmugam, Specialist Senior Buyer/974-2030

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: Lowest bid of six bids received.

MBE / WBE: This contract will be awarded in compliance with Chapter 2-9 of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

This contract is for the purchase of parts used by the Wireless Communications Services Office ("WCSO"), formerly the City's Radio Shop, to repair "Federal Signal" brand Emergency Light Bars and Sirens used on emergency vehicles, primarily police cars. A complete list of customers whose vehicles are repaired by WCSO is shown below. They include different City Departments, Travis County, some of the smaller cities surrounding Austin, AISD, and a number of Travis County Emergency Service Districts and Volunteer Fire Departments. There are Interlocal Agreements or other agreements in place, which allow the City of Austin to provide services for these outside entities, and which provide for the City to be reimbursed for the cost of the light bars and/or parts as well as for the installation and/or repairs.

List of user department/entities:

RCA Serial#: 5584 Date: 06/24/04 Original: Yes
Disposition:

Published:
Adjusted version published:



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 39
AGENDA DATE: Thu 06/24/2004
PAGE: 2 of 3**

- COA's Austin Police Department
- COA's Austin Fire Department
- COA's Austin Energy
- COA's Water & Wastewater Department
- COA's Department of Aviation
- COA's Parks & Recreation Department
- COA's Department of Public Works & Transportation – Street & Bridge Division, Urban Transportation Division, and Traffic Signals Division
- Travis County - Sheriff's Department and Public Improvements & Transportation Department
- City of Elgin
- City of Manor
- City of Mustang Ridge
- City of Hutto
- Various volunteer Fire Departments

MBE/WBE solicited: 0/3

MBE/WBE bid: 0/0

**BID TABULATION - VC04100008
Repair Parts for Emergency Light Bars and Sirens
(Estimated annual usage, \$60,000)**

Discount to City
Off of Manufacturer's List Price

Emergency Vehicle Equipment Co. Arlington TX	42%
GT Distributors, Austin TX	41%
All American Sales Corporation, Houston TX	39.50%
Midway Auto Supply Dallas, TX	26%
Safety Supply Inc., San Antonio TX	25%
Truckmotive LLC Waco TX	*

*Non-responsive. Submitted a bid without its discount.

RCA Serial#: 5584 Date: 06/24/04 Original: Yes

Disposition:

Published:

Adjusted version published:



**Purchasing Supply Agreement
CITY OF AUSTIN
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.: 39
AGENDA DATE: Thu 06/24/2004
PAGE: 3 of 3**

PRICE ANALYSIS

- a. Adequate competition.
- b. Fifty-three notices were issued including three WBEs. Seven solicitations were issued including one WBE. Six bids were received.
- c. The current vendor provides the City with a 40% discount off the manufacturer's list price. The recommended awardee bid a 42% discount off the manufacturer's list price.

APPROVAL JUSTIFICATION

- a. The bid submitted by the recommended awardee meets the requirements of the Invitation for Bid.
- b. The Wireless Communication Services Office of the Finance & Administrative Services Department concurs with the recommended award.
- c. Advertised in the Austin American-Statesman on 4/26/04 and 5/3/04 and on the City's website.