



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

**AGENDA ITEM NO.: 28
AGENDA DATE: Thu 08/05/2004
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SUBJECT: *Authorize negotiation and execution of a 12-month service agreement with LABORATORY CORPORATION OF AMERICA, San Antonio, TX, for reference laboratory services for patients and employees served by the Community Care Services, Health and Human Services, Austin Fire, Austin Police, and Austin/Travis County Emergency Medical Services Departments in an amount not to exceed \$733,545, with four 12-month extension options in an amount not to exceed \$733,545 per extension option, for a total agreement amount not to exceed \$3,667,725.*

AMOUNT & SOURCE OF FUNDING: Funding is included in the Fiscal Year 2004-2005 Proposed Operating Budget of the following Departments: \$474,409 - Community Care Services; \$56,250 - Health and Human Services; \$9,000 - Austin Police; \$7,500 - Austin Fire; and \$3,000 - Austin/Travis County Emergency Medical Services. Funding for the remaining three-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 Fire; Police; Health	AUTHORIZATION: <u>Vickie Schubert</u>
and Human Services;	
Emergency Medical	
Services; Community	
Care Services;	

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

PRIOR COUNCIL ACTION: N/A

BOARD AND COMMISSION ACTION: N/A

PURCHASING: One proposal 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 will provide reference laboratory services for five City Departments' patients and employees. A large portion of the services are provided to the Community Care Services Department and the Health and Human Services Department because they serve a large number of the public. The agreement will provide services for the following departments:

- Community Care Services Department (CCSD) – patients from the Community Health Centers (CHCs) and employees requiring health/biohazard exposure testing.
- Health and Human Services Department (HHSD) – patients from the Sexually Transmitted Disease Clinic, the Tuberculosis Elimination Clinic, the Outreach Prevention Program, the Refugee Health Screening Clinic, the Surveillance Program, and employees requiring



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health/biohazard exposure testing.

- Austin Police Department (APD) - employees requiring health/biohazard exposure testing.
- Austin Fire Department (AFD) - employees requiring health/biohazard exposure testing.
- Austin/Travis County Emergency Medical Services (A/TCEMS) - employees requiring health/biohazard exposure testing.

On March 2, 2004, the City issued a Request for Proposal (RFP) for reference laboratory services to continue the same type of service delivery and payment methodology approved by Council in 1997. Laboratory Corporation of America (LabCorp) has provided these services to the City since 1997 and was the only respondent to the solicitation (see attached matrix).

The payment methodology that was instituted in 1997 included two different capitated payment rates: one for the Community Health Centers (CHCs) and another for the David Powell Health Center (DPHC). A capitated payment is a fixed payment per month per unduplicated patient. The two different rates were necessary since DPHC patients utilize more laboratory tests than CHC patients. Lower-volume users in HHSD clinics and in the Employee Health/Biohazard Exposure programs, as well as in APD, AFD, and EMS, have had a fee-for-service payment arrangement (i.e., a fixed price per test) with LabCorp. The new service agreement will continue the two capitated payment rates.

The annual not to exceed amounts per Department are:

Community Care Services	\$632,545
Health and Human Services.	\$ 75,000
Austin Police	\$ 12,000
Austin Fire	\$ 10,000
ATC/Emergency Medical Services	\$ 4,000
Total	\$733,545

PROPOSAL ANALYSIS

- One proposal was submitted and two "no bids" were received. Two of the potential vendors were contacted: one declined to submit a proposal due to the risk of calculating capitated fee arrangements and the other indicated interest but, at the time, lacked staff to prepare a response.
- Seventeen notices were sent including one MBE and one WBE. Six RFPs were issued including no MBEs and no WBEs.
- The current capitated rate for the CHCs is \$8.00 per unduplicated patient. The newly proposed rate is \$6.80, a 15% reduction. For DPHC, the current capitated rate is \$26.00 per unduplicated patient. The newly proposed rate is \$25.25, a 3% reduction.

APPROVAL JUSTIFICATION

- This proposal satisfies the requirements of the RFP.
- Community Care Services, Health and Human Services, Austin Fire, Austin Police, and Austin/Travis County Emergency Medical Services Departments concur with the recommended award.



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- c. The RFP was advertised in the Austin American-Statesman and on the internet.