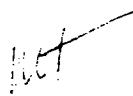


COUNTY OF SAN MATEO
Departmental Correspondence

DATE: December 3, 2001
HEARING DATE December 22, 2001

TO: Honorable Board of Supervisors

FROM: Margaret Taylor, Interim CEO, Hospital and Clinics Division 

SUBJECT: Agreement with Diamond Drugs, Inc., dba Diamond Pharmacy Services

RECOMMENDATION

Adopt a resolution authorizing the President of the Board to execute an agreement with Diamond Drugs, Inc., dba Diamond Pharmacy Services

Background

Correctional Health Services provides the medical and psychiatric pharmaceutical needs of inmates in the county's jail system. Public Health, through the Mobile Health Van provides primary care, well-baby exams, family planning, adolescent medicine including confidential services and issues related to Family Planning, pregnancy testing, STD testing and treatment.

It has been Correctional Health's experience since the jail pharmacy closed that is more cost-effective to contract out for pharmacy services rather than to provide them in-house. In July, an RFP was developed and advertised, resulting in three interested parties competing for the pharmacy services contract. Diamond Pharmacy Services was rated the number one proposal by the RFP review committee and named the successful vendor by the Director of Health Services.

Discussion

Diamond Pharmacy Services will provide professional comprehensive pharmaceutical services for all prescription, non-prescription, and intravenous solutions as ordered by Correctional Health and Mobile Van physicians and dentists including, but not limited to, medications for topical, oral, IV and injectable use, inhalers, suppositories, and AIDS Drug Assistance Program (ADAP) medications. Generic substitutions will be provided when available and approved by the physician. Only approved drugs, biological, and other related items would be sent to the facilities. All medications will be dispensed and labeled inmate specific in complete compliance with current and future local, state, and federal laws, regulations, provisions, and court orders. Prescriptions will be dispensed and sent in only the amounts prescribed by the physician.

The maximum amount of this two-year agreement is \$885,000. The prior pharmacy services agreement was with Diamond Pharmacy for four years and totaled \$1,381,500.

Within the past year, there has been an increased need for medication in the jails, Juvenile Hall and on the Mobile Clinic. The number of patients seen on the Mobile Clinic has increased by 37%. These additional clients also have tended to present with more complicated issues. More of these clients are homeless and/or from more remote areas of the county, and as such are often more susceptible to complex problems requiring more medications.

Correctional Health has reduced inpatient hospital stays by 31% and ER visits by 12 % overall. As a result, more complex and often expensive illnesses are being treated in-house, thus avoiding expensive hospitalization.

In addition to the increase in the number of patients, and their acuity, there has been a major change in prescribing patterns and costs of psychotropic drugs within the past few years. The market has been flooded with new antibiotics and oral diabetic medications of which many inmates are taking at the time they are booked into the jail. It is frequently not possible for the medical staff to change these medications since they do not have generic equivalents, and so treatment with the more expensive medication is required.

Term and Fiscal Impact

The term of this agreement is for two years from January 1, 2002 through December 31, 2003. The county may automatically renew this agreement for an additional year at its sole discretion. The maximum amount of this agreement is \$885,000; \$850,000 for Correctional Health and \$35,000 for Public Health. Correctional Health has included \$212,500 and Public Health has included \$7,500 in their respective FY2001-02 approved budgets. Correctional Health will include \$425,000 and Public Health \$17,500 in their respective FY 2002-03 recommended budgets. Correctional Health will include \$212,500 and Public Health \$10,000 respectively in their FY2003-04 recommended budgets.

RESOLUTION NO. _____

BOARD OF SUPERVISORS, COUNTY OF SAN MATEO, STATE OF CALIFORNIA

* * * * *

RESOLUTION AUTHORIZING EXECUTION OF AN
AGREEMENT WITH
DIAMOND DRUGS, INC., DBA DIAMOND PHARMACY SERVICES

RESOLVED, by the Board of Supervisors of the County of San Mateo, State of California, that;

WHEREAS, there has been presented to this Board of Supervisors for its consideration and acceptance an Agreement, reference to which is hereby made for further particulars, whereby Diamond Drugs, Inc., dba Diamond Pharmacy Services, shall provide comprehensive pharmaceutical services for Correctional Health and the Public Health Mobile Health Van; and

WHEREAS, this Board has been presented with a form of the Agreement and has examined and approved it as to both form and content and desires to enter into the Agreement:

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that the President of this Board of Supervisors be, and is hereby, authorized and directed to execute said Agreement for and on behalf of the County of San Mateo, and the Clerk of this Board shall attest the President's signature thereto.

AGREEMENT WITH DIAMOND DRUGS, INC.
DBA DIAMOND PHARMACY SERVICES
FOR PROFESSIONAL COMPREHENSIVE PHAMACEUTICAL SERVICES

THIS AGREEMENT, entered into this _____ day of _____, 2001, by and between the COUNTY OF SAN MATEO, hereinafter called "County," and Diamond Drugs, Inc., dba Diamond Pharmacy Services, hereinafter called "Contractor";

W I T N E S S E T H:

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of performing the professional services hereinafter described for the Health Services Agency; and

WHEREAS, pursuant to Government Code, Section 31000, County may contract with independent contractors for the furnishing of such services to or for County or any Department thereof;

NOW, THEREFORE, IT IS HEREBY AGREED BY THE PARTIES HERETO AS FOLLOWS:

1. Services to be Performed by Contractor

In consideration of the payments hereinafter set forth, Contractor, under the general direction of the Director of Health Services, or her designee, with respect to the product or result of Contractor's services, shall provide pharmaceutical services as described in Schedule A, attached hereto and incorporated by reference herein. Such services shall be provided in a professional and diligent manner:

2. Payments

A. Maximum Amount. In full consideration of Contractor's performance of the services described in Schedule A, the amount that County shall be obligated to pay for services rendered under this Agreement shall not exceed EIGHT HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$885,000) for the contract term.

B. Rate of Payment. The rate and terms of payment shall be as specified in Schedule B, attached hereto and incorporated herein. Any rate increase is subject to the approval of the Director of Health Services or her designee, and shall not be binding on County unless so approved in writing. In no event may the rates established in Schedule B be increased to the extent that the maximum County obligation shall exceed the total specified in paragraph 2A above. Each payment shall be conditioned on the performance of the services described in Schedule A to the full satisfaction of the Director of Health Services or her designee.

C. Time Limit for Submitting Invoices. Contractor shall submit an invoice for services to County for payment in accordance with the provisions of Schedule B. County shall not be obligated to pay Contractor for the services covered by any invoice if Contractor presents the invoice to County more than one hundred eighty (180) days after the date Contractor renders the services, or more than ninety (90) days after this Agreement terminates, whichever is earlier.

3. Relationship of Parties

It is expressly understood that this is an agreement between two (2) independent contractors and that no agency, employee, partnership, joint venture or other relationship is established by this Agreement. The intent by both County and Contractor is to create an independent contractor relationship. Contractor expressly acknowledges and accepts his/her tax status and the tax consequences of an independent contractor. Further, as an independent contractor,

Contractor expressly acknowledges and accepts that he/she has no rights, benefits, privileges and/or claims in any form whatsoever under, from, through and/or pursuant to the San Mateo County Civil Service Rules.

4. Hold Harmless

Contractor shall indemnify and save harmless County, its officers, agents, employees, and servants from all claims, suits, or actions of every name, kind and description, brought for, or on account of: (A) injuries to or death of any person, including Contractor, or (B) damage to any property of any kind whatsoever and to whomsoever belonging, or (C) any failure to withhold and/or pay to the government income and/or employment taxes from earnings under this Agreement, or (D) any other loss or cost, including but not limited to that caused by the concurrent active or passive negligence of County, its officers, agents, employees, or servants, resulting from the performance of any work required of Contractor or payments made pursuant to this Agreement, provided that this shall not apply to injuries or damage for which County has been found in a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

The duty of Contractor to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

5. Insurance

Contractor shall not commence work under this Agreement until all insurance required under this section has been obtained and such insurance has been approved by the Director of Health Services. Contractor shall furnish the Health Services Agency with Certificates of Insurance evidencing the required coverage and there shall be a specific contractual liability

endorsement extending Contractor's coverage to include the contractual liability assumed by Contractor pursuant to this Agreement. These Certificates shall specify or be endorsed to provide that thirty (30) days' notice must be given, in writing, to the Health Services Agency of any pending change in the limits of liability or of any cancellation or modification of the policy.

In the event of the breach of any provision of this section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, County at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work pursuant to this Agreement.

A. Workers' Compensation and Employer Liability Insurance. Contractor shall have in effect during the entire life of this Agreement, Workers' Compensation and Employer Liability Insurance providing full statutory coverage. In signing this Agreement, County makes the following certification, required by Section 1861 of the California Labor Code:

I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of the Code, and I will comply with such provisions before commencing the performance of the work of this Agreement.

B. Liability Insurance. Contractor shall take out and maintain during the life of this Agreement such Bodily Injury Liability and Property Damage Liability Insurance as shall protect him while performing work covered by this Agreement from any and all claims for damages for bodily injury, including accidental death, as well as any and all claims for property damage which may arise from Contractor's operations under this Agreement, whether such

operations be by himself or by any subcontractor or by anyone directly or indirectly employed by either of them. Such insurance shall be combined single limit bodily injury and property damage for each occurrence and shall not be less than the amounts specified below.

Such insurance shall include:

- 1) Comprehensive General Liability \$1,000,000
- 2) Motor Vehicle Liability Insurance\$
- 3) Professional Liability\$1,000,000

If this Agreement remains in effect more than one (1) year from the date of its original execution, County may, at its sole discretion, require an increase in the amount of liability insurance to the level then customary in similar County agreements by giving sixty (60) days' notice to Contractor.

County and its officers, agents, employees and servants shall be named as additional insured on any such policies of insurance, which shall also contain a provision that the insurance afforded thereby to County, its officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if County or its officers and employees have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only. Said certificate(s) of insurance is (are) attached hereto and incorporated by reference herein as Attachment II (and III).

6. Non-Discrimination

Contractor shall comply with the non-discrimination requirements described in Schedule C, which is attached hereto, and incorporated herein.

Contractor shall comply with County admission and treatment policies which shall provide that patients are accepted for care without discrimination on the basis of race, color, religion, sex, sexual orientation, national origin, age, handicap, or political affiliation.

Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject Contractor to penalties, to be determined by the County Manager, including, but not limited to:

- i. termination of this Agreement;
- ii. disqualification of Contractor from bidding on or being awarded a County contract for a period of up to three (3) years;
- iii. liquidated damages of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500) per violation;
- iv. imposition of other appropriate contractual and civil remedies and sanctions, as determined by the County Manager.

To effectuate the provisions of this paragraph, the County Manager shall have the authority to:

- i. examine Contractor's employment records with respect to compliance with this paragraph;
- ii. set off all or any portion of the amount described in this paragraph against amounts due to Contractor under the Contract or any other contractor between Contractor and County.

Contractor shall report to the County Manager the filing by any person in any court of any complaint of discrimination or the filing by any person of any and all charges with the Equal Employment Opportunity Commission, the Fair Employment and Housing Commission or any other entity charged with the investigation of allegations within thirty (30) days of such filing, provided that within such thirty (30) days such entity has not notified Contractor that such charges

are dismissed or otherwise unfounded. Such notification shall include the name of the complainant, a copy of such complaint, and a description of the circumstance. Contractor shall provide County with a copy of its response to the complaint when filed.

With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.

7. Assignments and Subcontracts

A. Without the written consent of the Director of Health Services or her designee, this Agreement is not assignable in whole or in part. Any assignment by Contractor without the written consent of the Director of Health Services or her designee is a breach of this Agreement and shall automatically terminate this Agreement.

B. Contractor shall not employ subcontractors or consultants to carry out the responsibilities undertaken pursuant to this contract without the written consent of the Director of Health Services or her designee.

C. All assignees, subcontractors, or consultants approved by the Director of Health Services or her designee shall be subject to the same terms and conditions applicable to Contractor under this Agreement, and Contractor shall be liable for the assignee's, subcontractor's or consultant's acts and/or omissions.

D. All agreements between Contractor and subcontractor and/or assignee for services pursuant to this Agreement shall be in writing and shall be provided to County.

8. Amendment of Agreement

This Agreement is complete and contains all the terms and conditions agreed upon by the parties. No amendment shall be valid unless made in writing and signed by the parties hereto, and no oral understanding or agreement shall be binding on the parties hereto.

9. Records

A. Contractor agrees to provide to County, to any federal or state department having monitoring or reviewing authority, to County's authorized representatives and/or their appropriate audit agencies upon reasonable notice, access to and the right to examine and audit all records and documents necessary to determine compliance with relevant federal, state, and local statutes, rules and regulations, and this Agreement, and to evaluate the quality, appropriateness and timeliness of services performed.

B. Contractor shall maintain and preserve all financial records relating to this Agreement for a period of four (4) years from the termination date of this Agreement, or until audit findings are resolved, whichever is greater.

10. Compliance with Applicable Laws

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable federal, state, county, and municipal laws, including, but not limited to, the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended and attached hereto and incorporated by reference herein as Attachment I, which prohibits discrimination on the basis of handicap in programs and activities receiving any federal or county financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including, but not limited to, appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations.

11. Interpretation and Enforcement

A. Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage

prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed:

- 1) In the case of County, to:
San Mateo County
Division of Hospital and Clinics
222 39th Avenue
San Mateo, CA 94403

or to such person or address as County may, from time to time furnish to Contractor.

- 2) In the case of Contractor, to:
Diamond Drugs, Inc.
Dbas Diamond Pharmacy Services
645 Kolter Drive
Indiana, PA 15701-3570

B. Controlling Law. The validity of this Agreement and of its terms or provisions, as well as the rights and duties of the parties hereunder, the interpretation and performance of this Agreement shall be governed by the laws of the State of California.

12. Term of the Agreement

Subject to compliance with the terms and conditions of this Agreement, the term of this Agreement shall be from January 1, 2002 through December 31, 2003. This Agreement may be terminated by Contractor, Director of Health Services or her designee at any time upon thirty (30) days' written notice to the other party.

IN WITNESS WHEREOF, the parties hereto, by their duly authorized representatives,
have affixed their hands.

COUNTY OF SAN MATEO

DIAMOND DRUGS, INC.
DBA DIAMOND PHARMACY SERVICES

By: _____
Michael D. Nevin, President
Board of Supervisors, San Mateo County

By:  _____

Date: _____

Date: 11/20/01 _____

ATTEST:

By: _____
Clerk of Said Board

Date: _____

SCHEDULE C

Contract between County of San Mateo and Diamond Drugs, Inc., dba Diamond Pharmacy Services, hereinafter called "Contractor."

- a. No person shall, on the grounds of race, color, creed, national origin, religious affiliation or non-affiliation, sex, sexual orientation, marital status, age (over forty (40)), disability, medical condition (including but not limited to AIDS, HIV positive diagnosis, or cancer), political affiliation or union membership be excluded from participation in, be denied the benefits of, or be subjected to discrimination under this Agreement.
- b. Contractor shall insure equal employment opportunity based on objective standards of recruitment, selection, promotion, classification, compensation, performance evaluations, and management relations, for all employees under this contract. Contractor's personnel policies shall be made available to County upon request.
- c. Contractor shall assure compliance with Section 504 of the Rehabilitation Act of 1973 by submitting a signed letter of assurance (Attachment I) of compliance. Contractor shall be prepared to submit a self-evaluation and compliance plan to County upon request within one (1) year of the execution of this Agreement.

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: Diamond Pharmacy Services
Contact Person: Mark J. Zilner, R.Ph., Director of Operations
Address: 645 Kolter Drive
Indiana PA 15701-3570
Phone Number: 800-882-6337 Fax Number: 800-523-0008

II Employees

Does the Contractor have any employees? [X] Yes ___ No
Does the Contractor provide benefits to spouses of employees? [X] Yes ___ No

If the answer to one or both of the above is no, please skip to Section IV.

III Equal Benefits Compliance (Check one)

- [X] Yes, the Contractor complies by offering equal benefits, as defined by Chapter 2.93, to its employees with spouses and its employees with domestic partners.
[] Yes, the Contractor complies by offering a cash equivalent payment to eligible employees in lieu of equal benefits.
[] No, the Contractor does not comply.
[] The Contractor is under a collective bargaining agreement which began on ___ (date) and expires on ___ (date).

IV Declaration

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this 26th day of November, 2001 at INDIANA, PA (City) (State)

Signature (Handwritten)

MARK J. ZILNER RPh
Name (Please Print)

DIRECTOR OF OPERATIONS
Title

25-1378278
Contractor Tax Identification Number

Attachment I

Assurance of Compliance with Section 504 of the Rehabilitation Act of 1973, as Amended

The undersigned (hereinafter called the "Contractor(s)") hereby agrees that it will comply with Section 504 of the Rehabilitation Act of 1973, as amended, all requirements imposed by the applicable DHHS regulation, and all guidelines and interpretations issued pursuant thereto.

The Contractor(s) gives/give this assurance in consideration of and for the purpose of obtaining contracts after the date of this assurance. The Contractor(s) recognizes/recognize and agrees/agree that contracts will be extended in reliance on the representations and agreements made in this assurance. This assurance is binding on the Contractor(s), its successors, transferees, and assignees, and the person or persons whose signatures appear below are authorized to sign this assurance on behalf of the Contractor(s).

The Contractor(s): (Check a or b)

- a. () employs fewer than 15 persons.
- b. (X) employs 15 or more persons and, pursuant to Section 84.7 (a) of the regulation (45 C.F.R. 84.7 (a)), has designated the following person(s) to coordinate its efforts to comply with the DHHS regulation.

Denise Gromley

Name of 504 Person - Type or Print

Diamond Drugs, Inc., dba Diamond Pharmacy Services

Name of Contractor(s) - Type or Print

645 Kolter Drive

Street Address or PO Box

Indiana

City

PA

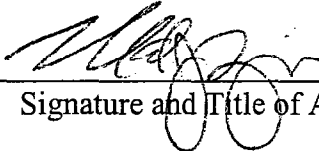
State

15701-3570

Zip Code

I certify that the above information is complete and correct to the best of my knowledge.

11/24/01
Date

 DIRECTOR OPERATIONS
Signature and Title of Authorized Official

*Exception: DHHS regulations state that:

"If a recipient with fewer than 15 employees finds that, after consultation with a handicapped person seeking its services, there is no method of complying with (the facility accessibility regulations)...other than making a significant alteration in its existing facilities, the recipient may, as an alternative, refer the handicapped person to other providers of those services that are accessible."

SCHEDULE A

SERVICES

A. Pharmaceuticals:

Contractor shall provide professional comprehensive pharmaceutical services for all prescription, non-prescription, and intravenous solutions as ordered by the physicians and the dentists including, but not limited to, medications for topical, oral, IV and injectable use, inhalers, suppositories, and ADAP medications. Generic substitutions will be provided when available and approved by the physicians. Only approved drugs, biologicals, and other related items will be sent to the facilities. All medications will be dispensed and labeled inmate specific in complete compliance with all current and future local, state, and federal laws, regulations, provisions, and court orders. Prescriptions will be dispensed and sent in only the amount prescribed by the physicians.

B. Supplies and Equipment:

Contractor shall provide medication cart(s), trays, storage supplies, dispensing equipment, packaging compartments, etc., for the efficient storage and administration of medication.

Contractor shall furnish a facsimile machine for the sole use of transmitting prescriptions and inmate information to Contractor's pharmacy.

C. Prescription Monitoring Services:

Prior to filling prescription orders, Contractor's clinical pharmacists shall screen each inmate's complete computerized medication profile to ensure safe and therapeutic medication administration. Contractor shall screen for:

- duplicate therapy
- drug interactions
- excessive/sub-therapeutic dosages
- a summary of all new and changed orders
- inmate drug allergies
- medications which are being reordered too soon
- medications ordered past the designated cut date
- overall prescription order accuracy

Contractor shall alert Correctional Health staff via phone or fax of such occurrences prior to shipping the order.

Formulary Implementation and Management

Contractor shall assist in the development, implementation and compliance of a drug formulary for Correctional Health Services. The purpose of the formulary is to utilize drugs within certain therapeutic classes based on therapeutic value and cost. Contractor shall utilize the existing Correctional Health Services formulary and shall work in conjunction with the medical staff and the Pharmacy and Therapeutics Committee to discuss additions or deletions of medications by providing a monthly medication usage, cost comparisons and drug indication for particular drug classes. Contractor shall work along with the County medical staff using a team approach to drug therapy management at the most effective cost.

Contractor will require the use of non-formulary request forms for non-formulary medications which will aid the doctors in utilizing only formulary items. Contractor will review non-formulary medication usage at the facilities with physicians quarterly.

Physicians will be required to fill out a non-formulary form prior to receiving a non-formulary prescription. If a non-formulary medication is ordered without a form, Contractor will fax an alert to the physician requesting a non-formulary form to be completed or to change the order to a formulary medication. If a form is still not received, Contractor will send a limited supply of the order so the inmate won't be without his medication.

Contractor will provide extensive formulary management services working in conjunction with the medical director and the physicians to reduce drug cost and to provide monthly usage data accompanied with graphs.

The formulary will be reviewed and updated on a quarterly basis.

D. Dispensing Medications:

1. Ordering

County may place orders by phone or fax via Contractor's toll-free number.

Contractor will provide the following at no cost to County in order to expedite and assure accuracy of orders:

- Fax machine
- Daily drug order sheets necessary for transmitting new orders, reorders, changes, stop orders or discontinued orders.
- Double peel-off labels for reordering
- Dedicated pharmacy technician designated to processing County's orders.

2. **Delivery**

All orders received by 2:00 PDT will be delivered next day, six (6) days a week. Emergency deliveries will be provided twenty-four (24) hours a day, seven (7) days a week through a pre-arranged contracted local back-up pharmacy at no additional fee.

Orders needed for emergency delivery will be phoned to Contractor twenty-four (24) hours a day, who will then coordinate the delivery with a pre-arranged contracted local back up pharmacy who will deliver the medication directly to the facility.

Every medication shipment will contain detailed itemized packaging slips as a method of checking all items and cost accrued for each medication order/designated billing period. Reports can be sorted in any format and will include, but are not limited to:

Medication Delivery Report – printed alphabetically by inmate containing inmate's name and number, date, medication name, strength, number of doses, prescription number and stop date.

Scheduled Items Report – Contains all above information exclusively printed for controlled substances.

Billing Report – Containing all above information in addition to drug NDC number and price.

Tracking – all next day air packages are tracked daily to ensure timely and accuracy of delivery.

3. **Medication Distribution System**

Contractor will provide and implement a specialized dispensing and delivery system in conjunction with the Correctional Health Services staff, which will meet County's needs for safe, efficient, accountable, feasible, and cost-effective medication distribution. Prescription and non-prescription medications will be dispensed in unit-dose blister cards. Medications will be dispensed to comply with County's self-medication program. Medications not intended for the self-medication program can be marked with a fluorescent "no self-medication" sticker.

Controlled substances will be dispensed in a unique packaging, which differs from other packaging.

4. **Labeling**

Each prescription will be labeled individually, with the patient's name and identification number, medication name and strength, generic interchange information, quantity dispensed, manufacturer's name, lot number, expiration date, route and times of administration, directions, inmate location, prescription number, prescriber name, dispense date, cut date, pharmacist's initials and refills (if any) in accordance with all federal, state, and local laws, and regulations.

Auxiliary labels will be placed on each prescription for safe and effective medication use describing reactions, cautions, warnings, interactions, etc. See below:

Starter Packs (on-site stat doses)

Starter packs of certain medications needed to begin therapy for immediate administration until a patient-specific prescription is received will be provided.

Medications and stock quantities for starter doses will be determined in conjunction with County.

Each starter pack will be accompanied by an accountability sheet for reconciliation of all doses.

The completed accountability sheet should be returned to our pharmacy (for reconciliation of doses) when stock is depleted. The drug, however, may be reordered when needed by faxing the peel-off reorder label to our pharmacy.

5. Emergency Medication Kit

The kit will contain only those medications which immediate administration is required in order to alleviate pain, infection, modify dangerous behavior, or to preserve a life.

Drugs and stock quantities will be determined in conjunction with County.

All contents will be listed on the sealed kit.

Contractor will inventory the kit quarterly, or as required by County.

Emergency medications not found in either the emergency medication kit or the starter packs will be delivered to County facilities by a back-up pharmacy.

E. Efficiency:

Contractor will review County's facility set up, make recommendations and work cooperatively to establish the most cost-effective and efficient system possible.

F. Accountability:

Contractor will maintain all appropriate documentation including, but not limited to, inventory records, controlled drug perpetual inventory, patient profiles, copies of all prescriptions, etc. All documentation shall be open for review by the appropriate prison staff or appointed designee.

Contractor will provide and implement a record keeping system for drug accountability throughout the institution.

Contractor will maintain extensive patient profiles and provide accurate pre-printed MAR's once monthly for each inmate receiving medication, if requested. MAR's can contain inmates name, allergies, diagnosis, physician's name and current medication list with directions. This serves as a charting mechanism for safe and efficient documentation of medication administration.

G. Protocols, Policies and Procedures:

Contractor will assist in developing, implementing, updating, and monitoring of policies and procedures for safe and effective distribution, control, and use of drugs and supply County with policy and procedure manual. This manual will include policies on the AIDS Drug Assistance Program (ADAP) medications grant, IV services, self-medication program, etc. and will be updated quarterly.

H. In-service Training and Continuing Education:

Contractor will provide customized in-service training on a variety of topics tailored to educate the staff to ensure compliance and enhance staff knowledge to better care for the inmates. The in-services will include at a minimum: information regarding adverse drug reactions, drug interactions, basic review of formulary at facilities, new and/or revised laws pertaining to pharmacy, new medication, medication pass, medication accountability.

Contractor will make available to County at no charge its health care video library on various medical-related topics.

Contractor will also supply County with a monthly newsletter, highlighting new drug information, medical terminology review, metric equivalents, adverse drug reactions, research news on medications, news briefs on patient care, etc.

I. Utilization Data:

Documentation and Monthly Management Reports

Contractor will provide any requested computer generated reports and utilization data. All reports can be sorted in any order or groupings including by prescribing physician. Reports available include, but are not limited to:

1. detailed inmate profiles
2. patient drug allergy and drug interaction alert
3. monthly drug usage per inmate
4. drug utilization report
5. continual narcotic controlled substances inventory
6. monthly psychotropic usage report
7. Computerized Medical Administration Record, delivered to the institution five (5) days before the end of the calendar month
8. list of inmates taking medications which are known to produce adverse side-effects when they are exposed to high temperatures or the sun

9. total doses per inmate dispensed
10. percentage of inmates on medications
11. percentage of inmates on psychotropics
12. formulary vs. non-formulary medications dispensed
13. number of prescriptions per inmate
14. high to low usage by dollar amount
15. high to low usage by quantity dispensed
16. medication breakdown listed by specific physician
17. medication classification report
18. cost containment recommendation report
19. side-effect and drug interaction report
20. stop date report
21. invoices containing drug name, NDC, and AWP
22. numerous customized management/cost containment reports

J. Pharmacy and Therapeutics Committee:

Contractor will serve as a member (and chair, if requested) of the Correctional Health Services Pharmacy and Therapeutics Committee. Contractor will also be available to provide consultation to the prescribing physicians and nurses in relations to pharmaceutical therapy. During quarterly on-site visits, Contractor will also discuss topics including the quarterly inspections, drug regimen reviews, and formulary management. Contractor will provide minutes for P&T Committee within 15 days of meeting.

K. Self-Medication Program:

Contractor will review and monitor County's self-medication program in conjunction with the nursing staff.

L. Quarterly Inspections:

Contractor will be provided on site at the facility on a quarterly basis or as required. Contractor may elect to subcontract this function with the prior written approval of County. During these quarterly visits, Contractor, or its designee, will:

1. assist in developing, implementing, monitoring, and updating County's policies, procedures and protocols for the safe, effective distribution, control, administration and use of medications complying with all regulations of the facility
2. ensure the facility complies with all the applicable state and federal regulations regarding dispensing, administering, and procuring pharmaceuticals
3. set-up a system to ensure that all pharmaceuticals are tracked and recorded to show accountability
4. provide routine inspections to ensure that the facility complies with all current pharmacy regulations
5. conduct an overall inspection of the medications room of the facility

6. inspect the contents of the emergency medication kit and poison antidote kit and replace any outdated and/or deteriorated items
7. ensure compliance of all federal, state, and locals laws and regulations in regards to the guidelines of your Correctional Health Services, Controlled Substance Act, and the State Pharmacy Boards
8. provide County with signed and dated documentation of quarterly inspections including recommendations made, corrective actions implemented or problems observed and a written report will be provided to your facility.
9. assist County in the accounting, reconciliation, and disposal/removal of unused controlled substances as outlined by federal, state, and local laws and regulations. Count sheets will be provided for strict accountability and all documentation will be enforced as required by law
10. inspect all areas relating to pharmacy including medication records, storage, and security
11. monitor the self-medication program with the nursing staff
12. provide continual assessment of recommendation of plans for implementations. This will be completed through the quarterly inspection reports that are provided to the administrator and nursing staff for follow-up and evaluation of performance
13. provide all other responsibilities required, as set forth in federal or state laws, statutes, or regulations presently enacted, or may hereafter be enacted, as well as provided, detailed services applicable to the facility; and
14. provide consultant pharmacists who are available to County continuously for emergency and routine consultations twenty-four (24) hours a day, seven (7) days a week.

M. Data Requirements:

Contractor will work with the Health Services Information Technology staff to develop a mutually acceptable data system which will assure that all required data collected regarding the pharmacy services provided to jail inmates/patients will be electronically transferred into the Health Services "CORE" information system.

N. Smooth Transition to New Services:

Contractor will provide a start-up schedule, which covers the initial in-service of staff prior to the change of service, a time frame for all transitional activities, and resolution of identified problems. In addition to the staff in-service, Contractor will gather prescription information, inspect the medication room, set-up a medication ordering/distribution system, obtain physician information, install a fax machine, etc.

SCHEDULE B

PAYMENTS

- A. Billing will be provided once monthly or more often, if needed.
- B. Billing statements will be sorted by Correctional Health's preference of inmate name, medication name, and/or dispense date.
- C. Billing statements will include prescription number, inmate name, drug name and strength, quantity, cost, NDC number, date the prescription was dispensed, and prescriber's name.
- D. Contractor will bill third party sources of payment when possible.
- E. Fees will include ADAP medications and will not exceed the ADAP pricing structure.
- F. Multiple copies of reports available
- G. Customized billing reports also available
- H. Each prescription will be billed as follows: Brand Medications at Average Wholesale Price less 14%. Generic Medications at Average Whole Prices less 38%. There will be no dispensing fee added. The minimum prescription charge will be \$2.75.
- I. Credit will be issued on full or partial cards at 85% the amount billed less a \$1.95 processing fee. Credit will only be issued on returned non-controlled tablets or capsules remaining in the original packet provided they are within two (2) months of expiration and have not been released to the inmate population. Credit will be offered on full or partial cards with no minimum cost restrictions. All discontinued medications and supplies must be returned to the Contractor.
- J. The term of this agreement is January 1, 2002 through December 31, 2003. The maximum allowable of this (two) year contract shall be EIGHT HUNDRED EIGHTY-FIVE THOUSAND DOLLARS (\$885,000).

COUNTY OF SAN MATEO

HEATH SERVICES
Hospital and Clinics Division

MEMORANDUM

Date: September 5, 2001
To: Priscilla Morse, Risk Management/ Pony # EPS 163 Fax # 363-4864
From: Tere Larcina, Hospital and Clinics/Pony # HOS316/Fax # 2267
Subject: Contract Insurance Approval

CONTRACTOR: Diamond Drugs, Inc., dba Diamond Pharmacy Services

DO THEY TRAVEL:

PERCENT OF TRAVEL TIME:

NUMBER OF EMPLOYEES: More than one.

DUTIES (SPECIFIC): Contractor provides comprehensive pharmaceutical services to inmates in the San Mateo County's jail system. The agreement is being amended to increase the maximum amount and to include the non-discrimination and equal benefits language.

<u>COVERAGE:</u>	<u>Amount</u>	<u>Approve</u>	<u>Waive</u>	<u>Modify</u>
Comprehensive Liability:	<u>1,000,000</u>	<u>✓</u>	<u>_____</u>	<u>_____</u>
Motor Vehicle Liability:	<u>_____</u>	<u>_____</u>	<u>waive</u>	<u>_____</u>
Professional Liability:	<u>1,000,000</u>	<u>✓</u>	<u>_____</u>	<u>_____</u>
Worker's Compensation:	<u>Statutory</u>	<u>✓</u>	<u>_____</u>	<u>_____</u>

REMARKS/COMMENTS:


SIGNATURE

ACORD CERTIFICATE OF LIABILITY INSURANCE

05/17/2001

PRODUCER
 PHARMACISTS MUTUAL INSURANCE CO
 308 U.S. Hwy 18 W
 Algona, IA, 50511
 515-295-2461

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE

INSURED
 DIAMOND DRUGS INC
 DIAMOND PHARMACY SERVICES
 645 KOLTER DR
 INDIANA PA. 15701

INSURER A: PHARMACISTS MUTUAL INSURANCE CO
 INSURER B:
 INSURER C:
 INSURER D:
 INSURER E:

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> *SEE BELOW GENL AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	BOP 0050652 00	09/19/01	09/19/02	EACH OCCURRENCE \$ 1,000,000 FIRE DAMAGE (Any one fire) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/CP AGG \$ 1,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> \$500 DED COMP <input checked="" type="checkbox"/> \$500 DED COL	ACV 0050652 00	09/19/01	09/19/02	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ ----- BODILY INJURY (Per accident) \$ ----- PROPERTY DAMAGE (Per accident) \$ -----
	GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ ----- OTHER THAN AUTO ONLY: EA ACC \$ ----- AGG \$ -----
A	EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	UMC 0050652 00	09/19/01	09/19/02	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ ----- \$ -----
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WCV 0050652 00	09/19/01	09/19/02	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER EL EACH ACCIDENT \$ 500,000 EL DISEASE - EA EMPLOYEE \$ 500,000 EL DISEASE - POLICY LIMIT \$ 500,000
A	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

*INCLUDES PHARMACY PROFESSIONAL LIABILITY & ANCILLARY PROFESSIONAL CONSULTATION LIABILITY

LOCATION: 645 KOLTER DR, INDIANA PA 15701


CERTIFICATE HOLDER

ADDITIONAL INSURED: INSURER LETTER:

CANCELLATION

COUNTY OF SAN MATEO
 222 39TH AVENUE
 SAN MATEO CA 94403

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

REPRESENTATIVE
 AUTHORIZED REPRESENTATIVE


ATTACHMENT 2

Pharmacy Services

1.	General Description of RFP	To provide for the procurement and dispensing of pharmaceuticals for Correctional health Services Adult and Juvenile facilities and the Public Health Mobile Health van.
2.	List key evaluation criteria	<p>1) Methods of providing assurances in the provision of quality pharmaceutical services.</p> <p>2) Measures to insure accessibility and local pharmaceutical services</p> <p>3) Appropriate business and administrative practices comply with requirement, accounting, and reporting standards pursuant to applicable laws and regulations.</p>
3.	Where advertised	Known pharmacies that serve or have served correctional facilities and/or the County were sent a Request for Proposal.
4.	In addition to any advertisement, list others to whom RFP was sent	<p>Diamond Pharmacy</p> <p>Secure Pharmacy Plus</p> <p>Ted's Pharmacy</p> <p>Y & S Pharmacy Services</p>
5.	Total number sent to prospective proposers	4
6.	Number of proposals received	3
7.	Who evaluated the proposals	<p>Lt. Don Leed</p> <p>Richard Hayward, Ph.D.</p> <p>Sylvia Domagalski, BSN</p> <p>Rebecca Anderson-Potts, RN, MPA</p>
8.	In alphabetical order, names of proposers (or finalists, if applicable) and location	<p>Diamond Pharmacy</p> <p>645 Kolter Drive</p> <p>Indiana, PA 15701</p> <p>Secure Pharmacy Plus</p> <p>416 Mary Lindsay Polk Drive, Ste. 515</p> <p>Franklin, TN 37067</p> <p>Y & S Pharmacy Services</p> <p>122 North York Road, Ste. 4</p> <p>Hatboro, PA 19040</p>