

**AGREEMENT BETWEEN THE COUNTY OF SAN MATEO AND
DIAMOND PHARMACY SERVICES**

THIS AGREEMENT, entered into this _____ day of _____,
20____, by and between the COUNTY OF SAN MATEO, hereinafter called
"County," and DIAMOND PHARMACY SERVICES, hereinafter called "Contractor";

W I T N E S S E T H:

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;

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of providing pharmaceutical services.

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

1. Exhibits.

The following exhibits are attached hereto and incorporated by reference herein:

Exhibit A—Services
Exhibit B—Payments and rates
Attachment I—§504 Compliance

2. Services to be performed by Contractor.

In consideration of the payments set forth herein and in Exhibit B, Contractor shall perform services for County in accordance with the terms, conditions and specifications set forth herein and in Exhibit "A."

3. Payments.

In consideration of the services provided by contractor in accordance with all terms, conditions and specifications set forth herein and in Exhibit "A", County shall make payment to Contractor based on the rates and in the manner specified in Exhibit "B." The County reserves the right to withhold payment if the County determines that the quantity or quality of the work performed is unacceptable. In no event shall the County's total fiscal obligation under this contract exceed \$2,713,000 (TWO MILLION, SEVEN HUNDRED THIRTEEN THOUSAND DOLLARS)].

4. Term and Termination.

Subject to compliance with all terms and conditions, the term of this agreement shall be from July 1, 2005, through June 30, 2008.

This Agreement may be terminated by Contractor, the Director of the Health Department or her designee at any time without a requirement of good cause upon thirty (30) days' written notice to the other party.

In the event of termination, all finished or unfinished documents, data, studies, maps, photographs, reports, and materials (hereafter referred to as materials) prepared by Contractor under this Agreement shall become the property of the County and shall be promptly delivered to the County. Upon termination, the Contractor may make and retain a copy of such materials. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that portion of the full payment which is determined by comparing the work/services completed to the work/services required by the Agreement.

5. Availability of Funds.

The County may terminate this Agreement or a portion of the services referenced in the Attachments and Exhibits based upon unavailability of Federal, State or County funds, by providing written notice to Contractor as soon as is reasonably possible after the county learns of said unavailability of outside funding.

6. Relationship of Parties.

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent Contractor and not as an employee of the County and that Contractor acquires none of the rights, privileges, powers or advantages of County employees.

7. 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, (C) any sanctions, penalties or claims of damages resulting from Contractor's failure to comply with the requirements set forth in the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated hereunder, as amended, 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.

8. Assignability and Subcontracting.

Contractor shall not assign this Agreement or any portion thereof to a third party, or subcontract with a third party to provide services required by contractor under this agreement without the prior written consent of County. Any such assignment or subcontract without the county's prior written consent shall give County the right to automatically and immediately terminate this Agreement.

9. Insurance.

The Contractor shall not commence work or be required to commence work under this Agreement unless and until all insurance required under this paragraph has been obtained and such insurance has been approved by the County Manager, and Contractor shall use diligence to obtain such issuance and to obtain such approval. The Contractor shall furnish the County Manager with certificates of insurance evidencing the required coverage, and there shall be a specific contractual liability endorsement extending the Contractor's coverage to include the contractual liability assumed by the 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 County Manager of any pending change in the limits of liability or of any cancellation or modification of the policy.

- (1) **Worker's Compensation and Employer's Liability Insurance.** The Contractor shall have in effect during the entire life of this Agreement Workers' Compensation and Employer's Liability Insurance providing full statutory coverage. In signing this Agreement, the Contractor certifies, as required by Section 1861 of the California Labor Code, that it is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for Worker's 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.
- (2) **Liability Insurance.** The 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/her 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 contractors operations under this Agreement, whether such operations be by himself/herself or by any sub-contractor 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 be not less than the amount specified below.

Such insurance shall include:

- (a) Comprehensive General Liability \$1,000,000

- (b) Motor Vehicle Liability Insurance \$1,000,000

- (c) Professional Liability \$1,000,000

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 the County, its officers, agents, employees and servants shall be primary insurance to the full limits of liability of the policy, and that if the 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.

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, the County of San Mateo 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.

10. Compliance with laws; payment of Permits/Licenses.

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, Health Insurance Portability and Accountability Act of 1996 (HIPAA) and all Federal regulations promulgated hereunder, as amended, and 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.

In the event of a conflict between the terms of this agreement and state, federal, county or municipal law or regulations, the requirements of the applicable law will take precedence over the requirements set forth in this agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

Contractor will comply with all legislatively mandated regulations in Section 602 of the Veterans Health Care Act of 1992, also know as "340B".

11. Non-Discrimination.

- A. *Section 504 applies only to Contractor who are providing services to members of the public.* Contractor shall comply with § 504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this contract (this paragraph needed only if services provided to members of the public).
- B. *General non-discrimination.* No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this agreement.
- C. *Equal employment opportunity.* Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this agreement. Contractor's equal employment policies shall be made available to County of San Mateo upon request.
- D. *Violation of Non-discrimination provisions.* Violation of the non-discrimination provisions of this Agreement shall be considered a breach of this Agreement and subject the Contractor to penalties, to be determined by the County Manager, including but not limited to
 - i) termination of this Agreement;
 - ii) disqualification of the Contractor from bidding on or being awarded a County contract for a period of up to 3 years;
 - iii) liquidated damages of \$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 section, the County Manager shall have the authority to examine Contractors employment records with respect to compliance with this paragraph and/or to 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 30 days of such filing, provided that within such 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 their response to the Complaint when filed.

- E. *Compliance with Equal Benefits Ordinance.* 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.
- F. The Contractor shall comply fully with the non-discrimination requirements required by 41 CFR 60-741.5(a), which is incorporated herein as if fully set forth.

12. Retention of Records.

Contractor shall maintain all required records for three years after the County makes final payment and all other pending matters are closed, and shall be subject to the examination and/or audit of the County, a Federal grantor agency, and the State of California.

13. Merger Clause.

This Agreement, including the Exhibits attached hereto and incorporated herein by reference, constitutes the sole Agreement of the parties hereto and correctly states the rights, duties, and obligations of each party as of this document's date. Any prior agreement, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications shall be in writing and signed by the parties.

14. 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.

15. Notices.

Any notice, request, demand or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United State mail, postage prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed to:

In the case of County, to:

Nomalee Tilman
San Mateo County Correctional Health
300 Bradford Street
Redwood City, CA 94063

In the case of Contractor, to:

Mark J. Zilner
Director of Operations
Diamond Pharmacy Services
645 Kotter Drive, Commerce Park
Indiana, PA 15701-3570

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

COUNTY OF SAN MATEO

By: _____
Richard S. Gordon
President, Board of Supervisors,
San Mateo County

Date: _____

ATTEST:

By: _____
Clerk of Said Board

DIAMOND PHARMACY SERVICES

 MARK J. ZILBER
Contractor's Signature

Date: 5/13/05

Long Form Agreement/Non Business Associate

Exhibit "A"

In consideration of the payments set forth in Exhibit "B", Contractor shall provide the following services:

1. 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/patient 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.

2. 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/patient information to Contractor's pharmacy.

3. Prescription Monitoring Services

Prior to filling prescription orders, Contractor's clinical pharmacists shall screen each inmate/patient'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/patient drug allergies;
- medications which are being reordered too soon;
- medications ordered past the designated cut date; and
- overall prescription order accuracy.

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

4. Formulary Implementation and Management

Contractor shall assist in the development, implementation, and compliance of a drug formulary for County. The purpose of the formulary is to utilize drugs within certain therapeutic classes based on therapeutic value and cost. Contractor shall utilize the existing County 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/patient 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.

5. Dispensing Medications

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:

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

6. Delivery

All orders received by 2:00 PDT will be delivered next day air by 10:30 AM, six (6) days a week. Emergency deliveries will be provided twenty-four (24) hours a day, seven (7) days a week through emergency kit/starter packs or 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. The back up pharmacy will bill Contractor who will bill County at the contracted rate.

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/patient containing inmate/patient 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.

7. Medication Distribution System

Contractor will provide and implement a specialized dispensing and delivery system in conjunction with the County 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 your choice of unit-dose blister cards, conventional prescription vials, bulk or numerous other systems, as preferred. 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 med" sticker.

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

8. Labeling

Each prescription will be labeled individually, with the inmate/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/patient 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.

Two (2) part peel-off reorder labels will be supplied for transmitting reorders to our pharmacy.

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 an inmate/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.

9. 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.

There will be no initial charge for items in the kit.

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.

10. Monthly Supplies / House Stock

Contractor will supply at County's request a complete line of over the counter medications (OTC's), health and beauty aids, durable medical equipment, medical supplies, enteral nutrition and respiratory therapy equipment. Contractor and County will determine a sufficient inventory stock amount. Appropriate stock quantity will be maintained by ordering in one (1) of three (3) ways:

A peel-off reorder label will be used on each stock item. When an item is used the label should be peeled off and faxed to the pharmacy on this appropriate order form.

Contractor will provide County with an order form of all stock items used. Each form would contain agreed minimum/maximum quantity needed on hand. When a minimum listed quantity is reached enough should be ordered to achieve maximum listed quantity. This order form should be faxed to Contractor's pharmacy.

Reconciliation sheets showing declining stock inventory for each medication to account for all doses dispensed will be used. When inventory reaches an agreed minimum amount the form will be faxed to the pharmacy in order to achieve the agreed maximum amount.

11. Efficiency

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

12. 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/patient receiving medication, if requested. MAR's can contain inmate/patient's 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.

13. 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.

14. In-service Training and Continuing Education

Contractor will provide customized inservice training on a variety of topics tailored to educate the staff to ensure compliance and enhance staff knowledge to better care for the inmates/patients. The inservices 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, med 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.

Contractor will also provide drug reference materials as needed such as controlled substance lists, list of medications that should not be crushed, metric conversions, poison antidotes, etc.

15. 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:

- a. detailed inmate/patient profiles;
- b. patient drug allergy and drug interaction alert;
- c. monthly drug usage per inmate/patient;
- d. drug utilization report;
- e. continual narcotic controlled substances inventory;
- f. monthly psychotropic usage report;
- g. Computerized Medical Administration Record, delivered to the institution five (5) days before the end of the calendar month;
- h. list of inmates/patients taking medications which are known to produce adverse side-effects when they are exposed to high temperatures or the sun;
- i. total doses per inmate/patient dispensed;
- j. percentage of inmates/patients on medications;
- k. percentage of inmates/patients on psychotropics;
- l. formulary vs. non-formulary medications dispensed;
- m. number of prescriptions per inmate/patient;
- n. high to low usage by dollar amount;
- o. high to low usage by quantity dispensed;
- p. medication breakdown listed by specific physician;
- q. medication classification report;
- r. cost containment recommendation report;
- s. side effect and drug interaction report;
- t. stop date report;
- u. invoices containing drug name, NDC and AWP; and
- v. numerous customized management/cost containment reports.

16. Pharmacy and Therapeutics Committee (P & T 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 also provide minutes for P & T Committee within 15 days of the meeting.

17. Self-Medication Program

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

18. 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:

- A. 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 the facility;
- B. ensure the facility complies with all applicable state and federal regulations regarding dispensing, administering, and procuring pharmaceuticals;
- C. set up a system to insure that all pharmaceuticals are tracked and recorded to show accountability;
- D. provide routine inspections to insure that the facility complies with all current pharmacy regulations;
- E. conduct an overall inspection of the medications room of the facility;
- F. inspect the contents of the emergency medication kit and poison antidote kit and replace any outdated and/or deteriorated items;
- G. ensure compliance of all federal, state, and local laws and regulations in regards to the guidelines of your Correctional Health Services, Controlled Substance Act, and the State Pharmacy Boards;
- H. 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;
- I. 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;
- J. inspect all areas relating to pharmacy including medication records, storage and security;
- K. monitor the self medication program with the nursing staff;
- L. 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;
- M. 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
- N. 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.

19. Data Requirements

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

20. Additional Products Available

In addition to pharmaceutical services, County may, from time to time, wish to purchase the following:

- A. durable medical equipment and health aids (i.e. crutches, canes, braces, walkers, wheelchairs, wound care products, urologicals, etc.);
- B. over the counter / health and beauty aids (i.e. aspirin, Tylenol, shampoos, hand lotions, disinfectant cream, etc.);
- C. . IV solutions and mixtures; and
- D. respiratory therapy services including respiratory therapists, technicians, products and equipment.

21. Smooth Transition to New Services

Contractor will provide a start-up schedule, which covers the initial inservice 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 inservice, Contractor will gather prescription information, inspect the med room, set up a medication ordering/distribution system obtain physician information, install a fax machine, etc.

Exhibit "B"

In consideration of the services provided by Contractor in Exhibit "A", County shall pay Contractor based on the following fee schedule:

1. Contractor will bill county as follows:
 - A. Billing will be provided once monthly or more often if needed.
 - B. Billing statements will be sorted by your preference of inmate/patient name, medication name, and/or dispense date.
 - C. Billing statements will include prescription number, inmate/patient name, drug name and strength, quantity, cost, NDC number, date the prescription was dispensed, and prescriber 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. Brand name medications – Average whole sale price less seventeen (17) percent. Each prescription will be billed at Average Wholesale Price less twenty percent (20%). There will be no dispensing fee added. There will be no minimum prescription charge. Generic medications will be billed at average wholesale price less sixty-two (62) percent. The average wholesale price is determined by First Data Bank. There is no minimum prescription price and no dispensing fee added to the above medications
 - I. Credit will be issued on full or partial cards at one hundred percent (100%) the amount-billed less \$2.95 processing fee. Credit will only be issued on returned non-controlled tablets or capsules remaining in the original blister packaging provided they are within three months of expiration, have not been released to the inmate population, and are permitted for return by the State Board of Pharmacy and FDA.
 - J. 340B Medications obtained by the County will be packaged and dispensed by Diamond at a fee of \$4.75 per 30-day prescription. There will not be any charge for the medications or a percentage of charging if Diamond does not purchase the medications.
2. The maximum allowable of this three (3) year contract shall be \$2,713,000 (TWO MILLION, SEVEN HUNDRED THIRTEEN THOUSAND DOLLARS)

3. The above includes all services including the completion of Forms, Medication Administration Records (MARs), consulting, inservices, telephone consulting, medication charts and reports.

Attachment I

(Required only from Contractors who provide services directly to the Public on County's behalf.)

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. 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 Pharmacy Services

Name of Contractor(s) - Type or Print

645 Kolter Drive

Street Address or PO Box

Indiana

PA

State

15701

Zip Code

City

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

5/13/05
Date

[Signature]
Signature and Title of Authorized Official
DIRECTOR OF OPERATIONS

*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."

COUNTY OF SAN MATEO
HEALTH SERVICES ADMINISTRATION

MEMORANDUM

DATE: May 24, 2005

TO: Steve Rossi, Risk Management, San Mateo County
PONY# EPS163 Fax: 363-4864

FROM: Heather Cross, Contract Administrator, Public Health Division
PONY # PBH319A Fax: 573-2397

SUBJECT: Contract Insurance Approval

CONTRACTOR: Diamond Pharmaceutical Services

DOES THE CONTRACTOR TRAVEL AS A PART OF THE CONTRACT SERVICES?: No

PERCENT OF THE TIME: N/A

NUMBER OF EMPLOYEES: Over 625


DUTIES (SPECIFIC): Provide pharmaceuticals to the Mobile Clinic and Correctional Health.

COVERAGE:

Comprehensive General Liability: \$ 1 million / 5 million
Motor Vehicle Liability: \$ 1 million
Professional Liability: (Included in G/L) \$ _____
Worker's Compensation: \$ _____

APPROVE WAIVE MODIFY

REMARKS/COMMENTS:
Request Waiver



SIGNATURE
Steve M. Rossi
Risk Manager
5/25/05

COUNTY OF SAN MATEO

Equal Benefits Compliance Declaration Form

I Vendor Identification

Name of Contractor: _____ Diamond Pharmacy Services
Contact Person: _____ Mark Zilner, Director of Operations
Address: _____ 645 Kolter Drive
_____ Indiana PA 15701
Phone Number: _____
Fax Number: _____

II Employees

Does the Contractor have any employees? Yes No

Does the Contractor provide benefits to spouses of employees? 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)

- 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.



Signature
DIRECTOR OF OPERATIONS

Title

MARK J. ZILNER

Name (Please Print)
5/13/05

Date

ACORD CERTIFICATE OF LIABILITY INSURANCE

PRODUCER
 PHARMACISTS MUTUAL INSURANCE COMPANY
 808 HWY 18 W
 ALGONA IA 50511

05/18/2005

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.

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

INSURERS AFFORDING COVERAGE		NAIC#
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	ADD'L LTR	INSRD	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 checked="" type="checkbox"/> OCCUR <input type="checkbox"/> NON-OWNED/HIRED AUTO LIABILITY CEN'L AGGREGATE LIMIT APPLIES PER <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	CPP 0050652 04	09/18/04	09/19/05	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ Included GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMPI/OP AGC \$ 1,000,000 ANCILLARY HHC SERVICES PROFESSIONAL LIABILITY Included Included
A			AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS <input checked="" type="checkbox"/> \$1,000 DED COMP <input checked="" type="checkbox"/> \$1,000 DED COLL	CAU 0050652 03	09/19/04	09/19/05	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ ----- BODILY INJURY (Per accident) \$ ----- PROPERTY DAMAGE (Per accident) \$ ----- AUTO ONLY-EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ ACCR \$
A			GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				
A			EXCESS LIABILITY <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> DEDUCTIBLE <input checked="" type="checkbox"/> RETENTION \$ 10,000	UCL 0050652 05	09/19/04	09/19/05	EACH OCCURRENCE \$ 5,000,000 AGGREGATE \$ 5,000,000 \$ \$ \$
A			WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	WCV 0050652 03	09/19/04	09/19/05	<input checked="" type="checkbox"/> STATU TORY, MIN <input type="checkbox"/> CFF-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - FA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000
A			OTHER EDP	EDP 0050652 00	09/19/04	09/19/05	1. 512. 000 HARDWARE

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

LOCATION: 645 KOLTER DR INDIANA PA 15701

CERTIFICATE HOLDER

COUNTY OF SAN MATEO
 NOMALEE TILMAN MGR
 300 BRADFORD ST
 REDWOOD CITY CA 94063

CANCELLATION

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.

AUTHORIZED REPRESENTATIVE: Clifford H Lange

ACORD 25 (2001/08)

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IMPORTANT

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

ACORD 25 (2001/08)

