

October 1, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL TO EXTEND AGREEMENT NO. 73962 FOR INMATE RENAL
DIALYSIS TREATMENT SERVICES WITH GAMBRO HEALTHCARE
(ALL DISTRICTS) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and authorize the Chairman of the Board to extend the term of the Agreement for six (6) months and on a month-to-month basis thereafter, not to exceed six (6) months at a total cost not to exceed \$650,000, effective November 1, 2002.
2. Authorize the Sheriff or his designee to modify the Agreement within the conditions specified in the Agreement.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purpose of this action is to extend Board Agreement No. 73962 to allow GAMBRO Healthcare, the current Contractor, to provide continuous out-patient End Stage Renal Dialysis (ESRD) Treatment Services to inmates who are in Sheriff's custody while the Sheriff's Department completes its solicitation process for a new out-patient ESRD treatment agreement.

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Under both State and Federal law, the Sheriff's Department has a legal obligation to provide reasonable health care to its inmate population. On a weekly basis, up to 20 inmates may require ESRD services at least three (3) times per week. Most of the inmates requiring ESRD treatment for chronic conditions are ineligible for medical reimbursement.

The Department has been receiving out-patient ESRD treatment services for its inmates since 1985. In addition to costs for the treatments, the Sheriff has had to cover transportation and security costs on an overtime basis.

In an effort to provide services more efficiently and cost effectively, in 2001, the Department explored the possibility of establishing an on-site ESRD treatment center at the Men's Central Jail. However, the Department determined that with construction costs required to establish a treatment center to accommodate dialysis equipment and water treatment requirements, licensing requirements that fully comply with Federal and State regulations, and the need to contract with an outside firm to provide the treatments, that an on-site treatment center was not cost effective, compared to the current out-patient treatments, despite its security and transportation costs .

The Department then explored the possibility of establishing a home dialysis treatment process at the Men's Central Jail. Home dialysis would not require extensive remodeling of the facility, licensing is not required, stringent Federal and State regulations and requirements governing home dialysis are virtually non-existent, and the use of portable dialysis machines with self-contained water treatment process would not cost as much as operating an on-site dialysis treatment center.

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Since the County does not have the staffing and equipment necessary to provide home dialysis treatments, the Department determined that an outside firm would have to be contracted to provide those services. A solicitation for home dialysis treatment services was initiated in May 2002. Under this proposed plan, the County would provide all laboratory services, medications, as well as medical and non-medical supplies.

The Contractor would provide the necessary staffing, the dialysis machines and all equipment and supplies directly related to the operation of the dialysis machines. The Department's evaluation of the three qualified proposals determined that the overall costs for the proposed home dialysis services were higher than the costs to continue outpatient ESRD services. As a result, the Request for Proposal (RFP) solicitation for home dialysis services was canceled, and the Department is now in the process of preparing a new RFP to solicit proposals for a new out-patient dialysis service agreement. This new solicitation process cannot be completed before the current Agreement with Gambro Healthcare expires on October 31, 2002. Therefore, in order to ensure that dialysis services to inmates are uninterrupted and to ensure that there is no lapse in the current agreement with Gambro, the Department is requesting an extension of the current Agreement. The Department anticipates that a new agreement will be in place by May 2003.

Implementation of Strategic Plan Goals

The proposed recommendation supports the County's Strategic Plan for Service Excellence and Fiscal Responsibility. Under this Agreement, the Contractor, who specializes in dialysis treatment services, provides out-patient dialysis services for inmates, including all laboratory work, on designated days and at set times.

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FISCAL IMPACT/FINANCING

The Sheriff's Department has budgeted \$451,000 in the FY 2002-2003 operating budget for ESRD services, and will allocate \$149,000 in FY 2003-2004.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Currently, under Agreement No. 73962, GAMBRO Healthcare is providing out-patient ESRD services to inmates in Sheriff's custody. The former provider, which was acquired by GAMBRO in 1999, had been providing ESRD services to the Sheriff's Department since 1985.

Pursuant to Los Angeles County Code, Title 2, Chapter 2, Provision 2.121.250, Subsection B, Paragraph 2, the Sheriff's Department has determined that the services provided under this Agreement are non-Prop A, based on the facts that the services are: 1) legally mandated; 2) full chronic and non-medical reimbursed; and, 3) County does not have the medical and technical staff to provide the services.

This Amendment with GAMBRO Healthcare provides that the County of Los Angeles has no obligation to pay for expenditures incurred by GAMBRO Healthcare beyond the total Agreement amount. Further, GAMBRO Healthcare will not be asked to perform services which exceed the total Agreement amount, scope of work, or contract dates.

County Counsel has reviewed and approved this letter as to form.

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CONTRACTING PROCESS

The Sheriff's Department has initiated a new solicitation process for out-patient ESRD services, which would replace the current Agreement with Gambro Healthcare. This process is expected to be completed on or about May 2003. A continuation of the current services provided under Agreement No. 73962, until the new solicitation process is complete, will assure the health and safety needs of inmates with chronic kidney problems are met.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Your Board's approval to extend Agreement No. 73962 will ensure uninterrupted ESRD services for inmates who are in Sheriff's custody and will ensure that the Sheriff complies with its legally mandated responsibilities. It will also allow the Sheriff's Department time to complete the solicitation process for a new out-patient ESRD Treatment Services agreement.

CONCLUSION

Upon approval by your Board, please return an adopted copy of this action to the Sheriff's Department's Contract Administration Unit for further processing.

Respectfully submitted,

LEROY D. BACA
SHERIFF

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LDB:PKT:MM:JC:kf
(Administrative Services Division-Contract Unit)

Attachment

c: Justice Deputies
Executive Officer, Board of Supervisors
Lloyd W. Pellman, County Counsel
J. Tyler McCauley, Auditor-Controller
David E. Janssen, Chief Administrative Office
Rochelle Goff, Department Analyst, Chief Administrative Office
Dr. Thomas Garthwaite, Director, Health Services
Al Scaduto, Chief, Correctional Services Division
Paul K. Tanaka, Acting Chief, Administrative Services Division
Mike McDermott, Captain, Financial Programs Bureau
Glen Dragovich, Assistant Director, Financial Programs Bureau
Patricia A. Hawkins, Director, Fiscal Administration
Cathy Stapleton, Fiscal Administration
Conrad Meredith, Manager, Budget
Joe Cruz, Manager, Contracts Administration Unit
Chrono File