

LEGISLATIVE DIGEST

[Administrative Code - Department of Public Health Group Purchasing Organizations]

Ordinance amending the Administrative Code to authorize the Department of Public Health to participate in Group Purchasing Organizations for procurement of commodities, information technology products and related services, and general and professional services related to the operation of its facilities.

Existing Law

Administrative Code Section 21.43 authorizes the Department of Public Health (“DPH”) to become a member of the University Health System Consortium (“UHC”), and utilize all programs and services offered by UHC, including Novation, a Group Purchasing Organization (“GPO”), to obtain group discounts on goods and materials, under the GPO’s standard terms and conditions.

Amendments to Current Law

This ordinance would authorize DPH to become a member of other GPOs, clarify that DPH can procure information technology products and related services through a GPO, extend DPH’s authority to procure general and professional services through a GPO, and require DPH to evaluate its GPO memberships every five years to ensure it is getting the best possible value.

Background Information

In 1997, the City authorized DPH to join UHC and utilize all programs and services offered by UHC, including Novation, a GPO.

GPOs obtain cost savings by pooling their members’ purchasing power, conducting a competitive bidding process for a vast array of goods and services for health care and negotiating lower prices from their participating vendors. On March 14, 2013, the Controller issued a City services audit report evaluating the ways in which DPH could improve its contracting practices to achieve greater cost savings. One of the Controller’s recommendations was to centralize purchasing information and functions to maximize DPH’s purchasing options.

Currently, DPH is authorized to be a member of only one GPO. This limitation prevents DPH from using other GPOs that may enable DPH to get the best prices. Since this section was originally enacted, information technology has become an integral part of nearly every piece of medical equipment, and is essential to safe and effective patient care. Clarifying that DPH can procure information technology products and services through a number of GPOs will

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ensure that DPH will have access to competitive pricing for a wide array of goods and services.

This ordinance clarifies that this section allows the Department to satisfy the competitive bidding process required by the Administrative Code through each respective GPO's competitive bidding process.

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