✚ SITKA COMMUNITY HOSPITAL
Creating a healthier tomorrow today.

209 Moller Avenue
Sitka, Alaska 99835

(907) 747-3241
www.sitkahospital.org

MEMORANDUM

To: Mayor Hunter and Members of the Assembly,
Mark Gorman, Administrator

Cc: Bryan Bertacchi, Hospital Board Chair
Rob Allen, CEO

From: Steven Hartford, SCH Director of Operations

Date: November 2, 2016

Subject: Request for supplemental budget ordinance for Medical Equipment Lease

The Hospital had included $130,000.00 for the acquisition of a medication dispensing system in its current year capital budget. The process for reviewing the product options available to the Hospital led to a decision to lease the equipment from a company known as Omnicell. This lease will be for a 60 month or 5 year period at a cost to the Hospital of $2645.02 per month for a total of $160,041.64 over the 5 year period.

Jay Sweeney has recommended that we seek an ordinance allowing us to supplement our current fiscal year capital budget by $30,000 in order to cover the difference and ensure authority to expend the total amount over the 5 year period.

For your information I am attaching the memo and other materials we provided to our Board last month when they approved the project.

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MEMORANDUM

To:	Board of Directors and Rob Allen, CEO
From:	Steve Hartford, Director of Operations
Date:	January 19, 2017
Re:	**Recommendation for acquisition and lease financing of Omnicell Med-dispense system**

As you may recall, SCH made a determination last year that a high priority for medical equipment upgrades was to acquire a medication dispensing system also known as a dispensing cabinet. An '"automated dispensing cabinet'" (ADC) is a computerized drug storage device or cabinet designed for hospitals. ADCs allow medications to be stored and dispensed near the point of care while controlling and tracking drug distribution.

Hospital pharmacies have traditionally provided medications for patients by filling patient-specific cassettes of unit-dose medications that were then delivered to the nursing unit and stored in medication cabinets or carts. ADCs, which are designed to replace non-automated floor stock storage, were introduced in hospitals in the 1980s and have facilitated the transition to alternative delivery models and more decentralized medication distribution systems. These systems have become commonplace in our industry.

SCH's clinical leaders firmly believe that Implementing automated dispensing cabinets as part of a decentralized or hybrid medication distribution system will improve patient safety and the accountability of the inventory, streamline certain billing processes, and ultimately, lead to increased nursing and patient satisfaction.

Because automated dispensing cabinets track user access and dispensed medications, their use can improve control over medication inventory. Furthermore, by restricting individual drugs – such as high-risk medications and controlled substances – to unique drawers within the cabinet, overall inventory management, patient safety, and medication security can be improved.

Automated cabinets can also enable providers to record medication charges upon dispensing; reducing the billing paperwork pharmacy is responsible for. In addition, nurses can note returned medications using the cabinets' computers, enabling direct credits to patients' accounts. Since the cabinet will be located in the medication room near the nurses' station, nurses will have speedier access to a patient's medications. Decreased wait time for medication can lead to less frustration for nursing staff and prevent conflict between the pharmacy and nursing staff. Also, shorter waiting time ensures improved patient comfort and care. This particular unit will allow us to integrate the system with our new EHR.

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The selection of the product was made by a team of nurses led by our Acute Care Manager Kat Richards and which solicited input from our I.S. department, pharmacy and biomed. The process included selecting 3 of the top rated vendors for Critical Access Hospitals and with onsite and offsite demonstrations of each product. Ultimately Omnicell was determined to be the best fit for our operation and is highly rated by the industry led medical technology review association known as KLAS.

In December the Board approved the acquisition of this equipment by approving an allocation of $130,000.00, leadership is recommending a plan to finance this acquisition using a 60 month financing vehicle offered by the vendor. The payments for this plan will come from our current capital budget and ensuing capital budgets over the next 5 years.

We are requesting approval of the 60 month financing plan. It is our understanding that the Assembly will also have to approve this as it is a multi-year commitment.

For your information I have attached the following:

- Vendor comparison analysis and recommendation prepared by Kat Richards;

- Term sheet from Omnicell including costs and financing details;

- Omnicell product information.

Master Agreement ID	20417-01	**Summary By Product**		**Start Date**	12/15/16
Pricing Supplement ID	5227465			**Expiration Date**	03/15/17
Quote: 5227465	Initial Automation with 3rd Carrier			**Price List**	USA List

Ship To ID   20417   **Bill To ID**   20417
Sitka Community Hospital   Sitka Community Hospital
209 Moller Avenue   209 Moller Avenue
Sitka AK 99835-7145   Sitka AK 99835-7145

Support Services Term / Level 60 Months/Advantage   **Lease Term**   60 Months

| Product | Description | Qty | Product | | | Monthly Services | |
			Contract List Price	Unit Price	Extended Price	Unit Services	Extended Services
MED-CSD-001	XT CONTROLLED SUBSTANCE DISPENSER	1	$393.19	$137.62	$137.62	$65.00	$65.00
MED-DRW-001	XT 48-BIN OPEN CONFIGURABLE DRW	5	$49.15	$3.09	$15.45		
MED-DRW-003	XT MED 6-BIN DBL DEEP METAL LOCKING DRW	2	$100.26	$35.09	$70.18		
MED-DRW-004	XT MED 10-BIN METAL LOCKING LID DRW	2	$100.26	$35.09	$70.18		
MED-DRW-005	XT MED 18-BIN METAL LOCKING LID DRW	4	$100.26	$35.09	$140.36		
MED-DRW-006	XT MED 27-BIN METAL LOCKING LID DRW	6	$100.26	$35.09	$210.54		
MED-DRW-007	XT MED 36-BIN METAL LOCKING LID DRW	2	$100.26	$35.09	$70.18		
MED-FRM-101	XT MED 1-CELL CABINET	1	$685.15	$239.81	$239.81	$105.00	$105.00
	Solution Includes: * XT MED 1-CELL CABINET * SW LICENSE- SCHEDULED MEDS * SW LICENSE- PROFILE OPTION * XT SCANNER, WIRED (1,2,3 CELL) * XT CONSOLE- BIOID, MED LBL & RCPT PRNTR						
MED-FRM-102	XT MED 2-CELL CABINET	1	$842.43	$294.86	$294.86	$120.00	$120.00
	Solution Includes: * XT MED 2-CELL CABINET * SW LICENSE- SCHEDULED MEDS * SW LICENSE- PROFILE OPTION * XT SCANNER, WIRED (1,2,3 CELL) * XT CONSOLE- BIOID, MED LBL & RCPT PRNTR						

Product	Description	Qty	Product			Monthly Services	
			Contract List Price	Unit Price	Extended Price	Unit Services	Extended Services
MED-OPT-002	XT EXTERNAL RETURN BIN, WIRED CAB MOUNT	2	$64.88	$22.71	$45.42		
MED-OPT-009	XT MED PRINTER LABELS- BOX (6 ROLLS)	1	$1.97	$0.69	$0.69		
MED-OPT-011	XT CSD STANDARD CASSETTE KT-32 LINE ITEM	1	$58.98	$20.64	$20.64		
OMC-BDL-010	CAH BASE RACK SERVER BUNDLE	1	$589.79	$589.79	$589.79	$230.00	$230.00
OMC-SCN-003	2D SAFETYSTOCK SERVER SUITE(SCANNER)	1	$119.83	$41.94	$41.94		
SRD-OPT-012	XT FLEXLOCK WITH 50 FT CABLE,INSTALLED	2	$77.66	$27.18	$54.36	$20.00	$40.00
SRD-SUB-001	TRAINING SUBSCRIPTION (5 YR)	1	$83.33	$83.00	$83.00		
	Prices are calculated based on 60 month subscription term						
	Total Monthly Product		$2,085.02				
	Total Monthly Support Services		$560.00				
	Grand Total Monthly		$2,645.02				
			Total Product		$125,101.20		
			Total Support Services		$33,600.00		
			Total Shipping & Handling		$1,340.44		
			Grand Total		$160,041.64		

Discount Included Above: $169,478.40

| Product | Description | Qty | Contract List Price | Product | | Monthly Services | |
				Unit Price	Extended Price	Unit Services	Extended Services
A purchase order for Support Services in the amount shown as Total Service Fees is included with this Pricing Supplement. The pricing being offered within this Pricing Supplement is contingent upon execution by Customer of the applicable Omnicell Master Agreement. The pricing being offered within this Pricing Supplement is contingent upon execution by Customer of the applicable Sole Source Letter Agreement. The pricing and terms being offered within this Pricing Supplement are contingent upon approved credit for Customer as received from the applicable credit entity.							

Master Agreement ID	20417-01	**Supplement**	**Start Date**	12/15/16
Pricing Supplement ID	5227465		**Expiration Date**	03/15/17
Quote: 5227465	Initial Automation with 3rd Carrier		**Price List**	USA List

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Bill To ID   20417

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Support Services Term / Level 60 Months/Advantage   **Lease Term**   60 Months

1. This Pricing Supplement is subject to and incorporates by reference all of the terms and conditions as set forth within the Master Agreement identified above.

2. Any terms and conditions on any Purchase Order issued in conjunction with this Pricing Supplement shall be for reference purposes only and shall not become a part of the terms and conditions of this Pricing Supplement.

3. Customer acknowledges and agrees that it is Customer's obligation to pay the amounts as set forth on this Pricing Supplement and that such payment obligations are governed by the terms and conditions of the above referenced Master Agreement including all applicable scheduled, attachments and exhibits.

4. The undersigned hereby acknowledges that he/she has the authority to sign this Pricing Supplement and bind the Customer to the terms and conditions of this Pricing Supplement.

OMNICELL, INC:	CUSTOMER:
Signature: _____	Signature: _____
Print Name: _____	Print Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

*** Please fax all document pages to (650) 251-6240**

Attn: Sales Operations
Omnicell, Inc.
590 E. Middlefield Road
Mountain View, CA 94043
Phone: (650) 251-6000
Fax: (650) 251-6240

Omnicell
Automated Medication Dispensing Cabinets

Omnicell

Take on Tomorrow

Achieve Safer, More Efficient

HOW CAN YOU BETTER MANAGE MEDICATIONS IN TODAY'S ENVIRONMENT?

Omnicell understands nursing and pharmacy challenges, and we design our automated medication dispensing cabinets to address them.

- Clinician-preferred ease of use
- Durable, reliable hardware
- Lowest cost of ownership
- Regular software upgrades included with industry-leading service program
- Seamless integration with health care information systems
- Advanced security and diversion prevention
- Innovations that improve workflow and compliance

> *Nurses are interrupted approximately once every 5 minutes.[1]*
>
> *Patient safety and quality of care are tied to nurse satisfaction.[2]*
>
> *Nearly $1 billion paid to hospitals in the next year will be based in part on patient satisfaction.[3]*

> *"We found that Omnicell's advanced technology is unparalleled in the market. Omnicell's interoperability, user-friendly interface and forward-thinking approach to medication management set them apart in our search."*
>
> **Jeff St. Clair,** *President and CEO*
> Springhill Medical Center

Highest KLAS Honors for 10 Consecutive Years

#1 Overall pharmacy automation equipment vendor (2013 – 2015)[4]

Best in KLAS:
- Automated Medication Dispensing Units: 2010-2015

Category Leader:
- Automated Medication Dispensing Units: 2006-2011[5]
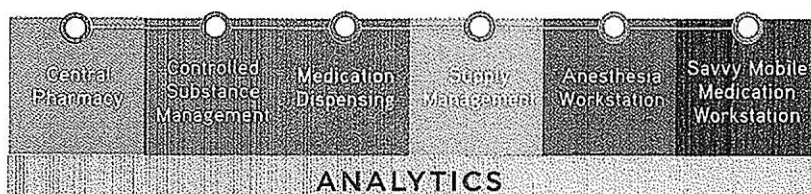
BEST IN
KLAS
2015

Integration That Saves Time, Prevents Errors

As part of the Unity enterprise platform, Omnicell automated medication dispensing systems share a single medication database. This integration helps to save time, simplify user account management, reduce errors, and minimize system maintenance and IT involvement.

Interoperability—Integration between the Omnicell automated dispensing cabinet and electronic health record (EHR) saves clinicians steps in medication workflow.

Unity Enterprise Platform

Central Pharmacy | Controlled Substance Management | Medication Dispensing | Supply Management | Anesthesia Workstation | Savvy Mobile Medication Workstation

ANALYTICS

Leading Technology
Fits Enterprises of All Sizes

The scalable, enterprise-class OmniCenter® server centrally manages your Omnicell medication and supply dispensing systems.

- Holds up to seven years of data

- Remote access from any PC connected to the hospital's network

- Comprehensive array of reports for inventory and clinical management

- Supports multiple sites and multiple time zones — up to 1,000 cabinets on a single server

- Choice of physical or virtual platforms

- Employs the latest technology

- EHR Modular Certification supports meaningful use

- Enterprise analytics improve inventory management and diversion detection

[1] Brixey JJ. Robinson DJ, Tang Z, et al. Interruptions in workflow for RNs in a level one trauma center. *AMIA Annu Symp Proc.* 2005;86-90. [2] Aiken LH, Sermeus W, Van den Heede K. Patient safety, satisfaction, and quality of hospital care: cross sectional surveys of nurses and patients in 12 countries in Europe and the United States. *BMJ.* March 20, 2012;344:e1717. [3] Adamy J. U.S. ties hospital payments to making patients happy. *Wall Street Journal.* October 14, 2012. Accessed online 2/5/13. [4] Best in KLAS Awards: *Medical Equipment report*; 2006–2015. ©2015 KLAS Enterprises, LLC. All rights reserved. www.KLASresearch.com [5] This Category Leader award was discontinued in 2012 and combined with Best in KLAS. [6] Joint Commission 2013 Hospital National Patient Safety Goals (NPSG.03.04.01 relates to labeling medications). [7] Cohen H, Robinson ES, Mandrack M. Getting to the root of medication errors: survey results. *Nursing* 2003. 2003;33(9):36-45. [8] Monegan B. Nurse interrupted: South Jersey Hospital uses technology to reduce disruptions, avoid errors. *Healthcare IT News.* June 2010. Accessed online 2/14/13. [9] Data collection from cabinet log file analysis. [10] Omnicell beta customer data on file.

SATISFIED NURSES, SAFER PATIENTS

How are you complying with National Patient Safety Goal 03.04.01?[6]

Unlabeled medications pose a patient safety hazard and a Joint Commission compliance issue.

Solution: Omnicell offers a Medication Label Printer integrated within the automated dispensing cabinet (ADC), allowing nurses to print patient-specific labels during medication issue.

How often are your nurses interrupted while preparing for medication passes?

Interruptions during medication administration were cited as the top reasons for medication errors.[7]

Solution: Anywhere RN™ remote medication management software allows nurses to remotely manage medications in quieter areas with fewer distractions.

- **54% of nurses reported reduced interruptions in the medication administration process.[8]**
- ADC medication removal time decreased 33%.[9]

Anywhere RN now integrates within the Epic and Cerner electronic health record (EHR) systems.

How do you manage patient-specific medications?

Patient-specific items not stored in the ADC must be managed manually, increasing the risk of loss, diversion, missing doses, and other medication errors.

Solution: SinglePointe™ patient medication management software enables up to 100% of a patient's medications to be managed via the ADC.

- Missing doses decreased 30%[10]
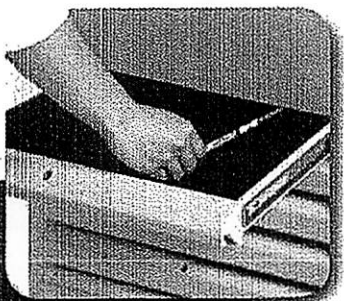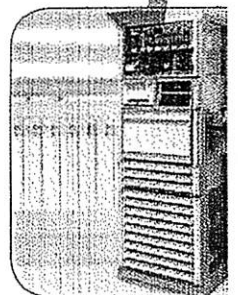- Returns/credits decreased 80%[10]

How much time are nurses spending on narcotic countbacks?

Tedious narcotic counts at the ADC—and the inevitable recounts to resolve discrepancies—take time away from patients.

Solution: The OmniDispenser™ single-dose dispensing module secures medications in a separate location in the ADC and dispenses each dose individually, virtually eliminating the need for countbacks.
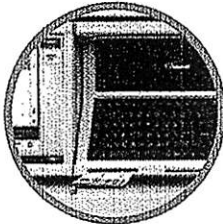
Workflow

Work Smarter With Omnicell Cabinets

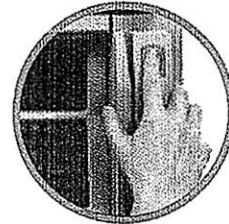Select items for each patient via touch screen computer interface

Print patient-specific labels with integrated Medication Label Printer

Dispense each dose individually with OmniDispenser

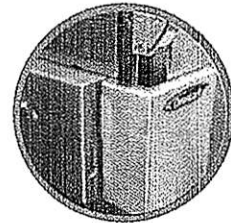Identify location of selected items with guiding lights

Have fast yet secure access with advanced Touch & Go™ biometric ID system

Confirm correct item with SafetyStock® bar code scanning

Secure unused medication in the external return bin

Secure refrigerated medications and monitor temperature to meet CDC guidelines with FlexLock

Omnicell One-Cell Cabinet With OmniDispenser Module

To learn more about Omnicell medication management systems, please contact your Omnicell representative or visit www.Omnicell.com.