August 29, 2008

Honorable Board of Supervisors  
County of Alameda  
1221 Oak Street, Suite 536  
Oakland, California 94612-4305

Dear Board Members:

SUBJECT: EXTEND AND INCREASE THE CONTRACT WITH KAISER PERMANENTE, REQUEST FOR PROPOSAL (RFP) NO. 10122/AF/04; AMOUNT: $470,962

RECOMMENDATION:

Authorize the Purchasing Agent to negotiate and sign an Amendment to extend Master Contract No. 900312 with Kaiser Foundation Health Plan, Inc. (Douglas Benner, Coordinator Occupational Health, Permanente Medical Group), Oakland, CA, to provide Risk Management Unit (RMU) with Occupational Health and Wellness Services in accordance with the current agreement, and increase the amount of the contract from $1,413,000 to $1,883,962, not to exceed an increase of $470,962. The term of this contract extension shall be for twelve months, beginning on approximately October 1, 2008 and ending on approximately September 30, 2009. The contract allows for this extension by mutual agreement.

DISCUSSION/SUMMARY:

On July 26, 2005, File No. 19739, Item No. 27, your Board authorized the Purchasing Agent to enter into a three-year contract starting approximately October 1, 2005 with Permanente Medical Group to conduct formative research, develop protocols, and provide medical testing for pre-placement physical examinations, employee occupational health services, and hazardous materials workers examinations at convenient locations, often on short-notice on an ongoing basis.

The Risk Management Unit's objectives for the County pre-placement exam process are to ensure that all candidates for County employment are medically capable to perform job duties, are not placed in positions that can aggravate existing medical conditions or create hazards to
themselves or others, and to permit maximum accommodation of individuals with disabilities. Since the current program was developed and implemented by Kaiser, and its success is largely attributable to Kaiser, it is recommended that the contract with Kaiser Foundation Health Plan be extended so that they may continue in their efforts to secure pre-employment medical examinations in accordance with Alameda County’s employment guidelines. Kaiser has agreed to maintain the current pre-exam fee structure.

**SELECTION CRITERIA/PROCESS:**

A Request for Proposal (RFP) was issued to 21 vendors on January 14, 2005 and resulted in two responses. The RFP had three components that could be bid on and awarded individually. Component #1 was for the variety of occupational health and wellness services. Component #2 was for DOT-mandated drug and alcohol testing. Kaiser Permanente’s bid was the highest ranked bidder for Component #1 and was awarded a contract. Concentra Health Services was ranked highest for Component #2 and was awarded a contract. Risk Management Unit has reevaluated their need for Component #2 and is not extending the contract with Concentra Health Services. RMU is in the process of enrolling in the CSAC-EIA Drug and Alcohol Monitoring Consortium for the DOT testing services previously provided by Concentra.

A SLEB waiver was issued for this contract based on the requirement that Kaiser is a direct patient care provider.

**FUNDING:**

Funding for this program is included in RMU’s FY 2008-2009 budget and will be requested in subsequent budget years. No additional appropriations are required at this time.

Respectfully submitted,

Susan S. Muranishi  
County Administrator

Aki K. Nakao  
Director, General Services Agency

AKN:NB:mp: Board Letters\Purchasing\FY 2008-09 Occupational Health and Wellness Svcs (Kaiser Permanente)

CC: Patrick O’Connell, Auditor-Controller  
Richard E. Winnie, County Counsel