

SOURCE JUSTIFICATION FORM

Bureau of Procurement

The objective of this form is to capture all relevant documentation an Agency may have to assist the Department of General Services ("DGS"), Bureau of Procurement, in expediting the source justification review process. This form must be completed electronically, signed, and submitted with all relevant documentation to DGS. If a question is neither mandatory nor applicable, please indicate "N/A". Please use standard terminology and define acronyms.

SECTION A

1. Agency Name:	Department of Corrections		
2. Procurement Description: This description will appear on the eMarketplace website for public viewing	Amendment to extend the Pharmacy services contract for the Department of Corrections		
Materials Description:			
Services Description:	1 year contract extension for the existing Pharmacy services contract for the Department of Corrections		
3. Materials Shopping Cart # or Services SPR#	6100037049	Estimated Cost:	\$5M +
		Initial Contract Term:	1 years
		Renewals:	0
4. Supplier - Name:	Diamond Drugs Inc, dba Diamond Pharmacy Services		
Full Address:	645 Kolter Dr, Indiana, PA 15701		
Contact Name:	Gustave Gabrielson, R.Ph		
Telephone:	724-349-1111	FAX:	
E-mail:	ggabrielson@diamondpharmacy.com		
SRM Supplier #:	147665		
5. Delivery or service location:	Department of Corrections Facilities		

SECTION B

<input type="checkbox"/>	1. Sole Source: Only known source - Not available from another supplier.
<input type="checkbox"/>	2. Material/Repair/Maintenance: Material or service MUST be compatible with existing equipment. Documentation must be provided from the manufacturer.
<input type="checkbox"/>	3. Used Equipment: Value set by 2 independent 3rd party appraisals.
<input type="checkbox"/>	4. Professional Expert: Describe in detail in Section C.
<input type="checkbox"/>	5. Exempt (Law): A federal or state statute or regulation exempts the procurement from the competitive procedure. Any applicable information precluding the procurement from competitive procedures must be attached.
<input checked="" type="checkbox"/>	6. Feasibility: Clearly not feasible to award the contract on a competitive basis.

Department of General Services

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SECTION C

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1. Describe the unique features of this procurement that prohibit a competitive environment. If applicable, attach a Statement of Work ("SOW").

The Pennsylvania Department of Corrections (PADOC) has launched several pharmaceutical cost-savings projects in the past 90 days. These initiatives were reported to the Governor's Office of Transformation, Innovation, Management & Efficiency (Go-Time) due to the large cost savings this agency and the Commonwealth can anticipate to realize as a result of their implementation. These initiatives are outlined below:

Section 340B of the Public Health Service Act requires drug manufacturers to provide outpatient drugs to eligible covered entities at significantly reduced prices. The PADOC has partnered with Temple University Hospital and Diamond Pharmacy Services to procure outpatient drugs, specifically HIV and Hepatitis C drugs at the reduced prices offered through this program. DOC's participation in the 340B drug discount pricing program, which commenced on July 21, 2015, is expected to save the Commonwealth approximately \$4.5M per year.

The PADOC has also partnered with the Pharmaceutical Assistance Contract for the Elderly (PACE) and Diamond Pharmacy Services to enroll elderly inmates, aged 65 and older, in the PACE program for payment of pharmaceuticals for this population. This program commenced on August 1, 2015 and is expected to save the Commonwealth approximately \$2.1M annually.

Finally, the DOC is approaching the implementation phase of an electronic health record application, a component of which is the medication administration record. The interface for this component exists with Diamond Pharmacy Services for the provision of online medication ordering, delivery, administration documentation, etc. This component is also an integral part of both the 340B and PACE projects, as programmatic participation and pricing identification associated with these projects has been developed to coincide with them.

Each of these cost-savings measures required both DOC and Diamond Pharmacy to enter into contractual agreements with the other entities involved (Temple University Hospital, PACE, Sapphire, etc.). Each endeavor also required extensive systems development work to ensure compliance with the federal and state program requirements is achieved.

A change in a pharmaceutical vendor at this juncture would be detrimental as it would cause a lapse in program participation and the corresponding cost savings. The lapse would be due to the contractual, legal, and technical tasks and obligations that would be required for a new vendor to undertake to be in a position to support them.

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2. Document and attach the research that has been conducted to date to verify the supplier is the only known source.

3. Does the supplier utilize distributors, dealers, resellers, etc.? If "Yes," please identify.

4. Are there compatibility requirements or compliance requirements with a warranty or service agreement? If "Yes," please explain.

5. How has the material or service been procured in the past? Please provide previous source justifications, contracts, & PO's for this material or service.

6. If procured through the IT ITQ process, please provide original \$ amount and contract period of order. Is this the final phase of the project?

7. If this is an upgrade, addition, alteration, etc., to an earlier procurement, please describe in detail.

8. What are the consequences of not approving this procurement?

9. If timing is a factor, what is the time factor and why?

10. List any other information relevant to the acquisition of this procurement here or as an attachment.

11. For requests > \$100,000, has the supplier signed cost or pricing data certification and is the pricing breakdown attached?

The costs associated with completion of these tasks and adherence to the fiduciary obligations therein, would be passed on to the Commonwealth through the procurement/bid process.

In conclusion, because these projects are in their infancy, pharmaceutical vendor costs associated with them cannot be determined at this time. Therefore, the PADOC requests an extension of the current pharmaceutical contract with Diamond Pharmacy Services to July 31, 2017, to allow the programs to be fully implemented. This will provide time needed to collect outcome measures, and quantify costs incurred and savings realized, in order to effectively seek proposals for a new contract.

Diamond Drugs, Inc. is the current contracted vendor.

N/A

N/A

These services were procured through the RFP process and are being provided under contract 4400007074.

N/A

The is a one year extension to the existing contract.

N/A

Timing is a factor because if this SS is not approved, the DOC will have to start the RFP Process for the new contract in the next few weeks.

N/A

yes

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SECTION D

IMPORTANT*: The printed names on this form shall constitute the signatures of these individuals. Agencies must insure that these individuals review the completed form and give their consent to apply their printed name on this form. No handwritten signatures shall be required in order for the form to be considered "signed" by those individuals whose names appear in the signature section of the form.

Shopping Cart Contact Person (Person whom DGS will contact regarding the Shopping Cart):

Name:	Beth Procopio	P-Group:	A51	Date:	11-16-15
Title:	Chief, Div. of Administrative Se	Telephone:		Fax:	

Agency Contact Person: Person in your agency that DGS can contact for additional information, etc.

Name:	Jodie White	Title:	Contract and Project Manager	Date:	11-12-15
Telephone:		Fax:		Email:	jodwhite@pa.gov

Approving Authority (Agency Head or Deputy reviewing and approving this request): Approving Authority connotes approval of the source justification and the cost or pricing data certification.

Name:	Christopher Oppman	Title:	Deputy Secretary for Administratic	Date:	02-01-16
Telephone:		Fax:			

Additional Approvals (if required by Agency):

Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	
Name:		Title:		Date:	
Telephone:		Fax:		Email:	