

**SUMMARY OF REQUEST**

**DATE:** October 27, 2021

**FACILITY:** Broward Health Medical Centers

**PROGRAM/PRODUCT LINE:** Laboratory Services

**REQUEST:** Approval to enter into a five (5) year contract with the reference lab company Quest Diagnostics.

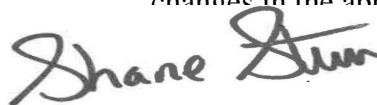
**PURPOSE:** This request will provide access to specialized, complex reference laboratory testing services that are not performed in house.

**CAPITAL REQUIRED:** N/A

**FISCAL IMPACT:** System wide expense: \$4 million per year or \$20 million over the course of the five-year contract.

**BUDGET STATUS:** Yes

**LEGAL REVIEW:** The contract is subject to General Counsel's review and approval as to legal form and conditioned on no material changes in the approved business terms.

**APPROVED:**  
Shane Strum 10/01/2021 07:43 EDT  
Shane Strum, President/CEO

DATE: \_\_\_\_\_

**MEMORANDUM**

**TO:** Board of Commissioners

**FROM:** Shane Strum, President/Chief Executive Officer

**DATE:** October 27, 2021

**SUBJECT:** Approval to enter into a five (5) year contract with the reference lab company Quest Diagnostics.

**BACKGROUND**

As a standard practice, acute care hospitals partner with a large commercial reference laboratory that performs specialized, complex testing. These tests require specialized equipment and are not emergent in nature. Broward Health Laboratories perform over ninety percent (90%) of all necessary testing in house. However, the remaining 10% require the services of a reference laboratory to perform. In FY21, Broward Health Laboratories sent out 62,000 requests for tests to Quest Diagnostic Laboratory.

**ACTION/PROJECT DESCRIPTION**

Approval to enter a five (5) year contract with Group Purchasing Organization (GPO) vendor Quest Diagnostics Laboratory for reference lab testing services. This vendor has provided reference lab testing services for Broward Health Laboratory since 2013. Of the three GPO vendors that submitted quotes, Quest Diagnostic Laboratory offered the lowest. An added value of remaining with this vendor is that a new I.T. interface build will not be needed, a project that can take up to six months for implementation.

**FINANCIAL/BUDGETARY IMPACT**

System wide expense: \$4 million per year for year one or \$20 million over the course of the five-year contract. Annual regional expense is as follows:

Broward Health Medical Center:	\$2,000,000
Broward Health North:	\$ 900,000
Broward Health Coral Springs:	\$ 600,000
Broward Health Imperial Point:	\$ 500,000

With the new contract pricing, Broward Health will save \$421,000 annually or \$2,105,000 over the five-year (5) contract period.

### **JUSTIFICATION**

Selection of Quest Diagnostic Laboratory provides Broward Health Laboratories with a conduit for processing specialized, complex laboratory tests that are not performed in house.

### **STAFF RECOMMENDATION**

**Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to enter into a five (5) year contract with Quest Diagnostics for reference lab testing services at an annual expense of \$4 million and \$20 million over the term of the five (5) year Agreement.**