



REPORT FOR ACTION

Award of Request for Proposal (RFP) No. 0513-17-0092 Pharmacy Services at various City of Toronto's Long-Term Care Homes & Services locations and the Office of Emergency Management.

Date: September 8, 2017
To: Government Management Committee
From: General Manager, Long-Term Care Homes & Services Division and Director,
Purchasing and Materials Management Division
Wards: All

SUMMARY

The purpose of this report is to provide information on the results of the Request for Proposal (RFP) 0513-17-0092 for the provision of Pharmacy Services at various City of Toronto's Long-Term Care Homes & Services (LTCHS) locations and the Office of Emergency Management (OEM), and to request authority to negotiate and enter into a legal agreement with the recommended proponent, Medical Pharmacies Group Limited.

RECOMMENDATIONS

The General Manager, Long-Term Care Homes & Services and Director, Purchasing and Materials Management Division recommend that:

1. City Council grant authority to the General Manager, Long-Term Care Homes & Services Division to negotiate and enter into an agreement with Medical Pharmacies Group Limited, being the highest scoring proponent meeting the requirements of Request for Proposal (RFP) 0513-17-0092 based on the terms and conditions set out in the RFP 0513-17-0092, and on such other terms and conditions satisfactory to the General Manager, Long-Term Care Homes & Services Division and in a form satisfactory to the City Solicitor which agreement shall:
 - a. include provisions for the delivery of Pharmacy Services at various City of Toronto's Long-Term Care Homes & Services (LTCHS) locations and the Office of Emergency Management (OEM) in the amount of \$164,670 (non-taxable) for the initial term of three (3) years commencing on November 1, 2017 and for an additional amount of \$104,113 (non-taxable) for the option to renew, at the sole discretion of the General Manager, Long-Term Care Homes & Services Division,

for an additional two (2) year term for a total potential cost to the City including all option years of \$268,783 (non-taxable); and

- b. provisions for the lease by Medical Pharmacies Group of space located in Castlerview Wychwood Towers at 351 Christie Street , for a period of three (3) years commencing on November 1, 2017, at an annual lease revenue of \$151,550 plus HST, with an option to renew at the sole discretion of the General Manager, Long-Term Care Homes & Services Division, for an additional two (2) year term for a total guaranteed lease revenue to the City in the amount of \$757,750 plus HST (including option year term).

FINANCIAL IMPACT

Pharmacy Services are provided to Long-Term Care Homes & Services at no net cost to the City. Long-Term Care Homes & Services has an obligation under provincial legislation and regulation to ensure a program is in place for the provision of Pharmacy Services to residents.

The Pharmacy Service provider is responsible to invoice the Ministry of Health and Long-Term Care (MOHLTC) and/or residents directly for all prescriptions dispensed. All services, equipment and supplies ordered by attending physicians for individual residents under the MOHLTC legislation and regulation (High Intensity Needs Fund (HINF)) are processed through Long-Term Care Homes & Services' Operating Budget. Funding is available in the 2017 Approved Long-Term Care Homes & Services Operating Budget in account D3*144 CE 2826 and D3*170 CE 2827. Additional funding will be included in the 2018 - 2020 Operating Budget Submission for Long-Term Care Homes & Services and Office of Emergency Management. All expenditures are 100 percent funded on a cost recovery basis by the MOHLTC through the HINF. The annual gross expenditure for pharmaceutical products purchased is approximately \$52,057 (not taxable).

The Office of Emergency Management would only incur expenses in the event of an emergency involving a large scale Emergency Social Service response. The potential total gross expenditure for prescription medications would be \$8,500 (not taxable) for the total duration of the contract. Funding is available in Office of Emergency Management 2017 Operating Budget in account NP2272 CE 2590.

The total potential contract award identified in this report and cost to the City, including all Option Years is \$268,783 net of all taxes (non-taxable).

Should the City choose to exercise its option to renew for one (1) separate two (2) year period, then appropriate additional funding, if needed, will be included in the 2020 - 2022 annual Operating Budget Submissions for Long-Term Care Homes & Services and Office of Emergency Management.

Table 1: Financial Impact Summary of Recommended Contract – Costs to be Recovered

Division	LTCHS	OEM
Cost Centre / Cost Element	D3*144 / 2826 D3*170 / 2827	NP2272 / 2590
Contract Period (November 1 to December 31, 2017)	\$8,676	\$8,500
Contract Period (January 1, 2018 to December 31, 2018)	\$52,057	
Contract Period (January 1, 2019 to December 31, 2019)	\$52,057	
Contract Period (January 1, 2020 to October 31, 2020)	\$43,380	
Option Year 1 (November 1, 2020 to December 31, 2020)	\$8,676	
Option Year 1 (January 1, 2021 to October 31, 2021)	\$43,380	
Option Year 2 (November 1, 2021 to December 31, 2021)	\$8,676	
Option Year 2 (January 1, 2022 to October 31, 2022)	\$43,381	
Grand Total	\$260,283	

Lease Revenue

The recommended proponent, Medical Pharmacies Group Limited, will also lease LTCHS space from Castleview Wychwood Towers at 351 Christie Street at a market value based annual lease of \$151,550 plus HST. This annual lease revenue will be allocated to account D3B061 CE 8630 (Other Rental Revenue).

The total guaranteed lease revenue to the City is \$454,650 plus HST for the first term of three (3) years and an additional \$303,100 plus HST if the City exercises the additional two (2) year option term.

The total guaranteed payments to the City is \$757,750 plus HST for the complete five (5) year term.

Table 2: Financial Impact Summary of Lease Revenue

Division	LTCHS
Cost Centre/ Cost Element	D3B061 / 8630
Contract Period (November 1 to December 31, 2017)	\$25,258
Contract Period (January 1, 2018 to December 31, 2018)	\$151,550
Contract Period (January 1, 2019 to December 31, 2019)	\$151,550
Contract Period (January 1, 2020 to October 31, 2020)	\$126,292
Option Year 1 (November 1, 2020 to December 31, 2020)	\$25,258
Option Year 1 (January 1, 2021 to October 31, 2021)	\$126,292
Option Year 2 (November 1, 2021 to December 31, 2021)	\$25,258
Option Year 2 (January 1, 2022 to October 31, 2022)	\$126,292
Grand Total (before HST)	\$757,750

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on October 2, 3, and 4, 2012, City Council adopted Report No.16.6 of the Government Management Committee and authorized the City to enter into a legal agreement with Medical Pharmacies Group Limited as the successful Proponent of the RFP 0513-12-0133 for Pharmacy Services for Long-Term Care Homes & Services for a three (3) year period commencing November 1, 2012 to October 31, 2015, with an option to renew for one (1) additional two (2) year period at the sole discretion of the General Manager, Long-Term Care Homes and Services.

Following is a link to the decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM16.6>

COMMENTS

The Homes are legislated under the Long-Term Care Homes Act, 2007, S.O. 2007, c.8 and Ontario Regulation 79/10 which require the long-term care home to retain a pharmacy service provider for the various homes in Long-Term Care Homes & Services. The pharmacy service provider must hold a certificate of accreditation for the operation of the pharmacy under section 139 of the Drug and Pharmacies Regulation Act. Ten (10) long-term care homes will be without access to pharmacy service as of November 1, 2017.

On May 8, 2017, the City issued RFP 0513-17-0092 with a closing date of May 29, 2017 for the provision of Pharmacy Services in Long-Term Care Homes & Services and OEM.

The RFP was structured as a "one-envelope" RFP with 2 stages. In stage 1, it was mandatory for the proponent(s) to comply with the mandatory submission and technical requirements. In stage 2A, the proponent(s) were evaluated on the technical component and were required to meet the minimum threshold of 80% (or 64 out of 80 points). As part of the RFP, there was an option for Proponents who met the threshold to be invited to an interview as part of Stage 2B, however, this was not conducted. As a result, Proponents that passed the technical component were evaluated on the cost component (up to a maximum of 20 points). The RFP provided the fixed lease cost in the amount \$151,550 plus HST annually.

The RFP allowed for Proponents to submit proposals for the provision of Pharmacy Services for the ten (10) long-term care homes. The RFP also stipulated that the resulting legal agreement would be for a three (3) year period commencing November 1, 2017 to October 31, 2020, with an option to renew for an additional two (2) year term.

The Evaluation Team was comprised of six (6) members from the Long-Term Care Homes & Services Division and Office of Emergency Management representing Resident Care and Financial Services.

The RFP was advertised on the City of Toronto's Internet website. Eight (8) firms downloaded the document from the PMMD website. This resulted in a total of six (6) submissions being received and opened on May 30, 2017 from the following proponents:

Classic Care Pharmacy
Hogan Pharmacy Partners Ltd.
Medical Pharmacies Group Limited
MediSystem Pharmacy
Remedy's Rx Specialty Pharmacy
Rexall Health Solutions

The proposal submitted by MediSystem Pharmacy, Rexall Health Solutions, Classic Care Pharmacy and Remedy's Rx Specialty Pharmacy failed to meet the minimum technical score of 80% as required in Stage 2 of the RFP process. The remaining two (2) proposals, Medical Pharmacies Group Limited and Hogan Pharmacy Partners Ltd. met the mandatory submission and met the minimum threshold upon evaluation of their Proposals based on the RFP's Evaluation Criteria. As a result these two (2) proposals had their cost component evaluated.

Following an analysis of the two (2) proposals with cost, the committee members determined the final scores and determined that Medical Pharmacies Group Limited is the highest scoring proponent.

Recommended Proponent

It is recommended that the highest scoring proponent, Medical Pharmacies Group Limited be awarded a legal agreement for the provision of Pharmacy Services for Long-Term Care Homes & Services and Office of Emergency Management including payment of annual lease revenues to Long-Term Care Homes & Services of \$151,550 plus HST for a term of three (3) years commencing November 1, 2017 to October 31, 2020, with an option to renew for an additional two (2) year term.

The Fair Wage office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

Proponents score by criteria, price comparison and a staff analysis of the evaluation results can be provided in an in-camera presentation if requested by Committee Members.

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ATTACHMENTS
