

ROLL CALL

PURCHASE RECOMMENDATIONS

The "Purchase Recommendations" are presented by campus and a Summary from "Appropriated Funds" (i.e., from State appropriations to the University) and from "Institutional Funds" is included. The latter term is used here to designate funds received by the University under contracts with the United States Government; contracts with private corporations and other organizations, from foundation grants, and grants from corporations and other donors; and University revolving funds authorized by law. The Summary also indicates a total amount by campus.

The Board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois Statutes, The General Rules Concerning University Organization and Procedure, and Board of Trustees policies and directives.

The Directors of Purchases have proposed and the Vice President, Chief Financial Officer recommends the following purchases. Unless otherwise specified, the purchase in each case is recommended on the basis of the lowest acceptable bid.

The President of the University concurs.

PURCHASES RECOMMENDED

Chicago Campus

1 Unit	University of Illinois Hospital & Health Sciences System, Ambulatory Care Pharmacy
Item	Purchase of specialty pharmaceutical drug products on an as-needed basis for patient care for the period September 12, 2014, through March 19, 2017.
Cost	\$27,000,000 (estimated)
Vendor	McKesson Corporation, San Francisco, CA

This purchase is a sole source because the vendor is the only economically feasible provider of specialty pharmaceuticals for the three Ambulatory Care pharmacies that utilize these drugs. This includes the MacNeal Cancer Center, the Eye and Ear Infirmary, and the Oncology Pharmacy. Because all drug inventory management, ordering, dispensing, and patient billing are based on McKesson's integrated system, all Hospital staff are trained to work with the vendor's unique software. Transition to another vendor would result in significant costs due to staff retraining, software conversion, and other administrative costs totaling approximately \$323,360.

These pharmaceutical drug products are dispensed through the vendor's specialty wholesale division, which handles drugs that may require separate handling, have limited availability or are prone to shortages, and/or tend to be very expensive per dose.

Pricing is based on 340B and Wholesale Acquisition Cost (WAC) pricing structures, both of which are set by the federal government and are the lowest-cost options available to the University.

2 Unit University of Illinois Hospital & Health Sciences System, Ambulatory Care Pharmacy

Item Purchase of 340B pharmaceutical drug products on an as-needed basis for patient care for the period September 12, 2014, through March 19, 2017.

Cost \$24,000,000 (estimated)

Vendor McKesson Corporation, San Francisco, CA

This purchase is a sole source because the vendor is the only economically feasible provider of pharmaceuticals for the seven Ambulatory Care pharmacies. The University's significant investment in the vendor's integrated inventory management, ordering, dispensing, and patient billing system would result in significant infrastructure and staff retraining costs (estimated at \$363,520) if there were to be a switch in vendors.

The vendor will be providing the pharmaceutical drug products at federally-established 340B pricing. This ensures that the University will be taking advantage of the lowest-cost pricing available for these products.

Recommended from Institutional Funds	\$ 9,000,000
Grand Total	