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RATIFICATION OF EQUIPMENT PURCHASE – UNIVERSITY OF IOWA

Action Requested: Ratify the Executive Director's September 7, 2012, approval for the University of Iowa to purchase a Roche Chemistry Analyzer System (RCAS) with nine Integrated Modules and Archival Storage System at a cost of \$1,836,000.

Executive Summary: Equipment purchases at the Regent institutions costing more than \$1 million are required by Board policy to be approved by the Board. The Executive Director may approve emergency purchases exceeding \$1,000,000 to be followed by Board ratification.

Analysis:

Description of the Equipment

The RCAS consists of nine individual but integrated analysis modules that work in concert to provide patient testing. RCAS operates 24/7 and has 131 assays on its test menu. In FY 2012, these instruments analyzed 3.2 million tests.

The purchase of the archival/retrieval unit completes all components for automating this high volume chemistry laboratory handling 4,500 sample tubes a day. Each sample is assigned an X-Y coordinate and is archived for 72 hours, the window of time samples are viable should the physician require an add-on test. Add-on tests are orders on the unused archived sample.

The efforts by Pathology to encourage test utilization is changing physician ordering behaviors so that only a minimum number of tests are ordered initially, and then based on those results, the physician may add additional tests. Pathology encourages this ordering strategy, but the byproduct is increased calls and requests to retrieve specimens to add additional tests.

Justification of the Need for the Equipment

The University of Iowa reports that:

- ◆ This equipment purchase is critical to patient care;
- ◆ The system generates 3.2 million tests annually and accounts for 92% of all inpatient and 26% of all outpatient testing;
- ◆ The UIHC Pathology Department's existing analyzer system components are 9 to 12 years old. The expected life for these systems is seven years. The age of the instruments has resulted in increased service calls and down time. The most recent incident involved six of the nine chemistry analyzers out of operation, resulting in delays to patient testing, diagnosis, and increased clinic wait times. Many of the parts required for repairs are no longer manufactured and must be found on the secondary market;
- ◆ Replacement will allow UIHC to meet provider expectations and turnaround time for test results and satisfy patient expectations. Instrument interface with EPIC software and the Laboratory Information System allows for convenient and quick retrieval of laboratory results; and
- ◆ Physicians use the laboratory data from these analyzers to diagnose trend patient progress and monitor and gauge patient recovery over time.

Any Known Alternatives to the Equipment Proposed

The University reports that:

- ◆ UIHC has standardized on Roche equipment, for both UIHC and Iowa River Landing Laboratories due to the advantages gained in equipment pricing, reagent pricing, maintenance and training;
- ◆ There is great advantage in standardizing instrumentation, particularly for tests that are followed closely over time, such as tumor markers used to monitor for cancer recurrence; and
- ◆ The informatics support is also consolidated by having the same platforms across UIHC laboratories.

Estimated Cost and Source of Funding

The cost is \$1,836,000 and the source of funding is UIHC capital equipment funds. Contract pricing for reagents increased on September 14, 2012. The purchase of equipment prior to September 14th avoided an estimated \$200,000 in reagent costs per year for seven years.

The price is based on a competitively bid Novation contract. UIHC is a member of the Novation buying group through participation in the University Hospital Consortium.

Board Policy: Chapter 7.06B(12) of the Regent Policy Manual requires that:

- ▶ Equipment costing more than \$1,000,000 must be submitted to the Board for approval; and
- ▶ Requests submitted to the Board Office for approval must include the following information:
 - ◆ Description of the equipment;
 - ◆ Justification of the need for the equipment;
 - ◆ Any known alternatives to the equipment proposed; and
 - ◆ Estimated cost and source of funding.

The Executive Director may approve emergency purchases which exceed \$1,000,000 to be followed by Board ratification.