

**Contact: Andrea Anania**

**UNIVERSITY OF IOWA EQUIPMENT PURCHASES**

**Actions Requested:** Consider:

- ◆ Approval for SUI to purchase a McKesson Pharmacy Medication Robot and Automated Dispensing Cabinets for a total of \$3,737,727; and
- ◆ Ratification of the Executive Director's April 16, 2010, emergency approval for SUI to purchase a Medtronic Stealth System Upgrade for a total of \$1,000,000.

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

**MCKESSON PHARMACY MEDICATION ROBOT AND AUTOMATED DISPENSING CABINETS**

**Description of the Equipment**

- ◆ The Pharmacy Medication Robot (PMR) is a computer-controlled robotic arm that selects bar-coded medications for dispensing to patients in individual drawers or envelopes. Each day, the PMR receives a file of medications needed for 24 hours and dispenses them. The PMR is extremely accurate and reduces medication errors as well as pharmacist and technician time for dispensing oral medications. The PMR will be located in room B-18 in the general hospital.
- ◆ Automated Dispensing Cabinets (ADCs) are computer-controlled medication dispensing cabinets (an "ATM" for medications) placed in patient care units. They store controlled substances and other medications. The nurse selects the patient and a list of medication orders is presented from which the nurse can select to dispense the desired medication. ADCs increase medication safety as well as automate record keeping and reordering of medications stocked in the cabinet. ADCs will be located in several locations throughout the hospitals and clinics.

**Justification of the Need for the Equipment**

The University reports that:

- ◆ The current PMR was installed in 2001 and has a support agreement which ends on December 31, 2010. The vendor no longer markets the robot and is phasing out those in operation, downtime is increasing, and availability of replacement parts is a concern;
- ◆ ADCs were installed beginning in 2000. Equipment is wearing out, some software components are no longer supported, and the system is reaching its end of life. Units recently leased to maintain the system are provided with contract language indicating that replacement and maintenance are provided "as available." The system is currently used on 53 inpatient care units and select clinic and procedure units;
- ◆ Replacement would make it possible to expand to additional clinic and procedure units; and
- ◆ The use of ADCs for controlled substances is best practice and more than 90% of hospitals use these systems.

Any Known Alternatives to the Equipment Proposed

Four vendors responded to a Request for Proposal and each presented their product. Approximately 24 hospitals discussed and four hospitals reviewed the products. McKesson was identified as the preferred vendor because it offered the highest level of functionality at a competitive price.

Estimated Cost and Source of Funding

The cost to purchase the PMR and ADCs is \$3,737,727 after SUI negotiated \$500,000 in value added products and discounts. The source of funding is UIHC capital equipment funds.

**MEDTRONIC STEALTH SYSTEM UPGRADE**

Description of the Equipment

Stealth navigation is computer-assisted surgical technology that allows Orthopaedics, Otolaryngology, and Neurologists to have greater visualization of structures within the surgical field and obtain more precision and accuracy. UIHC's main operating room (MOR) has four stealth navigations systems located on the fifth level of the John Pappajohn Pavilion.

Justification of the Need for the Equipment

The University reports that:

- ♦ The end-of-life for each unit is in December 2011 and no repairs or service contracts are available. Each system is required to maintain current MOR productivity levels and all four may be in use on any given day. From a stabilization and maintenance of productivity standpoint, upgrades are required. The University plans to upgrade all four machines over the next two fiscal years; and
- ♦ Loss of the ability to use these machines would: (1) diminish existing revenue streams in the Departments of Orthopaedics, Otolaryngology, and Neurology; and (2) likely diminish the ability to recruit for these departments as these tools are essential to daily practice.

Any Known Alternatives to the Equipment Proposed

Medtronic was selected as a sole source provider because no other vendors can provide this type of equipment for an upgrade to the existing system. UIHC standardized on Medtronic equipment due to the advantages gained in equipment pricing, maintenance, and training.

Estimated Cost and Source of Funding

By issuing a purchase order by April 16, 2010, the vendor provided UIHC with a discount of \$291,495. The \$1,000,000 final cost was funded with UIHC capital equipment funds.

**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.