

SERIAL 06049 IGA REFERENCE LAB TESTING (CLINICAL) (NIGP CODE 99226)

DATE OF LAST REVISION: June 04, 2007

CONTRACT END DATE: May 31, 2009

**CONTRACT PERIOD BEGINNING JUNE 01, 2006
ENDING MAY 31, 2009**

TO: All Departments

FROM: Department of Materials Management

**SUBJECT: Contract for REFERENCE LAB TESTING (CLINICAL)
(NIGP CODE 99226) LB60012**

Attached to this letter is a listing of vendors available to Maricopa County Agencies utilizing the Arizona State Procurement Office Contract LB60012. The using agency and other interested parties may access and electronic version of this contract from the Materials Management Web site at:

http://www.maricopa.gov/materials/Awarded_Contracts/search.asp.

Please note: Price Agreement Purchase Orders (PG documents) may be generated using the information from this list. Use NIGP CODE 9922602.

All purchases of product(s) listed on the attached pages of this letter are to be obtained from the listed contractor(s).

AGREEMENT NO.:

LB60012 Dual-Source

SUPPLIER AND PRODUCT CATEGORY:

ARUP Laboratories
Reference Laboratory Testing

PRODUCTS:

LABORATORY PRODUCTS

Mid- to High-Level Esoteric Reference Laboratory Testing

TERM:

June 1, 2006 – May 31, 2009

LETTER OF PARTICIPATION ENCLOSED

AUDIENCES:

Laboratory Executives
Materials Management Executives and Professionals



*The information contained in this contract summary is also available
on the Marketplace@Novation® Web site,
which is accessible through vha.com, uhc.edu or novationco.com.*

LB60012 — Reference Laboratory Testing

LETTER OF PARTICIPATION

ARUP Laboratories Reference Lab Testing (LB60012)

Facility: _____ Contact: _____
 Address: _____ Title: _____
 _____ Telephone: _____
 _____ Fax: _____
 Hereinafter referred to as "participating member" E-mail: _____

Upon execution hereof by participating member and delivery to and acceptance by Associated Regional and University Pathologists Inc. ("ARUP"), ARUP shall supply services to participating member pursuant to that certain reference lab testing supplier agreement (the "master agreement") effective June 1, 2006, by and between Novation LLC ("Novation") and ARUP. All capitalized terms not defined herein shall have the same meaning as those in the master agreement.

Commitment Level

By executing this letter of participation ("LOP"), the participating member agrees to (i) abide by the terms of the master agreement, and (ii) designate ARUP as its "primary provider" or "secondary provider" of services. During the term of this LOP, quarterly review sessions with the participating member and ARUP may be held to review compliance to the commitment level. Estimated annual dollar volume for the services with participating member is set forth below. In the event participating member fails to meet its commitment level, ARUP may adjust pricing as designated in the agreement pricing.

Provider Designation

Primary Provider — Requires minimum of 80 percent commitment level. Qualifying tier is determined by calculating the monthly spend for all services purchased from ARUP. Commitment level shall not include the following product lines: anatomic pathology services, transfusion services and forensic toxicology (Substance Abuse and Mental Health Services Administration).

Secondary Provider — Commitment level not required. Qualifying tier is determined by calculating the monthly spend for services purchased from ARUP that are performed on site by ARUP ("in-house testing"). Monthly spend calculation excludes ARUP send outs, anatomic pathology services, transfusion services and forensic toxicology (SAMSHA).

Pricing Options

Select from either the individual facility pricing option (A) or the aggregate pricing option (B) and complete the appropriate sections below.

A. Individual Facility Pricing Option (based on a single specimen pickup site): Select one qualifying tier by initialing below.

MEMBER INITIALS	TIER LEVEL	BASE DISCOUNT	MONTHLY VOLUME LEVEL	NUMBER OF HOT LIST TESTS
	1	50%	< \$5,000	0
	2	55%	> \$5,000 - \$15,000	3
	3	60%	> \$15,000 - \$30,000	5
	4	65%	> \$30,000 - \$75,000	5
	5	68%	> \$75,000	5

Individual Pricing Option Participating Member Commitment Level: \$ _____

LETTER OF PARTICIPATION

ARUP Laboratories Reference Lab Testing (LB60012)

B. Aggregate Pricing Option:

This option is available to participating members that operate multifacility systems and/or have established networks of facilities for purposes of group purchasing and have the ability to influence the purchasing decisions of such facilities ("system"). A system that wants to exercise the aggregate pricing option must meet the following requirements for three consecutive months ("qualification period") prior to and throughout access to aggregate pricing option:

- Each member of the system included in the aggregate pricing option must designate and utilize ARUP as the "primary provider" of services.
- The system must submit to supplier a letter of participation (LOP) that includes a list of all members of the system participating in the aggregate pricing option and each members monthly volume commitment prior to accessing aggregate pricing.

As a qualifying system, select one pricing tier by initialing below and providing the appropriate information regarding each system member.

SYSTEM INITIALS	TIER LEVEL	BASE DISCOUNT	AGGREGATE MONTHLY VOLUME COMMITMENT
	2	55%	>\$20,000 - \$50,000
	3	60%	> \$50,000 - \$150,000
	4	65%	> \$150,000 - \$350,000
	5 ¹	68%	> \$350,000

¹ To access Tier 5, a system must meet the four following requirements for three consecutive months ("qualification period") prior to and throughout access to Tier 5 pricing ("Tier 5 requirements"):

- Every member of the system must designate and utilize supplier as the primary provider of services.
- The system must submit to supplier an LOP that includes a complete list of system's members and every system's members' monthly volume commitment;
- The system's aggregate monthly volume commitment must exceed \$350,000 as evaluated using Tier 4 pricing during the qualification period. After the qualification period, the newly calculated aggregate monthly volume commitment may drop below \$350,000 because of the lower prices for individual tests available pursuant to Tier 5. In such circumstance, the new aggregate monthly volume commitment calculated using Tier 5 prices will become the system's required monthly volume commitment for Tier 5
- Each member of the system must remain in good payment standing with supplier as set forth in the supplier agreement.

LETTER OF PARTICIPATION

ARUP Laboratories Reference Lab Testing (LB60012)

At least quarterly, supplier will evaluate the system's compliance with the Tier 5 requirements. Supplier will report in writing any noncompliance with the Tier 5 requirements ("noncompliance") that may jeopardize such system's eligibility for Tier 5. Supplier and the system will develop and implement a two-month action plan to resolve any issues that may have caused noncompliance. If the issues are not successfully resolved, supplier will provide a 30-day written notice that the system's pricing will be increased to the pricing tier consistent with the system's aggregate monthly volume commitment and commitment level effective the first day of the fourth calendar month of noncompliance.

In the event a member of a system has a pre-existing joint venture or agreement, the revenue of the system's member causing the system's noncompliance will not be included in the aggregate monthly volume commitment calculation, which may result in the system no longer qualifying for Tier 5 pricing. The system's member causing noncompliance will receive pricing consistent with its individual monthly volume commitment and commitment level. Subsequent to the expiration date of said pre-existing joint venture or agreement, such system's member must designate supplier as the primary provider of the services in order for the system to remain in compliance with the Tier 5 requirements.

Qualifying systems may elect to share a single systemwide hot list based on the system's aggregate monthly revenue commitment as outlined in Table 1, or may elect to allow each participating member to select an individual hot list based on that member's individual monthly volume commitment as outlined in Table 2. Systems and participating members will be responsible for selecting their hot list tests and may modify their selections quarterly as outlined in the master agreement.

Table 1:

AGGREGATE MONTHLY VOLUME COMMITMENT	SHARED SYSTEMWIDE HOT LIST
>\$20,000 - \$50,000	5
> \$50,000 - \$150,000	7
> \$150,000 - \$350,000	10
> \$350,000	15

Table 2:

INDIVIDUAL MONTHLY VOLUME COMMITMENT	INDIVIDUALIZED HOT LIST
> \$5,000 - \$15,000	3
> \$15,000 - \$30,000	5
> \$30,000 - \$75,000	5
> \$75,000	5

Indicate whether as a system will select a single systemwide hot list or whether each participating system's member will select an individual hot list.

Single, systemwide, shared hot list

Individual hot list per facility

Submitted By: _____	Phone No.: _____
Member ID No.: _____	Date: _____
Copy and fax to: Novation Contract Administration at 877/NOVAFRM (668-2376). <i>Problems? Contact us at novafrm@novationco.com</i>	

LETTER OF PARTICIPATION

ARUP Laboratories Reference Lab Testing (LB60012)

List of system's participating members: (To be completed by the system and updated on an annual basis)

FACILITY NAME	CITY/STATE	CONTACT NAME/ TELEPHONE	ESTIMATED MONTHLY VOLUME COMMITMENT

Please check here if more space is needed and there is an attachment.

Aggregate Pricing Option System Commitment Level Calculation: \$ _____

In witness whereof, the undersigned duly authorized representative of the participating member or system has executed this consent and acknowledgement as of the date below written.

The undersigned system hereby acknowledges and confirms the above designations.

System or Participating Member

Print Name of Person Signing _____

Signature _____

Title of Person Signing _____

Date Signed _____

Print Name of System or Participating Member _____

Address _____

City and State _____

Submitted By: _____	Phone No.: _____
Member ID No.: _____	Date: _____
Copy and fax to: Novation Contract Administration at 877/NOVAFRM (668-2376). <i>Problems? Contact us at novafirm@novationco.com</i>	

FACT SHEET

ARUP Laboratories Reference Lab Testing (LB60012)

AGREEMENT NO.	LB60012 Dual-source agreement with Mayo Medical Laboratories (LB60011). Replaces agreements LB00052, LB00053 and LB40060 with Mayo Medical Laboratories, ARUP and Specialty Labs for VHA members and UHC members.
SUPPLIER	ARUP Laboratories 500 Chipeta Way Salt Lake City, UT 84108 <i>www.aruplab.com</i>
TIME FRAME	June 1, 2006 – May 31, 2009 Two one-year extension options
PRODUCTS	Mid- to high-level esoteric reference laboratory testing
CONTACTS	Novation Customer Service – 888/7-NOVATE (766-8283), or <i>NOVCustomerService@novationco.com</i> ARUP customer service – (800) 522-2787 Novation Cheryl Mason Product Manager (972) 581-5906 (972) 581-5710 fax <i>cmason@novationco.com</i> ARUP Laboratories Dennis Monahan Vice President National Accounts (800) 242-2787, ext. 5172 (801) 583-2712 fax <i>monahadp@aruplab.com</i>
PRICING	<p>Pricing will be tiered based on the health care organization’s monthly volume commitment of reference laboratory business referred to ARUP. Each health care organization’s test utilization volume will be reviewed to determine the appropriate price tier. Test utilization volume and tier level will be reviewed two times per year to monitor changes in monthly volume commitments that may justify moving to a different price tier. ARUP will provide the health care organization 30-day notice before the effective date of such price change.</p> <p>For new participants, to access contract pricing, members must designate supplier as either the Primary Provider or Secondary Provider of Services by completing the applicable section of the letter of participation. Current participants will have 180 days to sign the LOP.</p> <p>Primary provider designation requires that a minimum of 80 percent of an individual member’s products be purchased from ARUP. The tier level shall be determined by monthly dollar volume for all products purchased from ARUP, and shall not include the following product lines: anatomic pathology services, transfusion services, and forensic toxicology Substance Abuse and Mental Health Services Administration (SAMSHA).</p> <p>A member that designates ARUP as a secondary provider will not have a commitment level requirement. The qualifying tier level for noncommitted members shall be determined by monthly dollar volume for products purchased from ARUP that are performed onsite by ARUP (in-house testing), and will exclude monthly dollar volume for services which ARUP refers to an outside vendor (send outs).</p>

FACT SHEET

ARUP Laboratories Reference Lab Testing (LB60012)

PRICING, continued

Tier Level	Base Discount ¹	Single Facility/ Single Pickup Site	
		Individual Monthly Volume	Number of Hot List Tests ²
1 ³	50%	< \$5,000	0
2	55%	> \$5,000 - \$15,000	3
3	60%	> \$15,000 - \$30,000	5
4	65%	> \$30,000 - \$75,000	5
5	68%	> \$75,000	5

- ¹ The base discount does not apply to tests classified by ARUP as non-discountable, tests that have been special priced based on market competitiveness, or send out tests.
- ² Hot list prices reflect additional savings beyond the base discount. Participating members on tiers 2 through 5 may select the specified number of tests from the hot list for their tier. Participating members will be responsible for selecting their hot list tests and may modify their selections on a quarterly basis by contacting their local ARUP business development manager. Requests for hot list changes received by a participating member's local BDM before the 15th calendar day of any month will become effective on the first day of the following month.
- ³ Members whose monthly volume does not exceed \$2,000 per month will be responsible for the transportation of specimens (including the costs of transportation) to ARUP by overnight express mail or courier. ARUP will provide supplies for shipment at no cost to the member.

Tier Level	Base Discount ¹	Multiple Facility/ Multiple Pickup Site ⁴	
		Aggregate Monthly Volume Commitment	Number of Shared Hot List Tests ⁶
2	55%	> \$20,000 - \$50,000	5
3	60%	> \$50,000 - \$150,000	7
4	65%	> \$150,000 - \$350,000	10
5	68%	> \$350,000 ⁵	15

- ¹ The base discount does not apply to tests classified by ARUP as non-discountable, tests that have been special priced based on market competitiveness, or send out tests.
- ⁴ Members that operate multifacility systems and/or have established networks of facilities for purposes of group purchasing and have the ability to influence the purchasing decisions of such facilities (a "system") shall be entitled to aggregate the purchasing volume within their respective system and network to determine their tier level ("aggregate pricing option"). To exercise the aggregate pricing option, a system must meet the following requirements for three consecutive months ("qualification period") prior to and throughout access to aggregate pricing option:

FACT SHEET

ARUP Laboratories Reference Lab Testing (LB60012)

PRICING, continued

- 4.1 Each member of the system included in the aggregate pricing option must designate and utilize ARUP as the "primary provider" of services.
- 4.2 The system must submit to supplier a letter of participation that includes a list of all members of the system participating in the aggregate pricing option and each member's monthly volume commitment prior to accessing aggregate pricing;
- 5 To access Tier 5 pricing in the aggregate pricing option, a system must meet the four following requirements for three consecutive months prior to and throughout access to Tier 5 pricing:
 - 5.1 Every member of the system must designate and utilize supplier as the primary provider of services.
 - 5.2 The system must submit to ARUP an LOP that includes a complete list of system's members and every system's members' monthly volume commitment;
 - 5.3 The system's aggregate monthly volume commitment must exceed \$350,000 as evaluated using Tier 4 pricing during the qualification period. After the qualification period, the newly calculated aggregate monthly volume commitment may drop below \$350,000 because of the lower prices for individual tests available pursuant to Tier 5. In such circumstance, the new aggregate monthly volume commitment calculated using Tier 5 prices will become the system's required monthly volume commitment for Tier 5; and
 - 5.4 Each member of the system must remain in good payment standing with ARUP as set forth in the supplier agreement.

At least quarterly, ARUP will evaluate the system's compliance with the Tier 5 requirements. ARUP will report in writing any non-compliance with the Tier 5 requirements that may jeopardize such system's eligibility for Tier 5. ARUP and the system will develop and implement a two-month action plan to resolve any issues that may have caused non-compliance. If the issues are not successfully resolved, ARUP will provide a 30-day written notice that the system's pricing will be increased to the pricing tier consistent with the system's aggregate monthly volume commitment and commitment level effective the first day of the fourth calendar month of non-compliance.

In the event a member of a system has a pre-existing joint venture or agreement, the revenue of the system's member causing the system's non-compliance will not be included in the aggregate monthly volume commitment calculation, which may result in the system no longer qualifying for Tier 5 pricing. The system's member causing non-compliance will receive pricing consistent with its individual monthly volume commitment and commitment level. Subsequent to the expiration date of said pre-existing joint venture or agreement, such system's member must designate ARUP as the primary provider of the services in order for the system to remain in compliance with the Tier 5 requirements.

FACT SHEET

ARUP Laboratories Reference Lab Testing (LB60012)

PRICING, continued ⁶ Qualifying systems may elect to allow each system's member to select an individual hot list of tests based on their individual monthly volume commitment as outlined in the single facility section of the table above, or qualifying systems may elect to share a hot list of tests and select the specified number of shared hot list tests associated with its aggregate monthly volume commitment. Systems will be responsible for selecting their hot list tests and may modify selections of hot list tests on a quarterly basis by contacting the local business development manager ("BDM"). Requests for hot list changes received by the member's local BDM before the 15th calendar day of any month will become effective on the first day of the following month. A system's test utilization data will be reviewed biannually by ARUP to monitor changes in its monthly volume commitment that may justify pricing changes. ARUP will provide the member written notice per Section 2e of any such price change.

Refer to the Pricing section of this contract summary for line-item pricing. Prices are firm for the term of the agreement with the exception of certain conditions, as listed below, under which prices for specific tests may change during the term of this agreement. Prices may also be subject to reduction due to market conditions.

- methodology changes
- the introduction of new technologies for existing tests
- tests that become approved by the U.S. Food and Drug Administration
- testing performed pursuant to a patent agreement
- tests referred to other reference laboratories
- discontinued tests that must be referred outside ARUP
- group/panel test for which a billable component has been added or deleted

If possible, ARUP will notify members of any such price changes 30 days prior to the effective date of the change.

Fees for testing sent to ARUP's established referral testing providers include a handling fee. If a health care organization requests a test that is already performed by ARUP or by one of ARUP's established referral testing providers be performed by another laboratory, ARUP will honor the request if it is clearly indicated on the test requisition submitted at the time the test is ordered. Due to the special handling issues involved with these samples, service fee will be added to the price (cost of the test plus the original handling fee) for this special service request.

For complete information on this agreement, including up-to-date line-item pricing, refer to the Novation Contract Catalog, which is available to all members on the Marketplace@Novation® Web site, accessible through *vha.com*, *uhc.edu* and *novationco.com*. If you do not have access to the Novation Contract Catalog, please contact Marketplace@Novation customer service at 866/MARKET5 or *NOVCustomerService@novationco.com*.

ELECTRONIC COMMERCE

ARUP Laboratories has committed to support Novation's online purchasing solution, Marketplace@Novation.

STEPS FOR IMPLEMENTATION

1. Review the new agreement with your ARUP business development manager.
2. Determine your tier level, sign the LOP and fax to Novation Form Manager.

FACT SHEET

ARUP Laboratories Reference Lab Testing (LB60012)

MEMBER OBLIGATIONS

Members participating in this agreement have certain affirmative obligations, which include:

Obligations Outlined in the Letter of Participation

Participating members also have affirmative obligations as outlined in the letter of participation contained in this contract summary.

CONFIDENTIALITY NOTICE

Novation regards contract information as proprietary and confidential. We have attempted to balance the members' needs for contract information by providing in this contract summary a summary of the members' affirmative obligations under this particular contract.

If a member has specific needs beyond this summary, Novation is prepared to work with the member to address these needs. The member should contact the Novation product manager for this agreement to initiate such a request.

** Novation has used its best efforts in compiling latex content data, which is provided only as an accommodation to members. The information presented herein, while not guaranteed, was gathered, prepared and encoded by technical personnel and is true and accurate to the best of our knowledge. Use of this data is at your sole risk. This database is presented "AS IS" and without any warranty or guarantee, expressed or implied, as to completeness or accuracy, or otherwise.*

PRICING

ARUP Laboratories Reference Lab Testing (LB60012)

EFFECTIVE DATES June 1, 2006 – May 31, 2009

Line-item pricing for this agreement is available in the Novation Contract Catalog as well as in Microsoft Excel format on Marketplace@Novation.

<https://www.marketplace-at-novation.com/Tools/Business/Contracts/LaunchPkgs/LB60012ARUPPricing.xls>

AGREEMENT RATIONALE

ARUP Laboratories Reference Lab Testing (LB60012)

DEMONSTRATED VALUE

Financial Value

Novation developed a marketbasket of high-dollar volume esoteric tests in order to compare test pricing. During the initial term and both one-year extension terms of the previous agreement, ARUP has provided fixed pricing to members on testing done in-house.

Individual increases or savings will vary based on tier level and test mix.

Nonfinancial Value

CONSULTATION AND TECHNICAL SUPPORT

Consultation and technical support from ARUP's pathologists, laboratory sections and medical directors is available through ARUP's client service department.

CONVERSION PLAN

ARUP has a client start-up program to ensure a smooth conversion process.

COURIER SERVICE

- ARUP will provide courier service to all participating members whose monthly volume commitments exceed \$2,000 per month. A courier will pick up medical specimens from participating member facilities as negotiated. Pickup times will be scheduled to allow the latest possible pickup that corresponds with the flight schedule out of each service area.
- Participating members whose volume commitments do not exceed \$2,000 per month will be responsible for the transport of specimens to supplier by overnight express mail.
- ARUP may elect to transport specimens by overnight express mail rather than contract courier for participating members whose monthly volume commitment do not exceed \$5,000.

CLIENT SERVICES

Representatives are available to all participating members 24 hours per day, seven days per week.

GUIDE TO CLINICAL LABORATORY TESTING

Guide for consultation on test utilization and clinical interpretation.

HOT LINE PUBLICATIONS

Update information within the *User's Guide*.

INFECTIOUS SUBSTANCE TRAINING

Online training for employees to prepare specimens for shipment.

INFORMATION SERVICES

LIS-to-LIS Interface

Provides a direct communication link between ARUP and its clients. Available to participating members whose monthly volume commitments exceed \$10,000. Before implementation of a bidirectional LIS-to-LIS interface begins, ARUP will require the participating member to sign an agreement committing to pursue a long-term business relationship of at least two years.

AGREEMENT RATIONALE

ARUP Laboratories Reference Lab Testing (LB60012)

DEMONSTRATED VALUE, continued

ARUP will negotiate payment for the licensure and installation fees charged by a participating member's LIS vendor as outlined below.

- For participating members whose monthly volume commitments are greater than \$10,000 but less than \$15,000, ARUP will pay 50 percent up to a maximum of \$16,000.
- For participating members whose monthly volume commitments are greater than \$15,000 but less than \$20,000, ARUP will pay 75 percent up to a maximum of \$24,000.
- For participating members whose monthly volume commitments are greater than \$20,000 but less than \$32,000, ARUP will pay 100 percent up to a maximum of \$32,000.

ARUP will provide modems, servers, cables and printers required to establish the interface. The participating member must purchase any additional hardware required to establish the interface and provide resources to build and validate the database required to implement the interface. Monthly interface support fees charged by the LIS vendor will be the responsibility of the participating member.

ARUP System 2000

ARUP System 2000® is a PC-based workstation that interfaces directly with ARUP's LIS. Available to participating members whose monthly volume commitment exceeds \$5,000.

ARUP will provide a PC, report and label printers, modem, and communication line installation and payments. Extensive on-site training is provided with each installation and technical support is available 24 hours a day. System 2000 will not support other PC applications (e.g., word processing, spreadsheets, etc.).

Internet Inquiry

ARUP Internet Inquiry gives clients access to information about test requests, from order status to test results and allows them to print patient charts. Online information includes order comments, order status, result comments, reference intervals, interpretation, patient demographics and ordering physician. Available to all participating members. Participating members may begin using ARUP Internet Inquiry after signing an agreement and receiving a username and password.

Teleprinter

Reports can be transmitted to an ARUP teleprinter located at the client site, with telecommunication initiated four times each day. Available to participating members whose monthly volume commitment exceeds \$2,000. Teleprinter, communication line installation and payments, unit maintenance and training are provided.

QUALITY ASSURANCE REPORTS

Upon request, ARUP provides a client-specific quality assurance report that contains documentation of process variances.

SUPPLIES

ARUP will provide special collection tubes, containers and microbiology culture systems required for collection and transport of laboratory specimens to ARUP. Most supplies are available at no charge. Some special tubes or kits are required and will be provided at a cost.

TECHNICAL BULLETIN PUBLICATIONS

Describe new tests available from ARUP.

UTILIZATION REPORT

Upon request, ARUP will provide participating member with electronic monthly utilization report.

AGREEMENT RATIONALE

ARUP Laboratories Reference Lab Testing (LB60012)

DEMONSTRATED VALUE, continued

WWW.ARUPLAB.COM

ARUP's Web site with information around testing, etc., from ARUP.

To access many of ARUP's value-added services, such as Baseline Testing and Business Review, ARUP will require that the requesting participating member designate ARUP as its primary reference laboratory (Primary Provider) by purchasing a minimum of 80 percent of its reference laboratory services from ARUP. The commitment level shall be determined by the monthly spend rather than by specimen count, and shall not include the following product lines: anatomic pathology services, transfusion services, tests provided by state funded laboratories, and forensic toxicology (SAMSHA).

BASELINE TESTING

Participating members can establish patient baseline levels for testing being converted to ARUP.

CONTINUING EDUCATION

ARUP sponsors continuing education seminars at its facility including teleconferences and live lectures.

ANALYZING TEST ORDER PATTERNS (ATOP)

Encourage cost-effective utilization to reduce reference laboratory expenditures.

BUSINESS AFFILIATIONS FOR OUTREACH SERVICES

Assistance in education/development of an outreach services business including developing: a business plan; client-to-client programs, courier system development, customer service training, development of marketing brochures, outreach operations, sales management and training and test directory development.

Incentive/Rebate Provisions

None

AWARD RATIONALE

Novation awards product agreements to the low best bidder through a comprehensive contracting process using member-driven criteria and a weighted award decision tool that considers financial and product specification/quality factors. Based solely upon the results of this process, Novation awarded the agreement for reference laboratory testing to Mayo Medical Laboratories and ARUP Laboratories.

An invitation to bid was sent July 21, 2005, to ARUP, Mayo Medical Laboratories, Specialty Laboratories, Quest Diagnostics, LabCorp, LabOne, Transgenomic Inc., American Esoteric Laboratories Inc., Machaon Diagnostics Inc. and Schryver Medical Laboratories. ARUP, Mayo Medical Laboratories, Specialty Laboratories and American Esoteric Laboratories responded to the bid.

Product specifications/quality (nonfinancial) criteria determined by Novation's Laboratory Council included the ability to convert business, breadth of test menu, customer service, information systems capabilities, quality assurance and turnaround time and value add offering.

MEMBER INPUT

Novation's Laboratory Council members determined and defined the nonfinancial decision criteria and rated the bidders on the nonfinancial criteria. This information was incorporated with the financial analysis to determine the low best bidders.

In October 2005, the Laboratory Council reviewed the results and supported the decision to award mid- to high-level esoteric testing to MML and ARUP, which received the low best bid scores for esoteric reference laboratory testing. Since no supplier submitted a bid on the tests for acute and nonacute facilities, the council agreed not to award the full-line reference laboratory testing portion of the bid.

AGREEMENT RATIONALE

ARUP Laboratories Reference Lab Testing (LB60012)

COMPETITIVE PROFILE

The following table illustrates the percentage of purchases among the primary competitors in this product category.

SUPPLIER	VHA AND UHC PERCENTAGE OF PURCHASES	NATIONAL PERCENTAGE OF PURCHASES
ARUP Laboratories	7%	5%
LabCorp	23%	24%
Quest Diagnostics	30%	30%
Mayo Medical Laboratories	9%	6%
Specialty Labs	4%	4%
All Others	27%	31%

Source: Supplier Information

SUPPLIER DISASTER PLAN

ARUP Laboratories has developed and implemented an all-purpose plan for business recovery and restoration in the event of a disaster. The plan anticipates the loss of various critical business functions and establishes a contingency plan including an authority structure and communication channels to achieve timely restoration of ARUP services. The plan is organized into sections beginning with plan activation through restoration of normal operations and is designed to minimize the negative impact on patient care.

AWARDED SUPPLIER PROFILE

ARUP Laboratories is an independent, national clinical and anatomic pathology reference laboratory that specializes in esoteric testing. ARUP is owned by the Department of Pathology at the University of Utah Health Sciences Center and has served clients nationwide since it was formed in 1984. Testing is performed in one location, ARUP’s central facility in Salt Lake City.

ARUP maintains a dual role as both a national reference laboratory and a full-service laboratory for the University of Utah Hospital and Clinics, providing ARUP with a unique blend of reference and hospital laboratory management experience. This hospital affiliation allows ARUP to operate in the same environment as its clients and to experience firsthand the industry demands and the competitive nature of laboratory medicine. With this understanding, ARUP can help its clients achieve their goals.

ARUP does not compete with its clients, and thus, does not market to physician offices directly. ARUP’s focus is to support clients and supplement the testing available in local communities by providing quality results and fast turnaround time for those tests that cannot be performed at the local level because of low volume, equipment expense or new technology. ARUP’s clients include university teaching hospitals, children’s hospitals, multihospital groups, major commercial laboratories, group purchasing organizations, military and government facilities, major clinics and major pharmaceutical firms.