

**City of Carson City  
Agenda Report**

**Date Submitted:** May 22, 2013

**Agenda Date Requested:** June 6, 2013

**Time Requested:** Consent

**To:** Mayor and Supervisors

**From:** Purchasing and Contracts

**Subject Title:** For Possible Action: To approve Contract 1213-116 for Carson City Jail Pharmaceuticals in the amount of \$75,000.00 to Diamond Pharmacy Services to be funded from the Public Assistance/Inmate Medical Care Accounts for FY 2013/2014.

*(Kim Belt)*

**Staff Summary:** This contract is to provide Pharmaceuticals (prescription drugs) for inmates at the Carson City Jail to include Brand Name, Generic and Bulk Form Pharmaceuticals as prescribed by a physician. The firm Diamond Pharmacy Services was selected via RFP #1213-116 – Request for Proposals for Carson City Jail Pharmaceuticals. The contract will be issued for one (1) year with the option to renew for a second year.

**Type of Action Requested:** (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

**Does This Action Require A Business Impact Statement:**  Yes  No

**Recommended Board Action:** I move to approve Contract 1213-116 for Carson City Jail Pharmaceuticals in the amount of \$75,000.00 to Diamond Pharmacy Services to be funded from the Public Assistance/Inmate Medical Care Accounts for FY 2013/2014.

*(Kim Belt)*

**Explanation for Recommended Board Action:** Through this contract, Diamond Pharmacy Services will provide Pharmaceuticals (prescription drugs) for all persons detained in the Carson City Jail and the Carson City Regional Juvenile Detention Center. The cost of the services to be provided has been identified in an amount not to exceed \$75,000.00. Pursuant to **NRS 332.115 subsection 1 (b)**, staff is requesting the Board of Supervisors declare that this contract is not adapted to award by competitive bidding.

**NRS 332.115 Contracts not adapted to award by competitive bidding; purchase of equipment by local law enforcement agency, response agency or other local governmental agency; purchase of goods commonly used by hospital.**

1. Contracts which by their nature are not adapted to award by competitive bidding, including contracts for:

(b) Professional services;

are not subject to the requirements of this chapter for competitive bidding, as determined by the governing body or its authorized representative.

(Added to NRS by 1975, 1538; A 1987, 296, 1484; 1991, 337, 349, 648, 1934, 1935; 1997, 132; 1999, 889, 1684; 2001, 1317; 2003, 620, 2262; 2005, 226, 2554)

**Applicable Statute, Code, Policy, Rule or Regulation:** NRS 332.115 1(b).


**Fiscal Impact:** \$75,000.00

**Explanation of Impact:** If approved the Public Assistance/Inmate Medical Care funds will be reduced by up to \$75,000.00.

**Funding Source:** Public Assistance/Inmate Medical Care Accounts 208-0000-444-10-25 and 101-0764-444-10-25 as provide for in FY 2013/2014.

**Prepared By:** Kim Belt, Purchasing and Contracts Manager

**Reviewed By:**

  
\_\_\_\_\_  
(Health and Human Services)

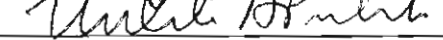
Date: 5/28/13

\_\_\_\_\_  
(City Manager)

Date: 5/28/13

  
\_\_\_\_\_  
(District Attorney)

Date: 5/28/13

  
\_\_\_\_\_  
(Finance Director)

Date: 5/28/13

**Board Action Taken:**

Motion: \_\_\_\_\_ 1) \_\_\_\_\_ Aye/Nay  
2) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

**THIS CONTRACT**, made and entered into this 6<sup>th</sup> day of June, 2013, by and between Carson City, a consolidated municipality, a political subdivision of the State of Nevada, hereinafter referred to as the "**CITY**", and Diamond Pharmacy Services hereinafter referred to as the "**CONTRACTOR**".

**WHEREAS**, the Purchasing and Contracts Manager for the City and County of Carson City is authorized, pursuant to Nevada Revised Statutes Chapter 332 and Carson City Purchasing Resolution #1990-R71, to approve and accept this Contract as set forth in and by the following provisions; and

**WHEREAS**, it is deemed that the services of **CONTRACTOR** for **CONTRACT No. 1213-116 Carson City Jail Pharmaceuticals** are both necessary and in the best interests of **CITY**; and

**NOW, THEREFORE**, in consideration of the aforesaid premises, the parties mutually agree as follows:

1     **REQUIRED APPROVAL:**

1.1    This Contract shall not become effective until and unless approved by the Carson City Board of Supervisors.

2     **CONTRACT TERM:**

2.1    This Contract shall be effective from June 6, 2013, subject to Carson City Board of Supervisors' approval (anticipated to be June 6, 2013) to June 5, 2014, with the option to renew for a second year, unless sooner terminated by either party as specified in **Section 7 Contract Termination**.

3     **CONSIDERATION:**

3.1    The parties agree that **CONTRACTOR** will provide the **SERVICES** specified in **Section 4 Scope of Work** and **CITY** agrees to pay **CONTRACTOR** the **CONTRACT SUM** based upon time and materials for a not to exceed maximum amount of Seventy Five Thousand Dollars and No Cents (\$75,000.00).

|                  |               |
|------------------|---------------|
| For P&C Use Only |               |
| CCBL expires     | <u>waived</u> |
| GL expires       | _____         |
| AL expires       | <u>waived</u> |
| PL expires       | _____         |
| WC expires       | _____         |

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3.2 **CONTRACT SUM** represents full and adequate compensation for the completed **WORK**, and includes the furnishing of all materials; all labor, equipment, tools, and appliances; and all expenses, direct or indirect, connected with the proper execution of the **WORK**.

3.3 Payment by **CITY** for the **SERVICES** rendered by **CONTRACTOR** shall be due within thirty (30) calendar days from the date **CITY** acknowledges that the performance meets the requirements of this Contract or from the date the correct, complete, and descriptive invoice is received by **CITY** employee designated on the sample invoice, whichever is the latter date.

3.4 **CITY** does not agree to reimburse **CONTRACTOR** for expenses unless otherwise specified.

3.5 The continuation of this Contract beyond June 30, 2014 is subject to and contingent upon sufficient funds being appropriated, budgeted, and otherwise made available by the Carson City Board of Supervisors.

**4 NOTICE:**

4.1 All notices or other communications required or permitted to be given under this Contract shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by e-mail, by telephonic facsimile, or by certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other party at the address specified below.

4.1.1 Notice to **CONTRACTOR** shall be addressed to:

Mark Zilner, R.Ph.  
Chief Operating Officer  
Diamond Pharmacy Services  
645 Kolter Drive  
Indiana, PA 15701-3570  
800-882-6337x1003/877-234-7050 fax  
mzilner@diamondpharmacy.com

4.1.2 Notice to **CITY** shall be addressed to:

Carson City Purchasing and Contracts  
Kim Belt, Purchasing and Contracts Manager  
201 North Carson Street Suite 3  
Carson City, NV 89701  
775-283-7137/ FAX 775-887-2107  
[KBelt@carson.org](mailto:KBelt@carson.org)

## CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

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Title: Carson City Jail Pharmaceuticals

### 5 SCOPE OF WORK:

5.1 **CONTRACTOR** shall provide and perform the following services set forth in **Exhibit A**, attached hereto and incorporated herein by reference for and on behalf of **CITY** hereinafter referred to as the "**SERVICES**".

5.2 **CONTRACTOR** agrees to coordinate specific labeling and training with Jail Physician.

5.3 **CONTRACTOR** represents that it is duly licensed by Carson City for the purposes of performing the **SERVICES**.

5.4 **CONTRACTOR** represents that it is duly qualified and licensed in the State of Nevada for the purposes of performing the **SERVICES**.

5.5 **CONTRACTOR** represents that it and/or the persons it may employ possess all skills and training necessary to perform the **SERVICES** described herein and required hereunder. **CONTRACTOR** shall perform the **SERVICES** faithfully, diligently, in a timely and professional manner, to the best of its ability, and in such a manner as is customarily performed by a person who is in the business of providing such services in similar circumstances. **CONTRACTOR** shall be responsible for the professional quality and technical accuracy of all **SERVICES** furnished by **CONTRACTOR** to **CITY**.

5.6 **CONTRACTOR** represents that neither the execution of this Contract nor the rendering of services by **CONTRACTOR** hereunder will violate the provisions of or constitute a default under any other contract or agreement to which **CONTRACTOR** is a party or by which **CONTRACTOR** is bound, or which would preclude **CONTRACTOR** from performing the **SERVICES** required of **CONTRACTOR** hereunder, or which would impose any liability or obligation upon **CITY** for accepting such **SERVICES**.

5.7 Before commencing with the performance of any work under this Contract, **CONTRACTOR** shall obtain all necessary permits and licenses as may be necessary. Before and during the progress of work under this Contract, **CONTRACTOR** shall give all notice and comply with all the laws, ordinances, rules and regulations of every kind and nature now or hereafter in effect promulgated by any Federal, State, County, or other Governmental Authority, relating to the performance of work under this Contract. If **CONTRACTOR** performs any work that is contrary to any such law, ordinance, rule or regulation, he shall bear all the costs arising therefrom.

### 5.8 **CITY Responsibilities:**

5.8.1 **CITY** shall make available to **CONTRACTOR** all technical data that is in **CITY'S** possession, reasonably required by **CONTRACTOR** relating to the **SERVICES**.

## **CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**

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**Title: Carson City Jail Pharmaceuticals**

5.8.2 **CITY** shall provide access to and make all provisions for **CONTRACTOR** to enter upon public and private lands, to the fullest extent permitted by law, as reasonably required for **CONTRACTOR** to perform the **SERVICES**.

5.8.3 **CITY** shall examine all reports, correspondence, and other documents presented by **CONTRACTOR** upon request of **CITY**, and render, in writing, decisions pertaining thereto within a reasonable time so as not to delay the work of **CONTRACTOR**.

5.8.4 It is expressly understood and agreed that all work done by **CONTRACTOR** shall be subject to inspection and acceptance by **CITY** and approval of work shall not forfeit the right of **CITY** to require correction, and nothing contained herein shall relieve **CONTRACTOR** of the responsibility of the work required under the terms of this Contract until all work has been completed and accepted by **CITY**.

### **6 TIMELINESS OF BILLING SUBMISSION:**

6.1 The parties agree that timeliness of billing is of the essence to this Contract and recognize that **CITY** is on a fiscal year which is defined as the period beginning July 1 and ending June 30 of the following year. All billings for dates of service prior to July 1 must be submitted to **CITY** no later than the first Friday in August of the same year. A billing submitted after the first Friday in August will subject **CONTRACTOR** to an administrative fee not to exceed \$100.00. The parties hereby agree this is a reasonable estimate of the additional costs to **CITY** of processing the billing as a stale claim and that this amount will be deducted from the stale claim payment due to **CONTRACTOR**.

### **7 CONTRACT TERMINATION:**

#### **7.1 Termination Without Cause:**

7.1.1 This Contract may be terminated by either party without cause by giving the other party ten (10) calendar days written notice of the intent to terminate and specifying the date upon which the termination will be effective.

#### **7.2 Cause Termination for Default or Breach:**

7.2.1 A default or breach may be declared with or without termination.

7.2.2 This Contract may be terminated by either party upon written notice of default or breach to the other party as follows:

7.2.2.1 If **CONTRACTOR** fails to provide or satisfactorily perform any of the conditions, work, deliverables, goods, or services called for by this Contract within the time requirements specified in this Contract or within any granted extension of those time requirements; or

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7.2.2.2 If any state, county, city or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONTRACTOR** to provide the goods or services required by this Contract is for any reason denied, revoked, debarred, excluded, terminated, suspended, lapsed, or not renewed; or

7.2.2.3 If **CONTRACTOR** becomes insolvent, subject to receivership, or becomes voluntarily or involuntarily subject to the jurisdiction of the bankruptcy court; or

7.2.2.4 If **CITY** materially breaches any material duty under this Contract and any such breach impairs **CONTRACTOR'S** ability to perform; or

7.2.2.5 If it is found by **CITY** that any quid pro quo or gratuities in the form of money, services, entertainment, gifts, or otherwise were offered or given by **CONTRACTOR**, or any agent or representative of **CONTRACTOR**, to any officer or employee of **CITY** with a view toward securing a contract or securing favorable treatment with respect to awarding, extending, amending, or making any determination with respect to the performing of such contract; or

7.2.2.6 If it is found by **CITY** that **CONTRACTOR** has failed to disclose any material conflict of interest relative to the performance of this Contract.

**7.3 Time to Correct:**

7.3.1 Termination upon a declared default or breach may be exercised only after service of formal written notice as specified in **Section 3 Notice**, and the subsequent failure of the defaulting party within five (5) calendar days of that notice to provide evidence, satisfactory to the aggrieved party, showing that the declared default or breach has been corrected.

**7.4 Winding Up Affairs Upon Termination:**

7.4.1 In the event of termination of this Contract for any reason, the parties agree that the provisions of this paragraph survive termination:

7.4.1.1 The parties shall account for and properly present to each other all claims for fees and expenses and pay those which are undisputed and otherwise not subject to set off under this Contract. Neither party may withhold performance of winding up provisions solely based on nonpayment of fees or expenses accrued up to the time of termination;

7.4.1.2 **CONTRACTOR** shall satisfactorily complete work in progress at the agreed rate (or a pro rata basis if necessary) if so requested by **CITY**;

7.4.1.3 **CONTRACTOR** shall execute any documents and take any actions necessary to effectuate an assignment of this Contract if so requested by **CITY**;

## CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR

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7.4.1.4 **CONTRACTOR** shall preserve, protect, and promptly deliver into **CITY** possession all proprietary information in accordance with **Section 22 City Ownership of Proprietary Information**.

### 8 REMEDIES:

8.1 Except as otherwise provided for by law or this Contract, the rights and remedies of the parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including, without limitation, actual damages, and to a prevailing party reasonable attorneys' fees and costs. The parties agree that, in the event a lawsuit is filed and a party is awarded attorney's fees by the court, for any reason, the amount of recoverable attorney's fees shall not exceed the rate of \$125 per hour. **CITY** may set off consideration against any unpaid obligation of **CONTRACTOR** to **CITY**.

### 9 LIMITED LIABILITY:

9.1 **CITY** will not waive and intends to assert available Nevada Revised Statutes Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any **CITY** breach shall never exceed the amount of funds appropriated for payment under this Contract, but not yet paid to **CONTRACTOR**, for the fiscal year budget in existence at the time of the breach. **CONTRACTOR'S** tort liability shall not be limited.

### 10 FORCE MAJEURE:

10.1 Neither party shall be deemed to be in violation of this Contract if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, act of public enemy, accidents, fires, explosions, or acts of God, including, without limitation, earthquakes, floods, winds, or storms. In such an event the intervening cause must not be through the fault of the party asserting such an excuse, and the excused party is obligated to promptly perform in accordance with the terms of this Contract after the intervening cause ceases.

### 11 INDEMNIFICATION:

11.1 To the extent permitted by law, including, but not limited to, the provisions of Nevada Revised Statutes Chapter 41, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the



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indemnifying party, its officers, employees and agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of the indemnity which would otherwise exist as to any party or person described in this paragraph.

11.2 Except as otherwise provided in Subsection 10.4 below, the indemnifying party shall not be obligated to provide a legal defense to the indemnified party, nor reimburse the indemnified party for the same, for any period occurring before the indemnified party provides written notice of the pending claim(s) or cause(s) of action to the indemnifying party, along with:

11.2.1 a written request for a legal defense for such pending claim(s) or cause(s) of action; and

11.2.2 a detailed explanation of the basis upon which the indemnified party believes that the claim or cause of action asserted against the indemnified party implicates the culpable conduct of the indemnifying party, its officers, employees, and/or agents.

11.3 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall not be obligated to fund or reimburse any fees or costs provided by any additional counsel for the indemnified party, including counsel through which the indemnified party might voluntarily choose to participate in its defense of the same matter.

11.4 After the indemnifying party has begun to provide a legal defense for the indemnified party, the indemnifying party shall be obligated to reimburse the reasonable attorney's fees and costs incurred by the indemnified party during the initial thirty (30) day period of the claim or cause of action, if any, incurred by separate counsel.

**12 INDEPENDENT CONTRACTOR:**

12.1 An independent contractor is a natural person, firm or corporation who agrees to perform services for a fixed price according to his or its own methods and without subjection to the supervision or control of the other contracting party, except as to the results of the work, and not as to the means by which the services are accomplished.

12.2 It is mutually agreed that **CONTRACTOR** is associated with **CITY** only for the purposes and to the extent specified in this Contract, and in respect to performance of the contracted services pursuant to this Contract. **CONTRACTOR** is and shall be an independent contractor and, subject only to the terms of this Contract, shall have the sole right to supervise, manage, operate, control, and direct performance of the details incident to its duties under this Contract.

12.3 Nothing contained in this Contract shall be deemed or construed to create a partnership or joint venture, to create relationships of an employer-employee or principal-agent, or to otherwise create any liability for **CITY** whatsoever with respect to the indebtedness, liabilities, and obligations of **CONTRACTOR** or any other party.

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12.4 **CONTRACTOR** shall indemnify and hold **CITY** harmless from, and defend **CITY** against, any and all losses, damages, claims, costs, penalties, liabilities, expenses arising out of or incurred in any way because of, but not limited to, **CONTRACTOR'S** obligations or legal duties regarding any taxes, fees, assessments, benefits, entitlements, notice of benefits, employee's eligibility to work, to any third party, subcontractor, employee, state, local or federal governmental entity.

12.5 Neither **CONTRACTOR** nor its employees, agents, or representatives shall be considered employees, agents, or representatives of **CITY**.

### **13 INSURANCE REQUIREMENTS:**

13.1 **CONTRACTOR**, as an independent contractor and not an employee of **CITY**, must carry policies of insurance in amounts specified and pay all taxes and fees incident hereunto. **CITY** shall have no liability except as specifically provided in this Contract.

13.2 **CONTRACTOR** shall not commence work before: (1) **CONTRACTOR** has provided the required evidence of insurance to Carson City Purchasing & Contracts, and (2) **CITY** has approved the insurance policies provided by **CONTRACTOR**.

13.3 Prior approval of the insurance policies by **CITY** shall be a condition precedent to any payment of consideration under this Contract and **CITY'S** approval of any changes to insurance coverage during the course of performance shall constitute an ongoing condition subsequent this Contract. Any failure of **CITY** to timely approve shall not constitute a waiver of the condition.

### **13.4 Insurance Coverage:**

13.4.1 **CONTRACTOR** shall, at **CONTRACTOR'S** sole expense, procure, maintain and keep in force for the duration of this Contract the following insurance conforming to the minimum requirements specified below. Unless specifically specified herein or otherwise agreed to by **CITY**, the required insurance shall be in effect prior to the commencement of work by **CONTRACTOR** and shall continue in force as appropriate until the latter of:

13.4.1.1 Final acceptance by **CITY** of the completion of this Contract; or

13.4.1.2 Such time as the insurance is no longer required by **CITY** under the terms of this Contract.

13.4.2 Any insurance or self-insurance available to **CITY** shall be in excess of and non-contributing with any insurance required from **CONTRACTOR**. **CONTRACTOR'S** insurance policies shall apply on a primary basis. Until such time as the insurance is no longer required by **CITY**, **CONTRACTOR** shall provide **CITY** with renewal or replacement evidence of insurance no less than thirty (30) calendar days before the expiration or replacement of the

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required insurance. If at any time during the period when insurance is required by this Contract, an insurer or surety shall fail to comply with the requirements of this Contract, as soon as **CONTRACTOR** has knowledge of any such failure, **CONTRACTOR** shall immediately notify **CITY** and immediately replace such insurance or bond with an insurer meeting the requirements.

**13.5 General Requirements:**

13.5.1 **Certificate Holder:** Each liability insurance policy shall list Carson City c/o Carson City Purchasing & Contracts, 201 N. Carson Street Suite 11, Carson City, NV 89701 as a certificate holder.

13.5.2 **Additional Insured:** By endorsement to the general liability insurance policy evidenced by **CONTRACTOR**, The City and County of Carson City, Nevada, its officers, employees and immune contractors shall be named as additional insureds for all liability arising from this Contract.

13.5.3 **Waiver of Subrogation:** Each liability insurance policy shall provide for a waiver of subrogation as to additional insureds.

13.5.4 **Cross-Liability:** All required liability policies shall provide cross-liability coverage as would be achieved under the standard ISO separation of insureds clause.

13.5.5 **Deductibles and Self-Insured Retentions:** Insurance maintained by **CONTRACTOR** shall apply on a first dollar basis without application of a deductible or self-insured retention unless otherwise specifically agreed to by **CITY**. Such approval shall not relieve **CONTRACTOR** from the obligation to pay any deductible or self-insured retention. Any deductible or self-insured retention shall not exceed \$5,000 per occurrence, unless otherwise approved by **CITY**.

13.5.6 **Policy Cancellation:** Except for ten (10) calendar days notice for non-payment of premium, each insurance policy shall be endorsed to state that; without thirty (30) calendar days prior written notice to Carson City Purchasing & Contracts, the policy shall not be canceled, non-renewed or coverage and /or limits reduced or materially altered, and shall provide that notices required by this paragraph shall be sent by certified mail to Carson City Purchasing & Contracts, 201 N. Carson Street Suite 11, Carson City, NV 89701.

13.5.7 **Approved Insurer:** Each insurance policy shall be issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers acceptable to the State and having agents in Nevada upon whom service of process may be made, and currently rated by A.M. Best as "A-VII" or better.

13.5.8 **Evidence of Insurance:** Prior to commencement of work, **CONTRACTOR** must provide the following documents to Carson City Purchasing & Contracts, 201 North Carson Street Suite 11, Carson City, NV 89701:

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13.5.8.1 **Certificate of Insurance:** The Acord 25 Certificate of Insurance form or a form substantially similar must be submitted to Carson City Purchasing & Contracts to evidence the insurance policies and coverages required of **CONTRACTOR**.

13.5.8.2 **Additional Insured Endorsement:** An Additional Insured Endorsement (CG20 10 or C20 26), signed by an authorized insurance company representative, must be submitted to Carson City Purchasing & Contracts to evidence the endorsement of **CITY** as an additional insured per Subsection 12.5.2.

13.5.8.3 **Schedule of Underlying Insurance Policies:** If Umbrella or Excess policy is evidenced to comply with minimum limits, a copy of the Underlyer Schedule from the Umbrella or Excess insurance policy may be required.

13.5.9 **Review and Approval:** Documents specified above must be submitted for review and approval by Carson City Purchasing & Contracts prior to the commencement of work by **CONTRACTOR**. Neither approval by **CITY** nor failure to disapprove the insurance furnished by **CONTRACTOR** shall relieve **CONTRACTOR** of **CONTRACTOR'S** full responsibility to provide the insurance required by this Contract. Compliance with the insurance requirements of this Contract shall not limit the liability of **CONTRACTOR** or its sub-contractors, employees or agents to **CITY** or others, and shall be in addition to and not in lieu of any other remedy available to **CITY** under this Contract or otherwise. **CITY** reserves the right to request and review a copy of any required insurance policy or endorsement to assure compliance with these requirements.

### 14 COMMERCIAL GENERAL LIABILITY INSURANCE:

14.1 Minimum Limits required:

14.1.1 Two Million Dollars (\$2,000,000.00) - General Aggregate

14.1.2 One Million Dollars (\$1,000,000.00) - Each Occurrence

14.2 Coverage shall be on an occurrence basis and shall be at least as broad as ISO 1996 form CG 00 01 (or a substitute form providing equivalent coverage); and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, civil lawsuits, Title VII actions and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

### 15 BUSINESS AUTOMOBILE LIABILITY INSURANCE: (waived)

15.1 Minimum Limit required:

15.1.1 One Million Dollars (\$1,000,000) per occurrence for bodily injury and property damage

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15.2 Coverage shall be for "any auto", including owned, non-owned and hired vehicles. The policy shall be written on ISO form CA 00 01 or a substitute providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

### 16 PROFESSIONAL LIABILITY INSURANCE:

16.1 Minimum Limit required: One Million Dollars (\$1,000,000.00)

16.2 Retroactive date: Prior to commencement of the performance of this Contract

16.3 Discovery period: Three (3) years after termination date of this Contract.

16.4 A certified copy of this policy may be required.

### 17 WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY INSURANCE:

17.1 **CONTRACTOR** shall provide workers' compensation insurance as required by Nevada Revised Statutes Chapters 616A through 616D inclusive and Employer's Liability insurance with a minimum limit of \$500,000 each employee per accident for bodily injury by accident or disease.

17.2 **CONTRACTOR** may, in lieu of furnishing a certificate of an insurer, provide an affidavit indicating that **CONTRACTOR** is a sole proprietor; that **CONTRACTOR** will not use the services of any employees in the performance of this Contract; that **CONTRACTOR** has elected to not be included in the terms, conditions, and provisions of Nevada Revised Statutes Chapters 616A-616D, inclusive; and that **CONTRACTOR** is otherwise in compliance with the terms, conditions, and provisions of Nevada Revised Statutes Chapters 616A-616D, inclusive.

### 18 BUSINESS LICENSE: (waived)

18.1 **CONTRACTOR** shall not commence work before **CONTRACTOR** has provided a copy of his Carson City business license to Carson City Purchasing and Contracts.

18.2 The Carson City business license shall continue in force until the latter of: (1) final acceptance by **CITY** of the completion of this Contract; or (2) such time as the Carson City business license is no longer required by **CITY** under the terms of this Contract.

### 19 COMPLIANCE WITH LEGAL OBLIGATIONS:

19.1 **CONTRACTOR** shall procure and maintain for the duration of this Contract any state, county, city, or federal license, authorization, waiver, permit, qualification or certification required by statute, ordinance, law, or regulation to be held by **CONTRACTOR** to provide the goods or services of this Contract. **CONTRACTOR** will be responsible to pay all government obligations, including, but not limited to, all taxes, assessments, fees, fines, judgments,

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premiums, permits, and licenses required or imposed by law or a court. Real property and personal property taxes are the responsibility of **CONTRACTOR** in accordance with Nevada Revised Statutes 361.157 and 361.159. **CONTRACTOR** agrees to be responsible for payment of any such government obligations not paid by its subcontractors during performance of this Contract. **CITY** may set-off against consideration due any delinquent government obligation.

### **20 WAIVER OF BREACH:**

20.1 Failure to declare a breach or the actual waiver of any particular breach of this Contract or its material or nonmaterial terms by either party shall not operate as a waiver by such party of any of its rights or remedies as to any other breach.

### **21 SEVERABILITY:**

21.1 If any provision contained in this Contract is held to be unenforceable by a court of law or equity, this Contract shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this Contract unenforceable.

### **22 ASSIGNMENT/DELEGATION:**

22.1 To the extent that any assignment of any right under this Contract changes the duty of either party, increases the burden or risk involved, impairs the chances of obtaining the performance of this Contract, attempts to operate as a novation, or includes a waiver or abrogation of any defense to payment by **CITY**, such offending portion of the assignment shall be void, and shall be a breach of this Contract. **CONTRACTOR** shall neither assign, transfer nor delegate any rights, obligations or duties under this Contract without the prior written approval of **CITY**.

### **23 CITY OWNERSHIP OF PROPRIETARY INFORMATION:**

23.1 Any files, reports, histories, studies, tests, manuals, instructions, photographs, negatives, blue prints, plans, maps, data, system designs, computer programs, computer codes, and computer records (which are intended to be consideration under this Contract), or any other documents or drawings, prepared or in the course of preparation by **CONTRACTOR** (or its subcontractors) in performance of its obligations under this Contract shall be the exclusive property of **CITY** and all such materials shall be delivered into **CITY** possession by **CONTRACTOR** upon completion, termination, or cancellation of this Contract. **CONTRACTOR** shall not use, willingly allow, or cause to have such materials used for any purpose other than performance of **CONTRACTOR'S** obligations under this Contract without the prior written consent of **CITY**. Notwithstanding the foregoing, **CITY** shall have no proprietary interest in any materials licensed for use by **CITY** that are subject to patent, trademark or copyright protection.

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

23.2 **CITY** shall be permitted to retain copies, including reproducible copies, of **CONTRACTOR'S** drawings, specifications, and other documents for information and reference in connection with this Contract.

23.3 **CONTRACTOR'S** drawings, specifications and other documents shall not be used by **CITY** or others without expressed permission of **CONTRACTOR**.

24 **PUBLIC RECORDS:**

24.1 Pursuant to Nevada Revised Statute 239.010, information or documents received from **CONTRACTOR** may be open to public inspection and copying. **CITY** will have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests. **CONTRACTOR** may clearly label specific parts of an individual document as a "trade secret" or "confidential" in accordance with Nevada Revised Statute 332.061, provided that **CONTRACTOR** thereby agrees to indemnify and defend **CITY** for honoring such a designation. The failure to so label any document that is released by **CITY** shall constitute a complete waiver of any and all claims for damages caused by any release of the records.

25 **CONFIDENTIALITY:**

25.1 **CONTRACTOR** shall keep confidential all information, in whatever form, produced, prepared, observed or received by **CONTRACTOR** to the extent that such information is confidential by law or otherwise required by this Contract.

26 **FEDERAL FUNDING:**

26.1 In the event federal funds are used for payment of all or part of this Contract:

26.1.1 **CONTRACTOR** certifies, by signing this Contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. This certification is made pursuant to the regulations implementing Executive Order 12549, Debarment and Suspension, 28 C.F.R. pt. 67, § 67.510, as published as pt. VII of the May 26, 1988, Federal Register (pp. 19160-19211), and any relevant program-specific regulations. This provision shall be required of every subcontractor receiving any payment in whole or in part from federal funds.

26.1.2 **CONTRACTOR** and its subcontractors shall comply with all terms, conditions, and requirements of the Americans with Disabilities Act of 1990 (P.L. 101-136), 42 U.S.C. 12101, as amended, and regulations adopted thereunder contained in 28 C.F.R. 26.101-36.999, inclusive, and any relevant program-specific regulations.

26.1.3 **CONTRACTOR** and its subcontractors shall comply with the requirements of the Civil Rights Act of 1964, as amended, the Rehabilitation Act of 1973, P.L. 93-112, as

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

amended, and any relevant program-specific regulations, and shall not discriminate against any employee or offeror for employment because of race, national origin, creed, color, sex, religion, age, disability or handicap condition (including AIDS and AIDS-related conditions).

**27    LOBBYING:**

27.1    The parties agree, whether expressly prohibited by federal law, or otherwise, that no funding associated with this Contract will be used for any purpose associated with or related to lobbying or influencing or attempting to lobby or influence for any purpose the following:

27.1.1    Any federal, state, county or local agency, legislature, commission, counsel or board;

27.1.2    Any federal, state, county or local legislator, commission member, counsel member, board member, or other elected official; or

27.1.3    Any officer or employee of any federal, state, county or local agency; legislature, commission, counsel or board.

**28    GENERAL WARRANTY:**

28.1    **CONTRACTOR** warrants that all services, deliverables, and/or work product under this Contract shall be completed in a workmanlike manner consistent with standards in the trade, profession, or industry; shall conform to or exceed the specifications as set forth in the incorporated attachments; and shall be fit for ordinary use, of good quality, with no material defects.

**29    PROPER AUTHORITY:**

29.1    The parties hereto represent and warrant that the person executing this Contract on behalf of each party has full power and authority to enter into this Contract. **CONTRACTOR** acknowledges that this Contract is effective only after approval by Carson City Purchasing & Contracts and only for the period of time specified in this Contract. Any services performed by **CONTRACTOR** before this Contract is effective or after it ceases to be effective are performed at the sole risk of **CONTRACTOR**.

**30    ALTERNATIVE DISPUTE RESOLUTION:**

29.1    Pursuant to NRS 338.150, public body charged with the drafting of specifications for a public work shall include in the specifications a clause requiring the use of a method of alternative dispute resolution before initiation of a judicial action if a dispute arising between the public body and the contractor engaged on the public work cannot otherwise be settled. Therefore, in the event that a dispute arising between **CITY** and **CONTRACTOR** cannot otherwise be settled, **CITY** and **CONTRACTOR** agree that, before judicial action may be



**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

initiated, **CITY** and **CONTRACTOR** will submit the dispute to non-binding mediation. **CITY** shall present **CONTRACTOR** with a list of three potential mediators. **CONTRACTOR** shall select one person to serve as the mediator from the list of potential mediators presented by **CITY**. The person selected as mediator shall determine the rules governing the mediation.

**31 GOVERNING LAW; JURISDICTION:**

31.1 This Contract and the rights and obligations of the parties hereto shall be governed by, and construed according to, the laws of the State of Nevada, without giving effect to any principle of conflict-of-law that would require the application of the law of any other jurisdiction. **CONTRACTOR** consents and agrees to the jurisdiction of the courts of the State of Nevada located in Carson City, Nevada for enforcement of this Contract.

**32 ENTIRE CONTRACT AND MODIFICATION:**

32.1 This Contract and its integrated attachment(s) constitute the entire Contract of the parties and such are intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other Contracts that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this Contract specifically displays a mutual intent to amend a particular part of this Contract, general conflicts in language between any such attachment and this Contract shall be construed consistent with the terms of this Contract. Unless otherwise expressly authorized by the terms of this Contract, no modification or amendment to this Contract shall be binding upon the parties unless the same is in writing and signed by the respective parties hereto and approved by Carson City Purchasing and Contracts. The parties agree that each has had their respective counsel review this Contract which shall be construed as if it was jointly drafted.

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**  
**Title: Carson City Jail Pharmaceuticals**

**33 ACKNOWLEDGMENT AND EXECUTION:**

33.1 In witness whereof, the parties hereto have caused this Contract to be signed and intend to be legally bound thereby.


**CARSON CITY**

Finance Director  
Attn: Kim Belt  
Purchasing and Contracts Manager  
201 North Carson Street, Suite 3  
Carson City, Nevada 89701  
Telephone: 775-283-7137  
Fax: 775-887-2107  
[KBelt@carson.org](mailto:KBelt@carson.org)

**CITY'S LEGAL COUNSEL**

Neil A. Rombardo, District Attorney

I have reviewed this Contract and approve as to its legal form.

By:   
Kim Belt


By:   
Deputy District Attorney

DATED 5/28/13

DATED 5/28/13

**I certify that funds are available and that CONTRACTOR will not be given authorization to begin work until this Contract has been signed by Purchasing and Contracts.**

**BY:** Romaine Gilliland, Interim Director  
Carson City Health and Human Services  
900 East Long Street  
Carson City, NV 89706  
Telephone: 775-887-2190  
Fax: 775-887-2248  
[rgilliland@carson.org](mailto:rgilliland@carson.org)

By: 

DATED 5/28/13

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**

**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

Undersigned says: That he is the **CONTRACTOR** or authorized agent of the **CONTRACTOR**; that he has read the foregoing Contract; and that he understands the terms, conditions, and requirements thereof.

**CONTRACTOR**

**BY:** Mark J. Zilner, R.Ph.

**TITLE:** Owner and Chief Operating Officer

**FIRM:** Diamond Pharmacy Services

**CARSON CITY BUSINESS LICENSE #:** waived

**Address:** 645 Kolter Drive

**City:** Indiana      **State:** Pennsylvania      **Zip Code:** 15701-3570

**Telephone:** 800-882-6337 x1003/ **Fax #:** 877-234-7050

**E-mail Address:** mzilner@diamondpharmacy.com

\_\_\_\_\_  
(Signature of **CONTRACTOR**)

DATED \_\_\_\_\_

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**  
**Contract No. 1213-116**  
**Title: Carson City Jail Pharmaceuticals**

**CONTRACT ACCEPTANCE AND EXECUTION:**

The Board of Supervisors for Carson City, Nevada at their publicly noticed meeting of June 6, 2013, approved the acceptance of **CONTRACT No. 1213-116** Further, the Board of Supervisors authorizes the Mayor of Carson City, Nevada to set his hand to this document and record his signature for the execution of this contract in accordance with the action taken.

**CARSON CITY, NEVADA**

\_\_\_\_\_  
**ROBERT L. CROWELL, MAYOR**

DATED this 6<sup>th</sup> day of June, 2013.

**ATTEST:**

\_\_\_\_\_  
**ALAN GLOVER, CLERK-RECORDER**

DATED this 6<sup>th</sup> day of June, 2013.

**CONTRACT FOR SERVICES OF INDEPENDENT CONTRACTOR**

**Contract No. 1213-116**

**Title: Carson City Jail Pharmaceuticals**

**SAMPLE INVOICE**

Invoice Number: \_\_\_\_\_

Invoice Date: \_\_\_\_\_

Invoice Period: \_\_\_\_\_

Vendor Number: \_\_\_\_\_

Invoice shall be submitted to:

Carson City Health Department  
900 East Long Street  
Carson City, NV 89706

Use this section if CONTRACT SUM was based on a lump sum.

| <b>Line Item #</b>            | <b>Description</b> | <b>Value</b> | <b>% Completed</b> | <b>Total \$\$</b> |
|-------------------------------|--------------------|--------------|--------------------|-------------------|
|                               |                    |              |                    |                   |
|                               |                    |              |                    |                   |
|                               |                    |              |                    |                   |
|                               |                    |              |                    |                   |
| <b>Total for this invoice</b> |                    |              |                    |                   |

|                                      |          |
|--------------------------------------|----------|
| Original Contract Sum                | \$ _____ |
| Less amount previously billed        | \$ _____ |
| = contract sum prior to this invoice | \$ _____ |
| Less this invoice                    | \$ _____ |
| =Dollars remaining on Contract       | \$ _____ |

**ENCLOSE COPIES OF RECEIPTS & INVOICES FOR EXPENSES & OUTSIDE SERVICES**



January 7, 2013

Kim Belt  
Carson Finance Department  
201 N. Carson Street, Suite 3  
Carson City, NV 89701

Dear Ms. Belt;

I appreciate the opportunity to submit our proposal for the provision of pharmaceutical services and supplies. Enclosed is relevant information regarding our company, its values, services and products.

Diamond Pharmacy Services, the Nation's Largest Correctional Pharmacy Provider, is a full-service pharmaceutical and medical supply provider that has been providing services to correctional facilities for 3 decades. We currently fill prescriptions for 1 out of every 5 inmates in the nation and are servicing over 1,000 correctional facilities in 44 states, including 3 locations in Nevada, from our family owned, closed-door institutional pharmacy that allows us to dispense nearly 8,000,000 prescriptions annually. In terms of pricing, we are able to bid very competitively because we purchase in large volume from the nation's largest wholesalers and directly from manufacturers. Details of several cost containment strategies are detailed in our proposed scope of work.

With three (3) decades of experience within the correctional pharmacy industry, our large volume purchasing power, comprehensive pharmacy services and state of the art technology, we will provide efficient and cost effective services to the Carson City Jail that are unmatched. We have over 900 dedicated employees on-site in our 135,000 square foot state-of-the-art facility that utilizes barcode workflow software, conveyor belts, automated sorting and picking devices as well as automated packing systems. Our current staffing allows us to quickly transition new facilities such as Carson City with experienced technicians and a pharmacist account manager with over 12 years of continuous experience with Diamond assigned to your account. We follow all NCCHC, ACA, Nevada State Board of Pharmacy and Joint Commission (formerly JCAHO) regulations. We are the only correctional pharmaceutical supplier to be Joint Commission and a Verified Accredited Wholesale Distributor (VAWD.) Please also review our enclosed references of facilities, and contact persons, we currently service in Nevada.

Our pharmacy is open 24/7/365 so we are always available to provide clinical and operational consulting services to our customers. We have a very strong commitment to Quality Assurance and have several in house committees in place to ensure the highest quality of work flow management. Our proposal details solutions in the areas of pharmaceutical delivery, comprehensive program management, inventory management, formulary management, , electronic ordering through Sapphire, electronic MAR, electronic reconciliation, staff education, clinical and operational consulting, medication monitoring, regulatory compliance and technological solutions. Although the requirement for a fully integrated EHR has been removed from the RFP, Diamond is still offering a no charge web based electronic ordering and eMAR system to Carson City.

Diamond will provide Carson City Jail with a comprehensive orientation as well as continuous training. We have invested the resources in unit dose blister card packaging to ensure we can legally provide Carson City Jail the highest amount of credit on returned medications. Please see our proposal for details of our generous credit program.

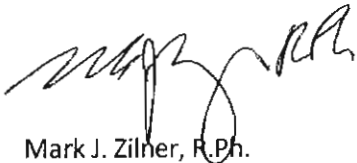
We know any transition to a new vendor from the incumbent can be a time of unwarranted apprehension and anxiety. Many times there is a "comfort zone" from working with a vendor over time and although the service is adequate, this sometimes overshadows the opportunities that exist with changing vendors and starting anew. Our methodical and detailed transition plan, coupled with our experience in transitioning over 1,000 facilities over the years will result in a smooth transition should we be given the privilege of an awarded contract.

Diamond is very confident in our ability to enhance and improve upon what has been achieved to date with your current vendor in areas of operational and clinical management. Becoming the industry leader of correctional pharmacy services has been a journey of hard work and tireless effort by company ownership and our family of dedicated staff. Our stellar reputation for honesty and integrity, competitive pricing, superior customer service and fulfilling our customer promises has allowed for Diamond to flourish and continually grow over the past three decades. The knowledge and experience we have obtained along the way is unrivaled and will prove to be an invaluable commodity to Carson City Jail. Our comprehensive pharmacy services program is driven by (1) Unmatched industry knowledge (2) Superior Program Management (3) Clinical Excellence (4) Dedicated in house staff and support personnel (5) Operational efficiencies (6) Industry leading technology (7) and Quality Assurance Programs that better enables Carson City Jail to operate in conformity with applicable local, state and federal regulations and laws. Our program will provide cost savings, staff efficiencies, the latest technologies and quality clinical services for the patients at your facility.

We are independently and family owned and this allows for us to offer facilities the friendliest, most accurate, most cost-effective service within the correctional pharmacy industry. We do not need to report to shareholders or cut corners to meet obligations of a publically traded company. Our focus is you, the Carson City Jail.

After reviewing our response to your RFP, we hope you will agree that Diamond Pharmacy Services is the logical choice for exceeding the pharmaceutical service needs of Carson City Jail and be awarded the honor of servicing your facility. Please review our entire proposal. If you should have any questions regarding any aspects of our proposal or services, don't hesitate to contact me at 1.800.882.6337 x1003.

Sincerely,



Mark J. Zilner, R.Ph.

Owner and Chief Operating Officer

[mzilner@diamondpharmacy.com](mailto:mzilner@diamondpharmacy.com)

1.800.882.6337 x1003

# PROVISIONS AND REQUIREMENTS

## 11 Response/Pricing Page

In compliance with the Request for Proposal and subject to all the conditions thereof, the Firm agrees to furnish the services/equipment/supplies requested and proposed and certifies he/she has read, understands, and agrees to all terms, conditions and requirements of this proposal and is authorized to contract on behalf of the firm named below: (Note: this form must be signed. All signatures must be original and not photocopies).

Company/Firm Name: Diamond Drugs, Inc.

Address: 645 Kolter Drive  
Indiana PA 15701

Telephone: 800.882.6337 Fax: 724.349.2604

Federal Tax ID (or Social Security #): 25-1378278

Print Name: Mark J. Zilner Title: Chief Operating Officer

Signature:  Date: January 7, 2013

E-Mail Address: mzilner@diamondpharmacy.com or proposal@diamondpharmacy.com

**Prescription Service:** We propose to furnish and deliver prescriptions, medications and supplies as indicated in this Bid Form, provided to Carson City, Nevada, with transportation charges prepaid, and for the price quoted below.

| <u>Description</u>  | <u>Price</u>                        |
|---|-------------------------------------|
| <b>Name Brand Drugs:</b> % Discount off of Average Wholesale Price (AWP) 20% off AWP as published by RedBook    | \$ _____ firm, fixed price per mile |
| <b>Generic Drugs:</b> % Discount off of Average Wholesale Price (AWP) or Medicaid                               | \$ _____ firm, fixed price per mile |
| Maximum Allowable Cost (MAC) 83.5% off AWP as published by RedBook  |                                     |
| Dispensing Fee per Prescription (Maximum of \$4.00) There will be no additional dispensing fee per prescription | \$ _____ firm, fixed price per mile |
| Price List Utilized for Pricing   | <u>RedBook</u>                      |

Bidder shall enter below any specific type medications/drugs to which the above percent discount does not apply. Enter those medications/drugs and percent discount below:

I.V. medications will be billed at RedBook AWP plus \$4.00 per bag.

Direct ship biologicals, blood products, or specialty vaccines will be billed at RedBook AWP.

Medications will not be sold below cost.

Specify the Address of the Pharmacy that will be Servicing this Account:

645 Kolter Drive

Indiana, PA 15701

\*\*\* END OF DOCUMENT \*\*\*





PHARMACY SERVICES

**Pharmaceuticals for Inmates  
At the  
Carson City Jail  
RFP# 1213-116**

**January 9, 2013**

**Submitted to:**

**Kim Belt  
Carson Finance Department, Purchasing and Contracts  
201 North Carson Street, Suite 3  
Carson City, Nevada 89701  
(775) 283-7137 (Phone)  
(775) 887-2107 (Fax)  
[kbelt@carson.org](mailto:kbelt@carson.org)  
[www.carson.org](http://www.carson.org)**

**Prepared and Submitted by:**

**Mark J. Zilner, R.Ph., Owner and Chief Operating Officer  
Diamond Pharmacy Services  
645 Kolter Drive  
Indiana, Pennsylvania 15701  
(800) 882-6337 x1003 (Phone)  
(877) 234-7050 (Fax)  
[mzilner@diamondpharmacy.com](mailto:mzilner@diamondpharmacy.com)  
[www.diamondpharmacy.com](http://www.diamondpharmacy.com)**



## EXECUTIVE SUMMARY

The nearly 200 inmates at the Carson City Jail deserve quality pharmaceutical care, while Carson City deserves fair prices from a company it can trust. Diamond Pharmacy Services is a company that has earned a reputation for exceeding customer requirements by helping our facilities remain in full compliance with all federal, state, and local laws and regulations; working with our facilities' staff to provide efficient and convenient service; and providing inmates with high quality medications and therapy—all while delivering low prices. We look forward to the opportunity to service you and your inmates, should we be honored with an awarded contract.

Diamond Drugs, Inc., dba Diamond Pharmacy Services, is the nation's largest correctional pharmacy provider, servicing 20% of the nation's inmates in over 1,000 correctional facilities in 44 states, including three facilities in the State of Nevada ranging in capacity from 120 to 1,100. Most facilities are adult detention centers, but we also service juvenile facilities, female facilities, intake centers, alcohol and drug detox centers, large and small state departments of corrections, as well as privately owned correctional facilities. We customize our services to fit your needs and deliver the same high-quality care and attention to each patient. Diamond has the experience, expertise, and resources you need and works with your staff to provide your patients with the pharmacy services they require. We may be a large company, but we recognize that the most important patients to you are those in your facility, and we are committed to providing each of your patients with the best available care. At Diamond, "We care about care."

Diamond provides your facility with cost-effective medications and a full array of services to ensure your patients receive high-quality pharmacy care and your staff receives the support they need. Contracting with Diamond allows you to enjoy a level of service not available from our competitors, such as:

- ◆ Unmatched industry-leading knowledge from our three decades of correctional pharmacy experience
- ◆ Site-level and corporate-level management of the pharmacy program devised specifically for Carson City, ensuring full compliance with regulatory and accreditation agencies
- ◆ Clinical excellence through formulary management, reporting, drug utilization reviews, disease management, and therapeutic monitoring
- ◆ A highly trained and knowledgeable in-house (not outsourced) support staff who work exclusively in the correctional setting to understand needs and provide solutions regarding information technology (IT), programming, specialized services, and legal consultation.
- ◆ A solid and comprehensive quality assurance (QA) program and subsequent monitoring

By working successfully with our customers, Diamond has achieved what some of our competitors are still aspiring to develop, such as:

- ◆ Being the only national correctional pharmaceutical supplier accredited by The Joint Commission and certified by the National Association of Boards of Pharmacy (NABP) as a Verified-Accredited Wholesale Distributor (VAWD)
- ◆ Full-time customer care, including access to a *regularly scheduled registered* pharmacist 24 hours a day, 7 days a week, 365 days a year (24/7/365)



Pharmaceuticals for Inmates at the Carson City Jail

- ◆ State-of-the-art technology such as web-based barcode scanning and order reconciliation, web-based online reporting program, web file manager data reporting, and a web-based electronic order entry and medication administration program (Access to all programs are provided free of charge to your facility.)
- ◆ Clinical and disease management programs through our registered and doctoral-licensed clinical pharmacists, certified HIV Pharmacists™, Certified Diabetes Educator, and Anticoagulation Specialist at no charge
- ◆ Continuous quality improvement (CQI) and error prevention programs, developed and supported on site

Company History

In 1970, pharmacists Gilbert and Joan Zilner opened their first retail pharmacy in Indiana, Pennsylvania. Little did they realize that Diamond Pharmacy Services was destined to become the nation’s largest correctional pharmaceutical supplier, currently employing over 900 dedicated individuals including pharmacists, nurses, respiratory therapists, quality assurance technicians, customer service representatives, certified skilled technicians, information technology professionals, legal counsel, and administrative staff. Gilbert and Joan’s son, Mark, graduated with a pharmacy degree and joined the family business in 1991. Mark Zilner, R.Ph., took the company’s efforts at servicing correctional and long-term care facilities to another level. Since 1990, the number of correctional patients under the company’s care has grown over twenty-fold from less than 20,000 to 500,000. By 2001, Diamond had become the nation’s largest correctional pharmacy services provider.



*Current Service Area. Diamond provides pharmacy services nationwide to correctional facilities in the 44 states shaded in red.*

Today, the privately held, family-owned corporation provides correctional institutions, long-term care facilities, and two retail pharmacies with patient-specific medications, accurate and secure patient records, stock pharmaceuticals, custom compounding, respiratory services, and IV infusion and medical supplies. Diamond’s focus is on the correctional pharmacy industry, and our remarkable growth has been a direct result of competitive pricing, dependable and reliable delivery, loyal and long-tenured employees in vital operational areas of the business, and exceptional customer service. We have never changed our name, pursued financing from venture capitalists or outside investors, or purchased any business from a competitor. All growth has been internal and organic, and our enviable record of consistent annual growth sets us apart from the competition.





Pharmaceuticals for Inmates at the Carson City Jail



**Technology and Automation in the Diamond Pharmacy.** In 2005, Diamond Pharmacy Services expanded into its current 135,000-square foot facility to service the 1,000+ correctional facilities and 200 long-term care facilities we count among our valued customers. To ensure you receive accurate orders and your medications are handled with care and according to regulations and industry standards, Diamond uses the latest advances in technology and automation and our employees receive proper training and evaluations.

As our client list has grown and industry demands have changed, our extensive knowledge of the correctional pharmacy industry has dictated that we must grow and meet these demands accordingly. During the past five years, Diamond has expanded even further by establishing several wholly owned subsidiaries—RemedyRepack, SapphireHealth, and InnovaHealth. These subsidiaries enable Diamond to meet the full range of pharmaceutical services necessary for comprehensive institutional pharmacy care. RemedyRepack is a vital component that allows Diamond to legally repack stock medications into blister cards and eliminates our dependency on outside companies to fulfill these requirements. SapphireHealth is our technology division, supporting our Sapphire eMAR and other software, and InnovaHealth’s InnovaScript is a retail mail-order pharmacy, servicing employer prescription programs as well as indigent and retail customers.

**REFERENCES**

| ***Confidential***  |  |          |
|---|--|----------|
| References  |  |          |
| Facility  | Point-of-Contact                                       | Capacity |
| Nevada Southern Detention Center<br>2190 E Mesquite Ave, Pahrump, NV 89060            | Sherry Cipollini, RN, BSN, CEN<br>(775)751-4555        | 1,072    |
| City of Las Vegas Detention Center<br>3300 Stewart Ave, Las Vegas, NV 89101           | Cherry Razon, RN, HSA<br>(702)385-4042                 | 1,100    |
| Orleans Parish Prison<br>2735 Perdido St, New Orleans, LA                             | Dr. Jose Ham, Administrator<br>(504)339-6185           | 2,100    |
| Maricopa County Correctional Health Services<br>301 W Jefferson St, Phoenix, AZ 85003 | Dr. Jeffery Alvarez, Medical Director<br>(602)876-7114 | 10,000   |
| McLennan County Sheriff’s Department<br>3201 E Hwy 6, Waco, TX 76705                  | John A Wells, MD, Medical Director<br>(254)750-5686    | 1,000    |



## SCOPE OF SERVICES

### HOURS OF OPERATION

Routine and emergency consultations regarding all phases of Diamond’s institutional pharmacy operations are provided continuously by a regularly scheduled Registered Pharmacist 24 hours a day, 7 days a week, and 365 days a year (24/7/365). A pharmacist can always be reached directly by calling 1.800.882.6337 or by using Diamond’s after-hours answering service.

With the pharmacy open 24 hours a day, Diamond staff is always available to view patient profiles and the databases necessary to ensure safe and efficacious therapeutic decisions. Having staff on site and readily available 24/7/365 is much safer and more convenient than locating someone or waking them in the middle of the night. Your questions will be answered in real time and immediately. There is no need to submit a clinical concern or operational question through a website or to awaken an on-call pharmacist. It would be nice if all questions and concerns happened during business hours, but we know this simply is not the case. Our commitment to our customers is a commitment to have staff scheduled around the clock to be available as questions arise for immediate resolution and attention. With Diamond, you never have to wait for someone to call you back if you have an emergency. A registered pharmacist is ready to answer your call 24/7/365.

### PACKAGING & LABELING

#### True Unit-Dose Blister Cards

Maintenance medications are routinely dispensed in a 30-day supply unless otherwise requested. Solid medications typically are dispensed in 30-count blister cards with one unit per bubble. Blister cards provide a sanitary delivery system compared to bulk bottles that could become contaminated with repetitive opening and closing. Nurses enjoy the protection, accountability, and ease of delivery offered by blister cards. We also can save you money by dispensing in blister cards, as stock inventory can be controlled more closely. You will no longer need to purchase large-volume stock bottles that significantly increase your inventory costs. Not all pharmacies can provide your facility with FDA-approved, true unit-dose stock packaging.



#### ***Diamond’s Color-Coded Blister Cards.***

*To differentiate drug categories and reduce diversion, Diamond uses different colored cards. Legend and over-the counter (OTC) items are packaged in blue blister cards, and controlled substances, tramadol, and pseudoephedrine products are packaged in red blister cards.*



Pharmaceuticals for Inmates at the Carson City Jail

Other Packaging

- ◆ Discharge medications are dispensed to your facility in the quantity requested. All discharge medications are dispensed in childproof containers, unless otherwise requested. These medications are labeled appropriately with all directions and auxiliary warning labels, in compliance with applicable regulations.
- ◆ OTC medications are sent in bulk original manufacturer’s packaging, except when ordered by the prescriber for individual patients or when prohibited by law or board regulations. If not sent in bulk, these medications are dispensed in blister cards or in prescription bottles, as requested.
- ◆ Liquid medications are provided in unit-of-use containers, as written.
- ◆ Eardrops and liquids are provided in original manufacturer containers or are repackaged from their original glass containers into plastic, if requested and when permitted by FDA.
- ◆ Diamond provides creams and ointments in original manufacturers' containers or in plastic jars, if requested and when permitted by FDA.
- ◆ IV mixtures are shipped compounded, labeled, and ready to administer or are dispensed in Mini-Bag Plus packaging for easy self-mixing on site, upon request by the facility.

Along with our medications, Diamond provides samples of the proper accounting and documentation sheets to record administration and counts of controlled, non-controlled, and OTC medications and sharps items.

Medication Labeling

Each prescription is properly dispensed and labeled as patient-specific or as stock, in full compliance with all state and federal laws, rules, regulations, and provisions and in accordance with all labeling regulations.

| <b>The following items are printed on each label:</b> |  |  |
|---|--|--|
| Inmate name   | Medication imprint, shape, and color (for proper identification) | Original date  |
| Inmate identification number (if requested)           | Directions for use (Spanish available, if requested)             | Dispense date  |
| Cell block (if applicable)                            | Route and time(s) of administration                              | Medication expiration date                                       |
| Medication name and strength                          | Cautions and alerts  | Discontinue date (stop date) and/or refill information           |
| Quantity dispensed                                    | Generic interchange information                                  | Date on refill label indicating when medications may be refilled |
| Manufacturer's name                                   | Prescription number  | Pharmacy name and address  |
| Lot number  |  | Prescriber name  |
| Dosage form   |  | Dispensing pharmacist's initials                                 |

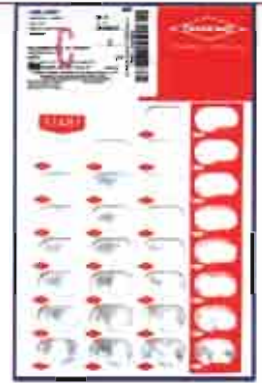
Warning/auxiliary labels are placed on each prescription for safe and effective medication use describing reactions, cautions, warnings, interactions, dietary instructions such as “take with food,” “may cause drowsiness,” “shake well,” etc. In addition to detailed label information, each pill bubble of the blister card contains the medication name, lot, expiration date and manufacturer ID that makes our cards true unit-dose packaging that allows for credit on returned medications.





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Controlled substances (Schedules III-V) are marked with a red letter "C" and are packaged in a red blister card for easy identification. A Scheduled II controlled substance (C-II) will also be dispensed in a red blister card and each label will have two (2) red "C"s to allow further differentiation by your staff.



Peel-Off Refill Tabs

Part of the medication label is a thermal barcode label with a peel-off refill tab, printed in clear, large type. The tabbed refill labels are supplied on every medication order. Each refill tab contains the patient's name and number, medication name, quantity, number of refills, prescriber, prescription number, unique card identification, and date the next refill is due. The information enables the nursing staff to properly identify the information on each reorder tab. Medications are easily refilled by peeling off the tab from the prescription label and placing it on a refill form. The form can then be faxed to Diamond or scanned into the system for electronic refill submission.

Customizable Barcodes

Each label's barcode is recognizable by Diamond's ePrescribing or by any in-house computer software. The barcode also can be accommodated, as space permits, to include specific prescription-related information requested by your facility.

True Unit-Dose Labeling

Diamond's blister cards are true unit-dose packaging. While the label itself contains detailed information, the back of each pill bubble in the blister card is labeled with the medication name, lot, expiration date, and manufacturer ID. Only true unit-dose packaging allows for credit on returned medications.



Stock Cards for Stat/Emergency Administrations

Diamond carries a complete line of both prescription and over the counter medications. Prior to the contract initiation and in conjunction with the purchasing agent, a sufficient emergency stock inventory is established based on the current products and amounts utilized. Appropriate stock quantities are maintained via the following process:

- ◆ Diamond develops a customized order form for your facility that lists all the stock items used by the facility. Each form contains an alphabetized item listing with the complete description and package size. To order, your staff simply needs to indicate the quantity needed next to each item and then submit to Diamond.
- ◆ Within three months of contract inception, Diamond will have sufficient data to assist your site in developing specific par levels from reportable data housed in our pharmacy system.
- ◆ Access to medications should be limited to authorized personnel and be kept secure at all times.

Stock cards of certain medications needed for immediate administration are provided, and quantities are determined in conjunction with the medical director. Stock card doses are packaged in tamperproof blister packs. OTC and legend items are packed in a blue blister card and any controlled substances dispensed for stock will be in a red card to allow differentiation by your staff and to limit and/or prevent diversion.



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A system of accountability is important. Inventory flow sheets for reconciliation of all doses are provided to record and document each dose administered from the stock card. The completed accountability sheets should be faxed to Diamond Pharmacy (for reconciliation of doses) when stock is depleted. The medication, however, may be reordered when needed by submitting the peel-off reorder label to Diamond by fax/electronically or by using the stock order forms. Our system of accountability complies with all NCCHC and ACA guidelines.

Before a stock item for a controlled substance is dispensed, Diamond requires that a member of nursing department as well as the prescriber sign the order form as a means to prevent possible diversion.

Stock Drug Pedigree Requirements

Global counterfeiting and diversion of pharmaceutical products is estimated at over \$75 billion annually. Independent organizations identified over 1,700 product security incidents in 2010 alone. Estimates suggest that, annually, roughly 30 million U.S. prescriptions contain tainted or counterfeit drugs. Consequently, the FDA, working with industry stakeholders, proposed the creation of a standard record called a pedigree. A pedigree is a statement of origin that traces the drug from the point of manufacture and contains information about all transactions that the product undergoes until it reaches the end user. Today, 29 states have passed laws requiring drug pedigrees.

Diamond strictly complies with all pedigree requirements. We offer the option of electronic pedigrees, which eliminates extra work on the part of your staff and does not require storage space. Diamond's web-based software provides pedigrees using a secure password-protected site so your staff can login and view using a web-based computer. Diamond can also provide paper copies, if requested.

Medications dispensed as stock are required to be dispensed by a Licensed Drug Wholesaler. Diamond strictly complies with all wholesaling and repackaging requirements and is a Licensed Wholesaler in Pennsylvania and Nevada.

Further, guidelines require that only an FDA Registered Repackager can repackage stock medications into blister cards. Diamond's wholly owned subsidiary, RemedyRepack is an FDA Registered Repackager, which permits us to legally dispense stock medications in blister packs as opposed to bulk bottles.

Blister cards save your facility a significant amount of dispensing time and money. Diamond passes through the savings resulting from the creation of blister cards from large-count pill bottles as opposed to the 30- or 100-count bottles.

Ultimately, your department needs to ensure that your selected contractor is a Licensed Drug Wholesaler and an FDA Registered Repackager and provides pedigree papers for every stock medication distributed. By law, both your facility and the wholesaler need to comply with stock medication regulations. Diamond is the only National Correctional Provider in the industry to obtain a Verified-Accredited Wholesale Distributor (VAWD) designation, which is required in some states, to distribute stock medication.





## ORDERING

Diamond customers can order by phone or fax using Diamond toll-free number, 24 hours a day, 7 days a week, and 365 days a year (24/7/365). With Diamond's internal fax system, we receive our orders primarily on fax servers, not fax machines. Customers fax orders on standard fax machines provided by Diamond; however, the orders are received at Diamond on our computerized internal fax server, which converts the orders to digital images. Digital images prevent misplaced fax paper and allow for quick retrieval of orders. Once received at Diamond, the images automatically route to designated technicians' desktops and are placed in the current day's workflow if they are faxed before your order cutoff time or in the next day's workflow if they are faxed after your cutoff time. A confirmation sheet documenting the actual number of pages received and the time we received your fax is automatically faxed to each facility's fax machine.

Customers can also order electronically using Sapphire eMAR, a proprietary web-based medication management system developed by SapphireHealth, LLC, a wholly owned Diamond subsidiary. Sapphire eMAR provides a professional, easy-to-use, innovative medication order entry system. As a homegrown system, it offers you many benefits such as the following:

- ◆ Not being locked into a system through a contract
- ◆ Diamond taking full responsibility of product and support
- ◆ Diamond making necessary modifications to software through one of our eight on-site programmers and 17 IT professionals
- ◆ One point of contact versus use of multiple vendors to provide solutions
- ◆ eMAR integration that is specifically designed to work with our pharmacy applications
- ◆ Ability to interface with other electronic health record (EHR) systems and the Tiburon jail management system to complement our order entry and eMAR system
- ◆ Customization to meet your needs and specifications
- ◆ Not being forced into a "cookie cutter" product that would require fees for upgrades and enhancements that are standard with Sapphire
- ◆ A product we offer to our customers free of charge if submitting all orders to Diamond

Sapphire's comprehensive, fully HIPAA-compliant, online ordering program is a bi-directional system using a secure Internet server. The features and benefits of ordering online through this user-friendly software include the following:

- ◆ The ability to order new prescriptions or stock orders more quickly by using drop down screens and order refill buttons (Reordering, extending, or discontinuing all medications is easy using these same features.)
- ◆ Increased accuracy resulting from the reduction in transcribing errors and clarity issues that can result from faxed order sheets
- ◆ With orders transmitted in real time as written, more orders received by Diamond prior to the cutoff time, which results in timelier deliveries
- ◆ Reduced incidents of non-formulary orders because your staff knows immediately if a medication is not on your approved list (Non-formulary alerts are automatically sent to the prescriber's queue where he or she can easily complete the non-formulary process online and forward it to Diamond with the order.)
- ◆ Over-the-counter, stock, and emergency medications that are all easily initiated and documented



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- ◆ Savings from the elimination of paper physician order sheets, which are no longer needed
- ◆ The ability to view patient profiles and determine when a medication was last filled prior to transmitting the order
- ◆ Password-protected access for approved practitioners to patient profiles, medication orders, and history from any web-based computer located on- or off-site
- ◆ The system alerting you at the time of ordering to the most common directions used by your facility for specific medications
- ◆ Automated prescription reordering and medication refilling processes that provide you with full documentation
- ◆ Simple order refills through the click of a button, no peel-off labels or scanning needed
- ◆ Maintenance of all patient-specific and stock medications inventories with automatic notification of which medications are needed based upon actual administration
- ◆ Tracking and documentation of patient allergies and/or drug interactions
- ◆ An allergy database at time of order entry, concurrently reviewed at Diamond
- ◆ Diagnosis per medication
- ◆ Duplicate therapy warnings at time of order entry, also concurrently reviewed at Diamond
- ◆ Advanced medication taper schedule
- ◆ Electronic emergency stock order templates
- ◆ Medication inventory program

Sapphire eMAR allows your facility to quickly, accurately, and conveniently order new medications; reorder medications; view entire patient profiles and medication histories; maintain patient profiles, change orders and self-medication (KOP) status; notify staff if the medication ordered is a non-formulary medication; print a variety of utilization, administration, and management reports; and print paper copies of all prescriptions and activities for each patient's chart.

You will have one primary and one backup Diamond technician to process your facility's orders. This enables your facility to talk to the same people every day as your main points of contact. The technicians will be aware of your facility's usual requirements and needs. In the event your technician is away from his or her desk when you call, you have the option of leaving the supervisor a voice mail or speaking with a team partner who is cross-trained to effectively process your facility's orders.

#### Medication Monitoring

Diamond clinical pharmacists thoroughly screen each inmate's complete computerized medication profile to ensure safe and therapeutic medication administration prior to filling each order. Our pharmacists also screen interactions, allergies, and other potential issues such as non-formulary medications that need to be addressed with your staff prior to dispensing. Diamond maintains a current version of the Medi-Span® database as a consultative resource. This database is the most authoritative, comprehensive and up-to-date drug interaction and drug allergy-screening reference tool available. It equips Diamond pharmacists and technicians with timely and clinically relevant information on both prescription and OTC medications, enabling them to measurably improve patient outcomes through effective drug therapy hazard monitoring.

In addition, Diamond screens patient prescription profiles for the following:



Pharmaceuticals for Inmates at the Carson City Jail

- ◆ Duplicate therapy from medications in the same therapeutic class
- ◆ Medication interactions and incompatibilities (including drug-drug, drug-order and drug-age interactions)
- ◆ Excessive/sub-therapeutic dosages
- ◆ Appropriateness of medication therapy
- ◆ Medications which are refilled too soon, based on your facility-specific established parameters
- ◆ Medications ordered past the designated stop date
- ◆ Clinical abuse or misuse
- ◆ Medications that are to be administered as directly-observed-therapy
- ◆ Medications that are to be administered from stock only

We will contact your facility PRIOR to filling and shipping expensive medications so that you may consider alternatives or request a lesser supply in the event a patient is to be released. Our policy is to alert your providers BEFORE dispensing a prescription should there be any medication orders with an inappropriate strength, duplicate orders with existing medications on a patient profile, potential drug-drug interactions deemed clinically significant and medically justifiable and any medication that triggers a documented allergy in our pharmacy system.

**DELIVERIES**

Routine Order Cutoff Times

New, routine orders can be submitted electronically before 2:00 p.m. MST/MDT Monday through Friday and 11:00 a.m. MST/MDT Saturdays (your routine order cutoff times). Late orders can be submitted by telephone directly to your technician before 5:00 p.m. MST/MDT. Emergency or STAT orders that cannot be filled using on-site medications in Diamond-provided starter stock or emergency kits are provided the same day through a predetermined local backup pharmacy.

Local Backup Pharmacies

| <b>Diamond proposes the following local backup pharmacies:</b>              |                      |  |                        |
|---|----------------------|--|------------------------|
| Walgreens #4788<br>1465 E William St, Carson City NV 87901<br>(775)841-2790 |                      | Wal-Mart Pharmacy<br>3200 Market St, Carson City NV 89706<br>(775)883-6535 |                        |
| Monday-Friday   | 8:00 a.m.-10:00 p.m. | Monday – Friday  | 9:00 a.m. – 9:00 p.m.  |
| Saturday  | 8:00 a.m.-6:00 p.m.  | Saturday   | 9:00 a.m. – 7:00 p.m.  |
| Sunday  | 10:00 a.m.-6:00 p.m. | Sunday   | 10:00 a.m. – 6:00 p.m. |

Guaranteed Delivery Times

All new medication orders have a next-day guaranteed delivery time of 10:30 a.m. local time Monday through Friday and 12:00 noon local time on Saturdays. Orders are shipped for next-day delivery 6 days a week—Monday through Saturday, excluding Sundays and some nationally recognized holidays (New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas). A contracted local backup pharmacy processes all emergency orders that need to be delivered on Sundays.





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All medications are delivered by the guaranteed time the following day unless a medication is on national backorder or in the unlikely event that Diamond is out-of-stock, in which case the medications usually are delivered the following day or a backup source will be used. All notifications of a medication on national backorder or out-of-stock are communicated to your facility on the delivery manifest, or if using our electronic reconciliation, are provided online prior to your shipment leaving Diamond.

Diamond has shipping contracts with all three leading next-day delivery services—FedEx, UPS, and the U.S. Postal Service (USPS). If for some reason one carrier is not adequate for your facility, Diamond can select another. All shipments are sent requiring a signature at the facility. Our reliable and dependable mail-order delivery model is currently servicing hundreds of West Coast facilities, including three facilities in the State of Nevada.

#### Reconciliation and Inventory Management

Diamond reconciliation and inventory management software rely upon barcode scanning to track orders as the shipment builds each day to when the shipment is received at your facility. Scanning is the most efficient and accurate method of product reconciliation. Other pharmaceutical suppliers require your staff to manually review their orders on a paper delivery sheet, as they simply may not have electronic reconciliation available. Manual order reconciliation and review is extremely labor intensive and more prone to error. We estimate you can decrease the amount of time spent on order reconciliation by 75% by simply using our web based electronic system.

Our reconciliation program offers the capability for your staff to quickly reconcile medication order shipments utilizing barcode technologies as well as requesting/tracking refills and managing returns online. Our system also offers the ability to export order information in various file formats such as Excel, PDF, or Word. The program is simpler, quicker, and more accurate than manually checking individual orders on a paper delivery sheet.

Once scanning has been completed, the software automatically notifies your staff of any missing items. The software adds the missing items to a discrepancy log, which may be printed for further processing. Diamond stores your reconciliation data on an in house server perpetually. Should you ever need to return to a prior reconciliation session, or search for a specific order, it can be easily retrieved by doing a simple search that is launched from within the program. To get started, all you need is Internet access and a tethered barcode scanner.

The ability to review your shipment as it builds each day is an added bonus built into our program that allows your staff to place new and refill orders only when truly needed. Our system also provides you with the reason an item will not be shipped (such as refills that have been sent to a cut date, medications in need of a non-formulary approval, refills that are too soon, and medications that need a controlled substance hard copy). By providing this information BEFORE your order ever leaves Diamond, your staff can proactively manage these issue to prevent delays in medication shipment and administration.

#### Emergency Kits

Diamond provides lockable emergency medication kits that contain injectable medications used for immediate administration to alleviate pain, treat infections, modify dangerous behavior, and preserve life. Medications and stock quantities are determined in conjunction with your facility's medical director.



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All contents are listed on the sealed, lockable kit. Accountability sheets in each kit or cabinet are used to document inventory, administered doses, and destruction. For sites with controlled substances in their emergency kit, Diamond provides prescription order forms in the emergency box so providers can write an order to account for used medications.

Emergency Orders

When your facility needs an emergency prescription, your staff faxes or electronically transmits your prescription using Diamond's STAT FAX LINE, which is staffed and available 24/7/365. Upon order receipt, Diamond contacts the backup pharmacy and arranges for the emergency prescription.

By submitting STAT/emergency orders to Diamond, you can be sure to receive these prescriptions in the agreed-upon quantities at the agreed-upon, contracted rate. Diamond's ability to provide direct electronic claim transmission from the local backup pharmacy keeps your costs at a minimum and ensures that your facility does not incur a charge if your employees pickup emergency orders.

Emergency prescriptions also can be delivered directly to your facility using the local pharmacy's delivery service or a taxi or courier service that has been pre-arranged by Diamond, at your request.

If phoning Diamond with emergency orders, your staff is immediately transferred to a dedicated customer service technician or a pharmacist who can expedite your emergency/STAT need. If you phone after hours, Diamond's answering service patches your call through to an on-site pharmacist, on duty 24 hours a day.

The backup pharmacy invoices Diamond, and Diamond invoices your facility. The amount of the charge includes your normal Diamond-contracted rate plus any additional charges from the local pharmacy. These additional charges are simply passed through at Diamond's cost, without any margin or mark-up. Charges may include, but are not limited to, the cost of the local pharmacy's prescription, if above Diamond's contract price, plus any delivery or on-call charges; taxi or courier charges; etc. Detailed reports of all emergency prescriptions are provided with Diamond's invoice.

**CLINICAL CONSULTING**

Diamond has an exceptional clinical consulting department headed by our Director of Correctional Services. The department comprises several Doctors of Pharmacy, Registered Pharmacists, two accredited HIV Pharmacists™, a Certified Diabetes Educator, our in-house Registered Nurse Practitioner, and our certified Anticoagulation Specialist. Diamond pharmacists review statistical data and trends pertaining to all medications, including more expensive medication classifications such as psychotropics, Human Immunodeficiency Virus (HIV) medications, Hepatitis C medications, and biotechnology items.

Your lead project pharmacist will work actively with your staff to allow your organization and ours to work as a team, continually raising the standard and reducing the cost of care.

To facilitate company/customer interactions, Diamond installed a videoconferencing system in our pharmacy. If your facility has videoconferencing capabilities, you can have face-to-face meetings with Diamond staff any time. This affords



us the opportunity to participate in any P&T, QA, healthcare provider, and impromptu meetings you convene. This also is an excellent way for our pharmacists, IV nurses, and respiratory therapists to provide in-service training for your staff.

## POLICIES & PROCEDURES

Our pharmacists are available to assist you in the development, implementation, monitoring, and updating of a policies and procedures manual for your facility. We can customize our standard manual to meet your facility and P&T committee's specific needs. The manual systematically outlines all policies and procedures and is a major benefit in training new employees. The manual outlines medication ordering, administration, med pass, destruction, formulary process, regulations, etc., ensuring your staff has been given proper direction to operate appropriately and to comply with specific rules and regulations. The manual follows all NCCHC, ACA, and Joint Commission guidelines; HIPAA standards; and State Board of Pharmacy, DEA, and FDA guidelines. Diamond updates the manual throughout the duration of the contract.

## FORMULARY

### Formulary Development

The implementation and management of a formulary in a correctional setting parallels the process used by private insurance companies and government agencies as a mechanism not only to better control costs, but also to ensure safe prescription ordering practices for medications that could pose safety concerns. Our formulary vision incorporates both of these principles as we routinely assess and evaluate your formulary for additions and deletions. The formulary document is reviewed routinely (at the discretion of your medical director/P&T committee) and is changed as needed through addendum and memorandum to reflect any changes to the paper hardcopy or electronic format. With the release of new medications, when clinical information identifies previously unknown safety concerns, and when generic products become available, the document is immediately changed and reviewed.

As a starting point, Diamond will conduct a review of your current formulary and will work in conjunction with your prescribers to discuss medication additions or deletions. Our goal is to develop a formulary that is comprised primarily of generic and cost-effective brand name medications to encourage cost containment without compromising the quality of care. Our clinical and pharmacist staff is the best in the business, and your site will benefit from our years of clinical experience in the area of formulary development. Mark Zilner, R.Ph., Chief Operating Officer of Diamond, in conjunction with Diamond's other clinical pharmacists has written formularies for the past 25 years for numerous departments of correction and county jail facilities.

Diamond's formulary contains two sections, one arranged by category, and one alphabetized by medication name. Each entry lists both brand and generic names. Upon request, we provide actual prices for each item. The alphabetized section has page numbers listed to reference the appropriate categories. Our format also can be adjusted by specific institution based upon the sex and age of inmates and the category or complexity of the facility. As an active member of the P&T committee, Diamond discusses formulary medications and provides a comprehensive analysis of the utilization data in the generated reports. We will never change your formulary without the approval of your facility medical director.





A unique feature of Diamond's formulary management is the ability to provide a duration-based formulary in addition to a list of approved medications. A duration-based entry is coded so formulary status depends on the duration (for example, a medication that is prescribed for more than 10 days becomes a non-formulary medication, but a medication used less than 10 days is formulary). Diamond currently uses duration-based formularies to manage costs with non-steroidal anti-inflammatory drugs (NSAIDs), muscle relaxants, and proton pump inhibitors (PPIs).

### Formulary Management

Diamond enforces formulary compliance, upon request. Through a predetermined process, we require the use of special request forms for non-formulary medications. If a non-formulary medication is ordered without a completed request form, we send the facility an alert that contains the medication's name and strength, patient name, and prescriber. The process requests the prescriber to change the medication or complete a special medication request form, justifying the selection of a non-formulary item.

If, after a predetermined amount of time, the prescription has not changed or the completed form has not been received, Diamond provides two options.

1. Diamond can dispense a small quantity of the non-formulary medication.
2. Diamond can wait to receive the completed form, or the prescriber changes the prescription

In correctional facilities, formulary usage with strict compliance has been shown to significantly decrease total monthly pharmacy invoices

## EQUIPMENT & SUPPLIES

### Fax Machine

Diamond provides a plain paper fax machine, upon request, for the transmission and receipt of information between your facility and ours. Diamond programs the fax machine specifically for your facility with our toll-free speed-dial number. Our fax machines are programmed to provide a fax confirmation sheet after every transmission. Your facility has the option of purchasing fax cartridges yourself or through Diamond. Fax machines are provided on loan for the duration of the agreement when you fax all medication orders to Diamond.

### Additional Products and Services

In addition to comprehensive pharmaceutical products and services, Diamond offers a complete line of competitively priced:

- ◆ Medical Equipment and Supplies—Includes latex gloves, exam table paper, bandages, test strips, braces, crutches, wound care products, walkers, wheelchairs, hospital beds, and urologicals
- ◆ Healthcare Products—Includes aspirin, Tylenol, shampoo, soap, hand lotions, disinfectant cream, toothpaste, and individual unit-dose packets
- ◆ Respiratory Therapy Services—Includes access to Diamond's on-staff respiratory therapists, technicians and a complete line of products and equipment



## INFORMATION & EDUCATION

Diamond provides medication information to prescribers, nurses, officers, and patients regarding education on medication therapies, side effects, proper administration of medications, etc.

### In-Service Training Customized for Carson City

Provided to nurses, technicians, prescribers, and officers on a wide variety of topics tailored to ensure compliance and enhance staff knowledge. The topic list is virtually unlimited. Some of the most popular topics include pharmacy service procedures, medication pass, medication utilization, medication charting and accountability, medication storage and security, new medication updates, medication management, medication side effects and interactions, proper medication disposal or destruction, and controlled medication management.

### Video Library

Diamond has an extensive healthcare video lending library containing over 300 videos on various medical related topics. These videos are available for use by your facility. Videos are available at various educational levels and contain information appropriate for inmates, security, nurses, and prescribers. Some of the most popular topics include IV infusion, medication information, nursing skills, respiratory, universal precautions, HIV, and diabetes. Videos may be borrowed and viewed by your facility and returned to Diamond when finished, free of charge.



### Newsletters

Quarterly company newsletters, written by Diamond Pharmacists and guest industry experts, include articles and reviews on new medications, current disease strategies and therapies, operational procedures, formulary management, disease state reviews and Diamond company news.

Our Quarterly HIV and Hepatitis newsletter is written by two Diamond HIV Pharmacists™ and edited by Adriana Andrade, MD, MPH, Assistant Professor of Medicine in the Division of Infectious Diseases, Johns Hopkins University School of Medicine. This newsletter provides a wealth of knowledge and information specific to HIV and Hepatitis therapy.

### Product and Regulation Announcements

Information on new medications, generic medications, therapies, side effects, proper administration of medications, etc., is provided. In addition, Diamond automatically sends memos to your facility when a medication's color or imprint changes or when new generics are released. Regulatory information is sent to your facility as soon as it is issued.

### Monographs

A complete set of patient medication information monographs for formulary medications are provided in English or Spanish, if requested. These monographs outline the medications classification, usage, administration, and side effects. They provide the most accurate and timely information in an easy to read format regarding medication classifications, usage, administration and side effects. Additionally, Material Safety Data Sheets (MSDS) are available 24/7/365 on our company's website.





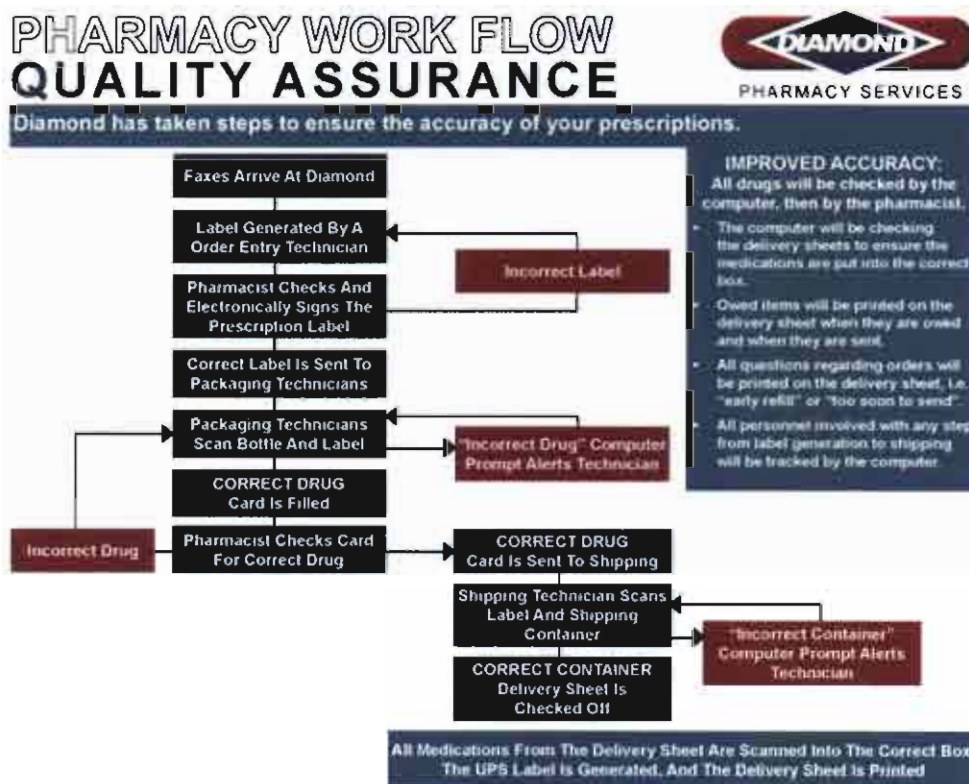
Reference Manuals

Medication reference materials, as needed, such as controlled substance lists, list of medications that should not be crushed, metric conversions, poison antidotes, medications that cause heat sensitivity, medications that cause photosensitivity, poison prevention hotline, etc., are provided. Books and publications can also be purchased on behalf of you facility and will be billed as a pass through charge.

Information Exchange

Because of its large customer base, Diamond has the ability to provide contacts from other facilities in order to facilitate the exchange information between facilities. When you have questions or would like to interact with healthcare professionals from other facilities, let Diamond know and the company matches your request with the appropriate person at another facility.

**QUALITY ASSURANCE**



Diamond Performance Improvement Meetings are attended by senior representatives from each department including the executive staff. If an error was the result of a procedural or policy flaw, a corrective action program is formulated with input from all affected departments. Once developed, the action plan is approved, documented, and communicated to the staff.

Some of the changes Diamond has implemented to help eliminate errors are as follows:



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- ◆ Sound-alike drugs (Zyprexa and Zyrtec, Lamisil and Lamictal, Serzone and Seroquel, etc.) have been segregated in separate areas in the pharmacy. The correct label automatically prints at the proper shelf area containing that medication to eliminate any chance of mislabeling
- ◆ Pharmacists change duties in the middle of the day to keep them fresh and their concentration focused
- ◆ Numerous software improvements have been developed to assist data entry technicians and pharmacists process the orders accurately and efficiently
- ◆ Scanning-devices, packaging machines, conveyor belts, picking and sorting devices have been integrated into a customized barcode-driven workflow system
- ◆ There are continuous improvements in routines and workflow patterns throughout the pharmacy
- ◆ Medication packers work in the same area everyday enabling them to become extremely familiar with the products they package
- ◆ Diamond utilizes Tallman lettering schemata to help mitigate the risks associated with similar drug names. Tallman lettering is a method by which lower case and upper case letters are used to differentiate critical portions of sound-alike, look-alike drugs from one another for drugs with similar drug names. This ideology has been widely accepted by the Institute for Safe Medication Practices (ISMP) and is widely accepted as a standard of practice
- ◆ An additional step in the order checking process was created. This step requires that a Quality Assurance employee check product after a technician has packed it, but before it arrives for final review by a pharmacist. This “extra step” is invaluable as it provides an extra set of eyes to check the product before it leaves Diamond’s facility
- ◆ An Adverse Drug Reaction (ADR) Coordination position was created to assist facilities in reviewing and establishing an Adverse Drug Reaction program

Diamond is a firm believer in Total Quality Management (TQM) and has implemented a set of strong management practices throughout the organization, geared to ensure that Diamond consistently meets or exceeds customer requirements. As a means of continuous improvement, Diamond places strong focus on process measurement, analysis, documentation, communication, and controls.

## COST CONTAINMENT

### Cost Containment

One of Diamond’s goals is to keep your cost per patient within budget while providing quality care. Generic medication substitution, formulary implementation/management, clinical services management, monthly statistical reports, operational efficiencies and improvements, backup pharmacy control, and our unsurpassed purchasing power and discounts are all important tools to reduce your costs and improve patient outcomes.

### Buying Groups/Purchasing Organizations

As our industry has evolved, pharmacies have increasingly participated in buying groups and purchasing organizations to lower costs. Diamond is a member of several purchasing affiliations and negotiates directly with manufacturers. Multiple purchasing options for Diamond allow us to selectively pick the most price-competitive contract supplier. This, in turn, helps ensure that your facility receives the lowest available prices. Our purchasing manager has been with Diamond for



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over 20 years and has a thorough knowledge of the correctional pharmacy industry. Our massive volume and purchasing power allows him to negotiate and dictate the best prices that we then pass on to you.

Measures that Diamond takes to reduce your costs include:

- ◆ *We automatically substitute the lowest cost generic or brand name drugs for therapeutically equivalent A-rated products unless requested otherwise by the prescribers.*
- ◆ Diamond's clinical pharmacists are well versed in making cost-effective recommendations and developing drug formularies. Diamond's pharmacists are always available to answer questions regarding cost-effective therapy, and you can contact them through your account representative or 24/7/365 by calling 1.800.882.6337 toll-free.
- ◆ Diamond's monthly formulary management and statistical reports show usage trends and prescribers' history to identify areas to save money. For sites using our proprietary online reporting system, this information can be obtained in real time 24/7/365.
- ◆ Diamond automatically splits tablets of certain high-priced medications that have various strengths at similar costs (for example, an order for "Abilify 10mg by mouth once daily" is packaged and sent as split 20-mg tablets and labeled as "Abilify 20mg, Take ½ tablet (10mg) by mouth once daily.") Tablet-splitting is performed in accordance with FDA requirements for prescription drug compounding. Splitting tablets saves customers up to 48% over unsplit tablets and does not compromise therapy or clinically affect the patient. We currently split doses for Abilify, Crestor, Latuda, and Livalo.
- ◆ For certain medications, utilizing two doses of a lower strength instead of a single dose of the requested strength is cost-effective. Diamond automatically combines lower doses in such cases (for example, combining two pediatric Hepatitis B doses to equal an adult dose).
- ◆ Diamond accepts drug coupons and vouchers from pharmaceutical companies (for example, for a free supply).
- ◆ Diamond implemented an HIV discharge program to allow your facility to obtain certain HIV medications for eligible inmates released from your facility at no charge to your department. Diamond works in conjunction with your in-house discharge planner to facilitate this program. Sites also can access drug companies that assist with medication costs by viewing [www.needymeds.com](http://www.needymeds.com).
- ◆ Diamond directly invoices medical assistance, *private health insurance*, AIDS drug assistance programs (ADAPs), federal agencies (ICE and U.S. Marshals Service) or other sources of payment whenever a patient is eligible. Our ability to directly invoice removes the cost of these medications from your budget so you immediately realize cost savings.
- ◆ Diamond participates in buying groups and directly purchases from manufacturers and generic companies to provide you with very competitive pricing.
- ◆ Diamond is the *only pharmacy* invested in providing true unit-dose blister card packaging that ensures the highest allowable credits. We provide unit-dose labeling on all packaging. This affords you credit availability on a wider spectrum of medications returned. We made the substantial financial and personnel resource commitment to ensure all medications sent to your facilities have each bubble of a blister card individually labeled with medication name and strength, NDC number, manufacture name, lot, and expiration date. States such as Maryland, Indiana, New York, and Pennsylvania require this packaging before medications can be considered for return for credit.





Diamond initiatives are often overlooked by our customers as our attention to detail is taken for granted. Diamond is the industry leader, but you may not notice the little things that make all the difference in keeping your facilities compliant with regulatory agencies and state inspectors.

#### Credit on Returns

Diamond provides credit on unused medications. Our policy is to provide credit on both full and partial cards of medications. It is important to know that you can order medications and should the inmate be released or the medications changed, you can return the medications for credit. Diamond has also taken the lead by ensuring all medications dispensed have individually labeled bubbles to make it a unit-dose packaging that can be returned for reuse. Diamond packaging complies with these requirements to enable us to provide credit on returns for full and partial blister cards.

Due to the costs resulting from inmate turnover, medication changes, and the rising price of medications, Diamond realizes the importance of issuing credit on returned medications. Credit is offered on full and partial cards at 100% of the amount billed to your facility or the current market value of the medication. Non-creditable medications or medications that inmates brought into the facility also can be returned for disposal or destruction at no charge.

Acting as your partner in helping reduce waste and costs, Diamond offers credit, where permitted by the State Boards of Pharmacy and the FDA, on full and partial blister card medications returned to us, provided the medications:

- ◆ Remain in their original sealed blister packs
- ◆ Have been stored under proper conditions
- ◆ Are not within 3 months of expiration
- ◆ Have not been released to the inmate population or labeled/dispensed as “keep-on-person”
- ◆ Are not controlled substances
- ◆ Have a minimum value of \$1.95 per returned card
- ◆ Have not been billed to a private insurance or Medicaid

The Pennsylvania State Board of Pharmacy has strict requirements for returning medications for credit, and Diamond rigorously complies. The State Board requires that each bubble contain the medication name, manufacturer, lot, and expiration date. When medications are returned, the medication is not permitted to be punched out and reused. For this reason, medications that are packaged with multiple units per bubble in a blister card or in multi-dose strip packaging must be destroyed upon return; thus, they do not qualify for credit. The actual individual bubble can be redispensed only in its original intact packaged piece. Diamond has made a substantial investment in designing a system that enables us to reuse individual, intact bubbles to credit medications so our customers receive the highest amount of credit allowable. Pharmacies offering credit on partial cards without such a system may be in violation of State Board regulations.

Be wary of vendors who do not conform to these regulations, yet offer you credit for items that by law they need to destroy. A vendor offering you credit on an item they must discard is not a typical practice in the correctional industry. Such a vendor could not stay in business if he or she accepted returns on high-priced HIV, biological, chemotherapeutic, antipsychotic, and hematological agents; gave their customers credit for these returns; and discarded the medications instead of reclaiming them. Our policy rigidly complies with regulations, but we are upfront and straightforward in



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telling our customers what medications we are allowed and not allowed to credit by law. Diamond will not jeopardize or sacrifice our stellar integrity that has been earned over the past three decades.

**Diamond offers credit on full and partial cards.**

Diamond is responsible for the shipping costs for all returned medications and provides your facility with prepaid preaddressed FedEx Package Returns Program (PRP) or UPS Authorized Return Service (ARS) labels. These labels are simply affixed to the return box, which is handed to express delivery personnel during their normal pickup/delivery to your facility.

**In 2011, Diamond provided \$13,636,352.01 in credit to our customers.**

Several pharmacies do not offer or are legally prohibited by several state Boards of Pharmacy from offering credit on all full or partial cards. Nationally, 62.4% of returned medications are in partial cards. Your selection of a pharmacy that does not offer credit or that legally is not permitted to issue credit on partial cards would result in a significant loss of revenue for your facility.

**Cost Proposal**

Diamond's bid is based on a discount applied to the average wholesale price (AWP) of the brand name and generic medication published by Red Book®. We do not add dispensing fees to the price of our medications. Medications will not be sold below cost.

Our medication price **includes:**

- ◆ A pharmacist serving as the primary contact
- ◆ A dedicated in-house pharmacy technician
- ◆ Fax machines for the duration of the contract
- ◆ Start-up in-service and ongoing training
- ◆ Access to our web-based reconciliation program
- ◆ Access to our web file manager financial reporting
- ◆ Access to our Online Reporting Program (ORP)
- ◆ Access to our industry-leading clinical pharmacists and specialists
- ◆ 24/7/365 telephone consulting
- ◆ Monthly and ad hoc reports
- ◆ Traditional and electronic MARs
- ◆ Deployment of our proprietary electronic ordering and eMAR program, Sapphire
- ◆ The labeling, packaging, and delivery of medication to your facility



**DIAMOND PHARMACY SERVICES**

**BID TO THE  
CARSON CITY JAIL**

**January 9, 2013**

Diamond Pharmacy Services offers the following bid to the Carson City Jail.

Each prescription will be billed as follows:

**Brand Name and Single-Source Medications = AWP less 20%**

**Generic Multi-Source Medications = AWP less 83.5%**

**Regarding the above price:**

- ◆ There will be no minimum prescription price.
- ◆ AWP = Average Wholesale Price—As updated by Red Book.
- ◆ The above bid includes all services outlined in the proposal including forms, MARs, telephone consulting, a fax machine, computerized reports, access to software and training for Sapphire electronic ordering and eMAR, etc.
- ◆ Hardware and Internet access for Sapphire are the responsibility of the facility if Carson City should wish to deploy the system.
- ◆ Facilities are charged the price only of the prescriptions; there are no extra charges and no additional dispensing fees per prescription.
- ◆ Any interface or transmission fees charged by an electronic health record (EHR)/electronic medical record (EMR) company will be billed as a pass-through.
- ◆ Single-source medications are defined as generic entities that are provided from a single manufacturer source.
- ◆ Prescriptions will not be sold below cost.
- ◆ Consultant Pharmacist charges for on-site visits and inspections will be billed as a pass-through.
- ◆ Maintenance medications are dispensed in a routine 30-day supply.
- ◆ Backup pharmacy services will be billed at the contracted backup pharmacy's rate—as billed through a pharmacy benefit management (PBM) company—plus the backup pharmacy's delivery charge or on-call charge, or the taxi or courier charge, if applicable.
- ◆ Diamond will retain and reserves all rights, title, use, control, interest in and ownership of its assets including, but not limited to, its software, reporting, packages, and user documentation; operations, procedures, and strategies; formulary and clinical services; manufacturer, wholesaler, group purchase, and vendor contracts and resultant data and information; patient, claims, and drug utilization information; trademarks and service marks.



### **Credit on Returns**

Credit will be issued on full or partial blister cards at 100% of the actual amount billed or current market value of medications. Credit will be issued on returned, non-controlled tablets or capsules remaining in the original 30-dose blister card which contains a single dose per bubble, provided the medications are returned prior to 3 months of expiration, are not originally labeled as keep-on-person (KOP), have not been released to the inmate population, have a minimum value per card of \$1.95, do not contain writing or are adulterated, have not been billed to Medicaid or other third party insurance, and are permitted for return by the State Board of Pharmacy and the U.S. Food and Drug Administration (FDA).

Controlled medications and opened partial stock medications cannot be credited per Federal regulations. Credits are issued on medications based upon the professional judgment of a Diamond pharmacist and based the current market value of the medication.

Returns received at Diamond, during the term of the contract, by the 15<sup>th</sup> of the month will be credited on the next invoice for that calendar month. Credit memos will be deducted from payment of the oldest outstanding invoices.

Upon contract termination, any desired returns must be made within fifteen (15) days of contract termination. Diamond will not return any items returned by Carson City not eligible for credit. Diamond may increase rates when deemed necessary provided Diamond gives Carson City sixty (60) day written notice.

### **Notes**

Some pharmacies correctly label only high-priced medications to give their customers credit on those items, but do not do so on moderately priced medications, thus, taking away their customers' potential for credit. In essence, the vendor limits the amount of credit potentially available to their customers by not properly labeling all bubbles of a blister card at point-of-dispensing. Be assured, Diamond will properly label your medication, assuring the highest levels of credit allowable, in conformity with federal, state, and local laws and regulations.

Diamond offers credit on full and partial, non-adulterated blister cards. Several pharmacies do not offer credit on partial cards, which would amount to a significant loss for your facility. Nationally, 62.4% of returned medications are in partial cards. Selecting a pharmacy that does not offer credit on partial cards would result in a significant loss for your facility.





## TRANSITION

Diamond has years of experience in creating a smooth transition for correctional institutions of varying sizes, as evidenced by the 1,000 facilities we currently service. We understand that proper planning is critical to satisfying our customers' needs and providing a seamless transition. To be successful, we follow the old adage, "Plan your work, and then work your plan." Our transition plan affords accountability through a concise, methodical, systematic approach that features three vital components for success—establishing goals, identifying appropriate staff to meet those goals, and describing the details surrounding each of the critical events that must happen to complete these goals. A successful transition depends on the customer and Diamond collaborating and communicating to understand how and when each phase will be carried out.

Our transition team has already been developed and will be led by your lead project pharmacist, Jeff DiGiorgio, R.Ph., who has 12 years of continuous correctional pharmacy experience with Diamond. In addition, a dedicated order entry technician and partner will be assigned as your daily contact with Diamond, allowing us to give you the best in continuous customer service.

Members of the transition team include:

- ◆ Mark Zilner, R.Ph., Owner and Chief Operating Officer
- ◆ Matt Risko, R.Ph., Director of Correctional Operations
- ◆ Joel Akmal, Director of Information Technology
- ◆ Jeff DiGiorgio, R.Ph., Lead Project Pharmacist
- ◆ Courtney Adams, Start-Up Coordinator
- ◆ Sharon Getty, Start-Up Specialist
- ◆ Joseph Woodle, Director of Customer Care

These members will ensure that you receive a thorough on-site training of all appropriate staff regarding our ordering procedures, storage of pharmaceuticals, accounting procedures, pharmaceutical distribution, management and inventory, pharmaceutical troubleshooting, and online services in accordance with the agreed upon policy and procedures manual.





**Diamond Implementation Schedule**

Our timeline can be adjusted to meet your facility's needs, should a quicker startup be required.

| <b>Goal 1</b>   |  |                        |
|---|--|------------------------|
| <b>Seamless transition in medication delivery services</b>  |  |                        |
| <b>Task</b>   | <b>Responsible Person</b>  | <b>Days Post Award</b> |
| Assign pharmacy team, including lead Clinical pharmacist, backup pharmacist, pharmacy technicians       | Chief Operating Officer & Lead Project Pharmacist                                  | Pre Award              |
| Submit start-up schedule for approval by your facility  | Lead Project Pharmacist  | 1                      |
| Send start-up information questionnaire to your facility  | Start-Up Coordinator   | 3                      |
| Jointly determine formulary and how it will be enforced   | Director of Pharmacy Operations, Formulary Development & Facility Medical Director | 5                      |
| Select and contract backup pharmacies   | Facility Pharmacy Manager & Lead Project Pharmacist                                | 10                     |
| Facility orders stock medications and supplies  | Facility Medical Director & Staff Pharmacists                                      | 20                     |
| Determine any special medication dispensing and labeling requirements                                   | Pharmacy Technician  | 20                     |
| Coordinate with site to set date to transmit current MARs along with all cross faxes                    | Director of Pharmacy Operations  | 20-25                  |
| Ensure all provider licenses and site licenses are on file, as well as site specific lists of providers | Account Specialist   | 20-25                  |
| Determine which reporting systems will be used  | Facility Medical Director & Lead Project Pharmacist                                | 20-25                  |
| Photocopies of current MARs sent to Diamond   | Facility   | 23                     |
| Facility faxes to current pharmacy and Diamond  | Facility Pharmacy Staff  | 25-30                  |
| Diamond enters all active prescription data for complete patient profiles                               | Pharmacy Technician  | 25-30                  |
| Ship all medications, emergency kits and stock needed for first day of services                         | Facility Pharmacy Staff & Diamond Distribution                                     | 28                     |



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| <b>Goal 2</b>   |   |                        |
|---|---|------------------------|
| <b>Prompt delivery of all manuals, forms, and start-up equipment.</b> |   |                        |
| <b>Task</b>   | <b>Responsible Person</b>   | <b>Days Post Award</b> |
| Provide current policy and procedure manual for review                | Facility Medical Director, Medical staff<br>Director of Pharmacy Operations, &<br>Lead Project Pharmacist | 5                      |
| Ship start-up kits to facility, including sample forms                | Facility Pharmacy Staff &<br>Start-Up Specialist  | 10                     |
| Modify P&P with facility's recommendations                            | Start-Up Specialists  | 15                     |
| Ship fax machines, med carts, computer equipment                      | Facility Pharmacy Staff &<br>Diamond IT & Shipping Departments  | 20                     |

| <b>Goal 3</b>   |                           |                        |
|---|---------------------------|------------------------|
| <b>Training of facility staff in the use and implementation of all aspects of the medication receiving, distribution and tracking systems</b> |                           |                        |
| <b>Task</b>   | <b>Responsible Person</b> | <b>Days Post Award</b> |
| Thoroughly train all facility staff on all aspects of the start-up procedures.  | Lead Project Pharmacist   | 15                     |
| Review the Diamond "Who to Call List"   | Lead Project Pharmacist   | 15                     |
| Ensure each site is familiar with their primary technician and pharmacist   | Lead Project Pharmacist   | 15                     |

| <b>Goal 4</b>  |                              |                        |
|--|------------------------------|------------------------|
| <b>Maintenance of a helpline for troubleshooting issues that arise.</b>      |                              |                        |
| <b>Task</b>  | <b>Responsible Person</b>    | <b>Days Post Award</b> |
| Follow-up calls to ensure ongoing communication, quality of service, and Q&A | Director of Customer Service | 30, 45, 60             |



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| <b>Goal 5<br/>Assist staff in verifying technical requirements, coordinate data population, and train facility staff in the use of the Sapphire system.</b> |   |                        |
|---|---|------------------------|
| <b>Task</b>   | <b>Responsible Person</b>                                 | <b>Days Post Award</b> |
| Sapphire Guidelines accepted and returned to Diamond  | General Manager SapphireHealth and Facility Administrator | 10                     |
| Conference call to discuss site hardware, connectivity, and software requirements   | Diamond IT and Facility IT                                | 11                     |
| Send Sapphire start-up packet to facility   | Diamond Transition Specialist                             | 12                     |
| Web training for facility users   | Facility Staff  | 15                     |
| Review any requirements for interfacing or software development changes necessary to accommodate contract   | Diamond IT Staff  | 20-30                  |
| On-Site Training  | Diamond Trainers  | 27-30                  |
| System Implementation   | Diamond Transition Specialist & Facility Staff            | 30                     |

The start-up schedule covers the initial in-service of staff by a registered pharmacist prior to the change of service as well as a period for all transitional activities and resolution of identified concerns. As you can see, our transition plan is not complicated, but methodically planned to prevent any disruptions to your normal operations and primary responsibility of patient care. Our experience over the past three decades gives us the confidence that your facility also will enjoy a smooth transition to our services should the privilege to service you facility be awarded to Diamond.

**REPORTING**

Diamond provides extensive reporting capabilities resulting from our significant investment in our information technology (IT) department, systems development, infrastructure, and computerized systems. We provide reports in electronic or hard copy format. We also provide a web-based management and reporting system, Online Reporting Program (ORP), which enables your facility to run reports on demand, quickly and easily. Access to this system is free to our customers and provides 24/7/365 access to reporting that is sortable by patient, medication, or provider. Internet access, an assigned user ID, and password are all that you need to get started.

Diamond’s statistical reports are a modular combination of Excel spreadsheets and charts that help illustrate monthly expenditures, usage, prescribing habits, and trends. The system currently contains more than 300 available reports and charts and more than 400 yearly trend figures. Diamond customizes and creates reports to meet the needs of your facility.

A brief description of a few of Diamond’s standard reports follows:

- ◆ *Patient Census* – This monthly report graphically presents the number of inmates in your facility who receive medical care and includes trends.



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- ◆ **Total Monthly Costs** – As the name implies, this report provides the gross cumulative total of Diamond's invoices to your facility by month. The total includes all stock and prescription medications, formulary and non-formulary drugs, health-care supplies, and the costs of any STAT deliveries. The report includes trends.
- ◆ **Total Monthly Costs Less Credits** – This report uses the data compiled for your gross cumulative total, by month, and deducts any credits that were issued for returned medications, healthcare supplies, etc. The report includes trends.
- ◆ **Total Monthly Cost Per Patient Less Credits** – This report depicts your net invoiced cumulative total costs per month, divided by the number of patients who received care that month. This report includes trends.
- ◆ **Total Non-Formulary Prescription Orders** – This report includes the number of non-formulary orders shipped to your facility each month. This report includes trends.
- ◆ **Non-Formulary Costs** – This report includes the number of non-formulary prescriptions you receive and includes your cumulative spending each month for these medications. This report includes trends.

Other standard reports issued by Diamond to assist you in managing costs and patient care cover:

- ◆ Management data, including medications ordered, processed, delivered, and disposed
- ◆ Detailed patient profiles
- ◆ Patient medication allergy and medication interaction alerts
- ◆ Monthly medication usage per inmate
- ◆ Medication utilization report
- ◆ Summary of total medication costs
- ◆ Continual controlled substances inventory and dose count
- ◆ Monthly psychotropic usage report
- ◆ Computerized medication administration records (MARs)
- ◆ Monthly refill reminders
- ◆ Patients on medications known to produce adverse side effects when exposed to high temperatures or the sun
- ◆ Total doses dispensed per inmate
- ◆ Percentage of inmates on medications
- ◆ Percentage of inmates on particular classes of medications such as controls, psychotropics, etc.
- ◆ Formulary vs. non-formulary medications dispensed
- ◆ Number of prescriptions per inmate
- ◆ Number of new and refill prescriptions dispensed
- ◆ Number of doses dispensed
- ◆ High to low usage by dollar amount of formulary and non-formulary medications dispensed
- ◆ High to low usage by quantity dispensed by medication, psychotropics, and OTCs
- ◆ Medications by specific physician, class, or specific medications or controls, psychotropics, all medications, etc.
- ◆ Medication therapeutic classification (psychotropics, HIV, controlled substances, etc.) reports detailing usage
- ◆ Top 10 most expensive patients
- ◆ Cost containment recommendations
- ◆ Side effects and medication interactions
- ◆ OTC medications
- ◆ Medication cost summaries





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- ◆ Medications and quantities ordered
- ◆ Notification of medications reordered too soon
- ◆ Invoices containing medication name, national drug code (NDC), and average wholesale price (AWP)
- ◆ Itemized credit report, showing prescription detail and credits for returned medications
- ◆ Brand vs. generic details

In addition to our standard monthly, quarterly, and annual reports, Diamond provides ad hoc reports upon request. Most ad hoc reports are provided within 1–2 business days, depending on complexity. Exceptions are reports requested by security to help search for diverted medications. In these instances, reports usually can be provided in less than an hour.

All reports can be sorted, ordered, or grouped in various ways including by inmate name, medication, therapeutic class, prescribing physician, facility, etc.

Diamond often presents its statistical data with graphs to visually illustrate facility/prescriber/patient usage and to show trends. Typical data elements include the patient name, inmate/patient number, correctional facility, provider name, date of service, prescription number, medication name, medication class, medication strength, quantity dispensed, days' supply, and drug cost.

In terms of other documentation, Diamond provides accurate and timely invoices and printouts to facilitate full reconciliation of charges. These reports greatly assist your facility in the proper analysis and management of prescribing practices and costs.

All reports are provided, maintained, and disposed of in compliance with all federal and state laws, Health Insurance Portability and Accountability Act (HIPAA) regulations, and department policies and procedures. We provide basic ad hoc, requested, and customized reports at no additional cost. In summary, Diamond can provide nearly any requested report, customized to meet your department's specific needs. In fact, Diamond can boldly state that we will greatly exceed your expectations regarding reporting capabilities.

### Overview of Online Reporting Program

Diamond's Online Reporting (ORP) is a robust web-based patient profile-reporting tool offered exclusively by Diamond Pharmacy Services. Overall, the goal of ORP is to provide you with a simplified means, which will enable immediate access to an accurate patient data retrieval system. As a user, you will have various reporting options, as well as multiple ways to view, sort, and print the dispensed data based on specified parameters.



### Concentrated Data

ORP provides the ability to create customizable reports, showing strictly the data you want to review. In addition, advanced sort and search options are guaranteed to display the pertinent data in the format of your choice. ORP provides the option to perform the functions:



## Pharmaceuticals for Inmates at the Carson City Jail

- ◆ Review multiple facilities individually or collectively
- ◆ Select a user specified date range for billed data
- ◆ Review multiple therapeutic classes individually or collectively
- ◆ Select all prescription classes, OTCs, or Controls
- ◆ Filter the report by individual or multiple patients, medications, or prescribers
- ◆ Select activity by insurance scenarios, no insurance, or insurance only
- ◆ View by formulary, non-formulary, or both
- ◆ Filter by stock, patient specific, or both
- ◆ Select to view brand name medications, generics, or both
- ◆ Ability to group data by your specification
- ◆ Ability to sort data ascending and descending within a grouping
- ◆ Ability to show only a specific number or percentage of records

### Accessibility

Our reports are available when you need them. ORP was designed as an online-distributed system to provide you with access 24/7. The system only requires a connection to the internet and an internet enabled browser, therefore no additional software is needed to operate ORP.

## SUMMARY

Becoming the industry leader for correctional pharmacy services has been a journey of hard work and tireless effort by company ownership and our family of dedicated staff. Our stellar reputation for honesty and integrity, competitive pricing, superior customer service, and fulfilling our promises to our customers have allowed Diamond to flourish and continually grow over the past three decades. The knowledge and experience we have obtained along the way is unrivaled and will prove to be an invaluable commodity to Carson City. Our comprehensive pharmacy services program that is driven by (1) unmatched industry knowledge, (2) superior program management, (3) clinical excellence, (4) dedicated in-house staff and support personnel, (5) operational efficiencies, (6) industry-leading technology, (7) and quality assurance programs that better enable Carson City to operate in conformity with applicable federal, state, and local laws and regulations. Our program will provide cost savings, staff efficiencies, the latest technologies, and quality clinical services for the patients at your facility.

Because we are independent and family owned, we offer facilities the friendliest, most accurate, and most cost-effective service within the correctional pharmacy industry. We do not need to report to shareholders or cut corners to meet obligations of a publically traded company. Our focus is you, Carson City. Diamond is committed to ensuring that you receive reliable, dependable, comprehensive, and cost-effective pharmacy services that support your staff and patients.

After reviewing our response to your request for proposals, we hope you will agree that Diamond Pharmacy Services is the logical choice for exceeding the pharmaceutical service needs of your facility and will be awarded the honor of servicing your facility. Thank you for your time and consideration of our proposal.