



**Special Board Meeting**  
**September 6, 2017**  
**11:00 am**  
**Mark Twain Medical Center Education Center - Classroom 5**  
**San Andreas, CA**

**Agenda**

Mark Twain Health Care District Mission Statement

“Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care”.

1. **Call to order:**
2. **Roll Call:**
3. **Approval of Agenda:** Action
4. **Public Comment On Matters Not Listed On The Agenda:**

The purpose of this section of the agenda is to allow comments and input from the public on matters within the jurisdiction of the Mark Twain Health Care District not listed on the Agenda. (The public may also comment on any item listed on the Agenda prior to Committee action on such item.) **Limit of 3 minutes per speaker.** The Committee appreciates your comments however it will not discuss and cannot act on items not on the agenda.

5. **MTMC Pharmacy Upgrade Project:** Action.....Ms. Atkinson

- MTMC Leadership Requests Approval to Construct Facility Improvements and Otherwise Upgrade the Pharmacy Compounding Areas.

6. **Comment and Future Agenda Items:**
7. **Next Meeting:**
  - The next regular meeting will be October 25, 2017
8. **Adjournment:** Action



MEMORANDUM

Date: August 30, 2017

---

To: Mark Twain Health Care District Board of Trustees

---

From: Robert Diehl, President/CEO  
Chris Roberts, VP/CFO  
Katherine McCoy, VP/CNE  
Jill Ortiz, Director of Pharmacy  
Ed Gonzales, Director of Facilities Development and Support Services

---

Subject: Pharmacy Upgrade Project at Mark Twain Medical Center

---

Leadership requests approval to construct facility improvements and otherwise upgrade the pharmacy compounding areas at Mark Twain Medical Center (MTMC) to comply with current law on sterile compounding facilities, at a total cost of \$489,000 (the "Project"). This request is submitted for approval to the Mark Twain Health Care District Board of Trustees pursuant to Section 4.4(a) of the Lease Agreement, dated January 1, 1990, as amended, between the Mark Twain Health Care District and Mark Twain Medical Center because the total Project will have an economic life exceeding the term of the lease by more than five (5) years and net book value at the end of the Lease term will be at least \$100,000.

**Background**

United States Pharmacopeial Convention ("USP") 797 and 800 are national standards governing the compounding of sterile products and hazardous drugs, and include required physical characteristics of licensed pharmacies. Current USP 797 standards took effect on June 1, 2008. USP is currently reviewing public comment on proposed revisions to USP 797 but no revision date has been announced. USP 800 standards will take effect on July 1, 2018.

In addition to USP 797 and 800 Standards, the California Board of Pharmacy ("CBOP") has enacted regulations governing sterile compounding in licensed pharmacies in California. Most recent amendments took effect on January 1, 2017 ("CBOP Regulations"). The CBOP Regulations amendment was intended, in part, to ensure that California law aligns with USP 797 and 800 Standards. The CBOP Regulations also include a temporary waiver process that permits CBOP to extend the deadline to complete all required pharmacy improvements at a specific pharmacy.

The pharmacy at MTMC requires improvements to bring them into compliance with applicable USP Standards and CBOP Regulations. Leadership at MTMC desires to accomplish these improvements according the project outlined in this memo

As Mark Twain Medical Center is subject to January 1, 2017 deadline, hospital leadership has obtained a temporary waiver from the CBOP. Current law does not provide any waiver of the USP 800 deadline.

### **Proposed Project**

The proposed Project includes the necessary design, permitting and construction of upgrades and modernization of the pharmacy at Mark Twain Medical Center to bring it into compliance with applicable USP Standards and with CBOP Regulations. The scope of work includes improvements, including upgrades to the HVAC systems, installation of new equipment such as a hood and refrigerators, and construction of clean rooms and other architectural improvements.

### **Mission Integration and Linkage with Strategic Plan**

A key element of mission integration is delivering health care services in a manner that best supports patient and employee safety, and complies with applicable regulatory requirements. A pharmacy meeting the current USP Standards provides for safe treatment and allows Mark Twain Medical Center to operate on site compounding facilities as opposed to outsourcing this function which provides more expedient and cost effective patient care.

### **Financial Assessment**

The proposed Project described in this Memorandum will result in estimated capital and operating expenditures, the sources and uses of which are:

#### Uses of Funds:

Pharmacy Upgrades - Capital	\$ 366,750
Pharmacy Upgrades - Expense	<u>122,250</u>
Total Use of Funds	<u>\$ 489,000</u>

The table below reflects the financial returns and related data for the Project. The Project is not budgeted to produce positive returns as there is limited ability to measure returns related to the Project investments.

Total Capital Investment	\$366,750
Total Expense Investment	\$122,250
Risk-Adjusted NPV	(\$489,000)
Risk Adjusted Project Discount Rate	12%
IRR	NA
Useful Life	10-15 Years

### **Risk Assessment**

Pharmacies must be upgraded to meet applicable USP Standards and CBOP Regulations by their respective deadlines. Pharmacies not upgraded by the applicable deadline, may not be used for sterile/hazardous compounding purposes after such date, and the subject hospital would need to find an off-site solution to compound their pharmaceuticals, likely at a significantly higher cost.

**Recommendation**

Mark Twain Medical Center Board of Trustees have approved this project. The MTMC leadership team recommends that the Mark Twain Health Care District Board of Trustees approve the Pharmacy Upgrade Project as described in this Memorandum at a total Project cost not to exceed \$489,000.