



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 9/12/2017

Agenda Placement: 6F

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: JoAnn Melgar for Howard Himes - Director
Health & Human Services Operations

REPORT BY: JoAnn Melgar, Staff Services Analyst II - 707-253-4722

SUBJECT: Actions regarding Biomedical Waste Pick-Up and Disposal

RECOMMENDATION

1. Director of Health and Human Services and Director of Public Works request adoption of a resolution terminating all agreements with Stericycle, specifically Agreement No. 170389B (formerly Agreement Nos. AUD 6307 and 7956), Agreement No. 170340B (formerly Agreement Nos. AUD 6353 and 8114) and a purchasing agreement with the Public Works Department on behalf of the Napa County Animal Shelter and Adoption Center (NCAS) effective September 12, 2017; and
2. Director of Health and Human Services requests approval of and authorization for the Chair to sign an agreement with Biomedical Waste Disposal, Inc. for an annual maximum of \$2,600 for the term September 12, 2017 through June 30, 2018 and each automatic renewal thereof for biomedical waste pick-up at Health and Human Services Agency Public Health and Mental Health Divisions and disposal.

EXECUTIVE SUMMARY

Stericycle is a biomedical waste disposal company that operates nationwide with headquarters in Lake Forest, Illinois. Stericycle has been sued multiple times across the nation for fraudulent billing practices. The County currently has three separate agreements with Stericycle for biomedical waste pick-up: Health and Human Services Agency (HHSA) Public Health, HHSA Mental Health and Public Works on behalf of the Napa County Animal Shelter and Adoption Center (NCAS). Beginning in Fiscal Year 2015 -16 Stericycle began billing HHSA for additional, unexplained charges that exceeded the contract maximum of \$7,500. Stericycle refused multiple requests from HHSA fiscal staff for clarification and a reconciliation. Stericycle continues to overcharge on this agreement and has refused to participate in meaningful communications to reconcile any overbilling. Because staff does not believe that Stericycle is able or willing to provide accurate billing information or reconcile billing discrepancies, staff seeks Board approval to notify Stericycle that this agreement is terminated immediately. In addition, given Stericycle's history of fraudulent billing practices, staff recommends termination of the HHSA Mental Health and Public Works Agreements as well.

HHSA staff conducted an informal Request for Proposals to locate a replacement for Stericycle. Biomedical Waste Disposal, Inc., based in Sun Valley, California, is a well-regarded company that will provide the same services as provided for Stericycle, at a greatly reduced cost.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Stericycle lawsuits

Stericycle is a biomedical waste disposal company that operates nationwide with headquarters in Lake Forest, Illinois. Stericycle has been sued multiple times across the nation for fraudulent billing practices. In 2016, Stericycle agreed to settle a Qui tam lawsuit for \$28.5 Million for illegally raising its prices. Qui tam lawsuits are a type of civil lawsuit whistleblowers bring under the False Claims Act, a law that rewards whistleblowers if their qui tam cases recover funds for the government. The states involved in the settlement included: California, Delaware, Florida, Illinois, Indiana, Massachusetts, Nevada, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, Tennessee and Virginia. The State of California directed pro rata shares of the settlement to affected jurisdictions, including Napa County.

In February 2017 a Federal District Court in Chicago certified a nationwide class of Stericycle consumers seeking damages and injunctive relief stemming from Stericycle's pricing practices. The suit contends that Stericycle, through an automatic price-increasing scheme, defrauded small business owners resulting in damages of up to \$1 billion.

Public Health Agreement No. 170389B

On or about March 1, 2010, Napa County entered into Agreement number AUD 6307 (subsequently Agreement No. 7956) on behalf of the Health and Human Services Agency (HHSA) with Stericycle to provide pick-ups of two bio-waste bins consisting of sharps and syringes from the immunization clinic at the Public Health Division, two times per month.

The agreement with Stericycle was amended in April 2015 to decrease the annual maximum by \$2,475 for a new maximum of \$7,500 for Fiscal Year 2015 – 2016. However, the maximum encumbrance of \$7,500 was reached before the end of the fiscal year due to additional unexplained charges added by Stericycle. Staff in the fiscal division of HHSA asked for clarification and made numerous attempts to rectify this situation. However, Stericycle repeatedly refused or failed to explain charges, adjustments, and credits or provide a satisfactory form of reconciliation. In addition, Stericycle stopped providing service as of February 2017 and threatened to take the County to collections.

Stericycle continues to overcharge on this agreement and has refused to participate in meaningful communications to reconcile any overbilling. Because staff does not believe that Stericycle is able or willing to provide accurate billing information or reconcile billing discrepancies, staff seeks Board approval to notify Stericycle that all this agreement is terminated immediately

Mental Health agreement No. 170340B and Public Works NCAS purchase agreement

On or about August 23, 2010 , Napa County entered into Agreement number AUD 6353 (subsequently Agreement No. 8114) on behalf of HHSA with Stericycle to provide biomedical waste pick-up at Mental Health.

On or about August 1, 2014, Napa County's Public Works Department entered into a purchasing agreement with Stericycle on behalf of the Animal Shelter.

Although there have been no lapses in service or unexplained charges added to these agreements, staff seeks approval to terminate these agreements effective immediately given Stericycle's history of unfair billing practices.

Biomedical Waste Disposal, Inc.

HHSA staff conducted an informal Request for Proposals to locate a replacement for Stericycle. Biomedical Waste Disposal, Inc., based in Sun Valley, California, is a well-regarded company that will provide the same services as provided for Stericycle, at a greatly reduced cost.

SUPPORTING DOCUMENTS

A . Resolution

CEO Recommendation: Approve

Reviewed By: Bret Prebula