SENECA
HEALTHCARE DISTRICT

NEW CRITICAL ACCESS HOSPITAL

MEDICAL EQUIPMENT PLANNING—EARLY PROCUREMENT

December 20, 2023

Four departments have identified equipment needs that cannot wait until the anticipated new hospital opening in 2026. Those departments and equipment, including costs and level of urgency, include the following:

- **EMERGENCY DEPARTMENT**
  - Two transport stretchers ("gurneys")
  - Cost = $
  - Urgency – less than 60 days (See attached justification)
  - Lead time—approximately 12-16 weeks
- **IMAGING**
  - Ultrasound system – Canon Aplio-1700-V6.5.100
  - Cost = $95,550.00
  - Urgency – less than one year (See attached justification)
  - Lead time – depends upon lease vs. purchase option (attached)
- **LABORATORY**
  - Lab Analyzer – "Cellavision"
  - Cost = $37,087.00
  - Urgency – Less than six months (See attached justification)
  - Lab Analyzer – Microscan System with LabPro Software and AutoScan IV
  - Cost = $24,900.00
  - Urgency – Less than 60 days optimum (See attached justification)
  - Lead time – 30-45 days
- **SURGICAL SERVICES**
  - Scope/Video System – Stryker Endoscopy with cart
  - Cost = $163,935.62
  - Urgency – Less than six months (See attached justification)
  - Lead time – 30 days

NEW HOSPITAL MEDICAL EQUIPMENT

EARLY PROCUREMENT JUSTIFICATION SUMMARY

ED STRETCHERS

1. Briefly describe the current state of the equipment needing replacement (or added).
   The gurneys we currently use have issues with the hydraulics not functioning properly, and the braking system is not user friendly. The brakes are nearly inaccessible when the hydraulics fail (gurney in lowest position).

   Is the equipment under a service contract? YES ___ NO _(X)__

2. Can the equipment be repaired? YES ___ NO _(X)__

   If yes, what is the estimated time for equipment to be repaired/out of service?

3. Are hospital operations at risk due to this equipment failure? YES _(X)__ NO ___

   If yes, please describe.
   Without gurneys that function properly, the workflow of the entire ED is disrupted, and causes a delay in care.

4. Is patient safety at risk due to the current state of the equipment? YES _(X)__ NO ___

   If yes, please describe.
   Whenever there is a delay in patient care there is a safety risk. For example, if an emergency procedure needs to be performed and the gurney has to be at a certain height for the procedure, but the hydraulic functions are not working properly then the patient needs to be moved to another gurney and thus the delay in care.

5. What is the urgency of the replacement (or addition)? (e.g. less than 60 days; less than six months; less than one year; etc.) Less than 60 days would be preferable; however, the lead time prohibits this. Once ordered, it may be delivered within 12-16 weeks.

6. What is the lead time to procure the new equipment?

   12-16 weeks.

7. Additional comments:

NEW HOSPITAL MEDICAL EQUIPMENT

EARLY PROCUREMENT JUSTIFICATION SUMMARY

IMAGING—ULTRASOUND MACHINE

1. Briefly describe the current state of the equipment needing replacement (or added).

   The current ultrasound unit was gifted to us from Quincy. It is a Toshiba Aplio MX. It is 14 years old and image quality has suffered due to its age. The age of the equipment has caused us to alter the types of ultrasounds that we offer. The image quality is not up to industry standards.

2. Is the equipment under a service contract? YES ___ NO _X_

3. Can the equipment be repaired? YES ___ NO _X_

   If yes, what is the estimated time for equipment to be repaired/out of service?

4. Are hospital operations at risk due to this equipment failure? YES _X_ NO __

   If yes, please describe.
   I would say at least once a week if not more I have issues with images not sending over from the machine into our PACS system. When this happens, I have to spend a lot of time troubleshooting why they won't send. When this happens on average, I spend over an hour just trying to get my images to send over. I have had times where I have spent 5 or six hours trying to troubleshoot the issue, and I have been unable to figure out what causes this to happen.

5. Is patient safety at risk due to the current state of the equipment? YES _X_ NO __

   If yes, please describe.
   The ultrasound machine is unable to penetrate which is causing image quality to be very poor.

   The track ball is very difficult to maneuver, which results in difficulty measuring anatomy or pathology which can cause for inaccurate measurements.

   There have are numerous times where the machine freezes during an exam. When this happens there is literally nothing I can do other than hard turn off the machine which can cause further damage to the machine itself. Also, since I do not have the ability to restart exams, I am forced to restart the entire exam over from the beginning.

6. What is the urgency of the replacement (or addition)? (e.g. less than 60 days; less than six months; less than one year; etc.)

Less than one year.

7. What is the lead time to procure the new equipment?

This timeline is dependent on lease vs. purchase option.

8. Additional comments:

The track ball is very difficult to maneuver no matter how many times I have tried properly cleaning it. The track ball is one of the most used parts of the machine and this is causing more movement than necessary which can cause a higher chance of workplace injury in the future.

I have had numerous times where the machine is not connected to the internet and will not send images into the PACS system. After extensive hours of troubleshooting with IT and APEX involved we have been unable to find the cause and I have to burn the exams onto a disc and then upload them onto our PACS system.

There are more issues I have had with the machine; however, I feel these are the most important. All these issues have caused hours in delay of patient care as they have resulted in the images not being readily available to the radiologists to be dictated.

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November 17, 2023

Attn: Casey McPhail, Senior Medical Equipment Planner, Introba

Prepared for:
Seneca Healthcare District
130 Brentwood Drive
Chester, CA 96020

Dear Casey,

Canon Medical Finance USA is pleased to present the attached equipment financing proposal. This proposal presents 24 month finance options for the placement of (1) Canon i700 ultrasound system (Quote # 177343-5). Alternative finance structures available upon request. Upon receipt of signed finance proposal, credit approval will be processed and formal lease documents will be prepared for signature.

Canon Medical Finance USA provides financial products that offer significant advantages to our lessees. These include: elimination of standard progress payment requirements, customer controlled acceptance and $0 documentation fees.

Special note: SOFR Interest rate swaps are expected to gradually rise throughout 2023 and into 2024. While all efforts will be made to lock the payments offered in this proposal, payments may require adjustment prior to lease commencement, as outlined on Page 2 "Adjustments to Base Lease Payments." Payments are locked at time of equipment acceptance.

Thank you for the opportunity to submit this proposal.

Respectfully,

Dana Dietrich
Financial Sales Manager, UL & XR
CANON MEDICAL FINANCE USA

Equipment Financing Proposal

Lessor: Canon Medical Finance USA

Lessee: Seneca Healthcare District

Equipment: (1) Canon i700 ultrasound system

Commencement Date: Upon Equipment Acceptance

Term: 24 Months

Base Lease Payments: Lessee will be required to make monthly payments as follows:

Lease Type: FMV-Fair Market Value
$1 Buyout - Capital Lease

Initial Selected Structure: **Initial Selection**

Fair Market Value (FMV) Lease

Equipment Description	Equipment Cost	Monthly Payment (Tax Not Included)	Selection
(1) Canon i700 Ultrasound Quote # 177343-5	$95,550	$3,298	

$1 Buyout – Capital Lease

Equipment Description	Equipment Cost	Monthly Payment (Tax Not Included)	Selection
(1) Canon i700 Ultrasound Quote # 177343-5	$95,550	$4,340	

Options at Lease Expiration: At the expiration of the Term, provided lease is not in default, Lessee may:

- Purchase Equipment at Fair Market Value
- Renew Equipment for an extended Term
- Return the Equipment
- Purchase Equipment for $1 *(Capital Lease option only)*

Adjustments to Base Lease Payments: The Base Lease Payments quoted in this proposal reflect the current money market rate for the SOFR 2-Year Interest Rate Swaps as of November 17, 2023 ("Index" 4.69%). **For any movement in the Index prior to the Lease Commencement Date, the Lessor reserves the right to adjust the Base Lease Payments to preserve its economics. Once the Equipment Lease Commences, the Lease Payments/Rate will be fixed until maturity.**

First Payment in Advance: *None*

Documentation Fee: *None*

Warranties: *Lessor shall Lease the equipment to Lessee without representation or warranty on an AS IS WHERE IS BASIS. However, Lessor shall assign to Lessee all warranties, guarantees and service provided by Canon Medical Systems USA, Inc. to the extent that they are assignable.*

Business Information: *Lessee is to provide to Lessor a copy of the Lessee's most recent 2023 audited (or draft) and interim financial statements, and any other business information as may be reasonably requested by Lessor.*

General: *Lessee will be responsible for all expenses relating to the equipment and the transaction, including, without limitation, equipment maintenance, insurance coverage, payment of sales or property taxes, recording fees and other expenses relating to the purchase, possession, lease and use of the equipment. This proposal is an expression by Lessor of its interest in considering a transaction on the general terms and conditions outlined above. THIS LETTER IS NOT, AND IS NOT TO BE CONSTRUED AS, A COMMITMENTBY LESSOR TO ENTER INTO THE PROPOSED TRANSACTION. The economics of this proposal are based upon the timelines set forth herein. Any variation from those timelines could cause the economics to change. Lessor shall not be obligated to provide any financing until the satisfactory completion of its due diligence, the receipt of all requisite credit approvals by Lessor's management, and the execution and delivery of final legal documentation in a form and substance acceptable to Lessor & Lessee, including acceptance of the equipment by Lessee.*

If this Proposal meets with your approval, please initial selected structure on page two, sign below and return with highlighted business information. All other terms and conditions notwithstanding, **this proposal expires December 15, 2023.**

Seneca Healthcare District

Legal Name: _____

Federal ID #: _____

Accepted By: _____

Title: _____

Date: _____

NEW HOSPITAL MEDICAL EQUIPMENT

EARLY PROCUREMENT JUSTIFICATION SUMMARY

1. Briefly describe the current state of the equipment needing replacement (or added).

Category- Added Equipment: The CellaVision DC-1 is designed to bring blood cell imaging technology to smaller clinical laboratories, essentially allowing for the modernization of our process for performing microscopic examination of Wright's stained blood smears for white blood cell (WBC), red blood cell (RBC) and platelet (PLT) morphology and cellular abnormalities associated with disease, including the classification of WBC / RBC maturity.

Currently, this work is performed manually using a microscope to review a stained blood smear. The Cellavision automates the microscopic analysis of WBC, RBC and PLT, using artificial intelligence (AI) to pre-classify captured images of blood cells on a computer screen, allowing the Clinical Laboratory Scientist a quicker review of normal blood smears, and another tool in completion of the examination of smears that are abnormal and require more time to review and report on.

An advantage is digital images can be saved for future review, plus be shared to our pathologists for remote review of potential pathologies, such as different blood cancers or anemia, thereby improving the pathologist's review turn-around-time. Another advantage is better standardization of reporting using AI technology to pre-categorize cell identification, maturity, and morphologic descriptions, to assist the CLS with their remarks on the final report.

2. Is the equipment under a service contract? YES ___ NO ___ *Not applicable.*
3. Can the equipment be repaired? YES ___ NO ___ *Not applicable.*
   a. If yes, what is the estimated time for equipment to be repaired/out of service?
4. Are hospital operations at risk due to this equipment failure? YES ___ NO _X__
   If yes, please describe.
5. Is patient safety at risk due to the current state of the equipment? YES ___ NO X___
   If yes, please describe.

6. What is the urgency of the replacement (or addition)? (e.g. less than 60 days; less than six months; less than one year; etc.) *Less than 6 months would be ideal for the clinical laboratory, due primarily to a lack of permanent CLS staffing and the inherent instability that brings to the overall testing system. Currently, we are having to use temporary staffing agencies, where contracted CLS staff usually work a contract for 13 weeks, and sometimes up to 6 months is common. I feel that AI technology in blood cell examinations will result in better consistency and therefore standardization of reporting blood cell morphologies and observed potential pathologies, with the goal of mitigating the risks of staffing turn-over for this testing system.*

7. What is the lead time to procure the new equipment?
   Usually, a minimum of 30-45 days may be expected. Supply chain issues may impact of course, as we have dealt with these issues sporadically since Covid.
8. Additional comments: Video summary of the basic DC-1 Peripheral Blood Software included with DC-1 ($37,087): https://www.youtube.com/watch?v=yINJr8Qdav8.
   https://www.youtube.com/watch?v=bNGvOxZezAk.

9. ***Additional Options for consideration to enhance DC-1 software functionality-***
   a. $10,360- Add-on Software for **advanced RBC** exam: https://www.youtube.com/watch?v=8TiwCn-WYO0
   b. $12, 278- Add-on software for **body fluid /CSF** exams:
      https://www.youtube.com/watch?v=GzQZwdHTMw0

NEW HOSPITAL MEDICAL EQUIPMENT

EARLY PROCUREMENT JUSTIFICATION SUMMARY

1. Briefly describe the current state of the equipment needing replacement (or added).
   a. **Microscan System with LabPro Software and AutoScan IV**. Purchased Dec. 2007, this unit is no longer viable in the eyes of the vendor for coverage by a service agreement, which means that we cannot receive further software updates to implement the newer designed panels with the latest CLSI (Clinical Laboratory Standards Institute) recommended drugs and associated breakpoint interpretations for antimicrobial drug testing against pathogenic bacteria isolated from patient cultures.
2. Is the equipment under a service contract? YES ___ NO _X- Per vendor, not eligible.
3. Can the equipment be repaired? YES ___ NO ___ X- Per vendor, not eligible.

   If yes, what is the estimated time for equipment to be repaired/out of service?
4. Are hospital operations at risk due to this equipment failure? YES X NO ___
   If yes, please describe.
   Seneca will not be able to move forward with newer MIC panels for antimicrobial testing without replacing the current equipment in use. The panels we currently are using for antimicrobial susceptibility testing are scheduled to be phased out over the next year per the last communication received.
5. Is patient safety at risk due to the current state of the equipment? YES _X__ NO ___

   If yes, please describe. Potentially, yes, when we isolate multi-drug resistant bacteria and do not have the latest updated panels for antimicrobial drug testing for timely reporting.
6. What is the urgency of the replacement (or addition)? (e.g. less than 60 days; less than six months; less than one year; etc.).
   Less than 60 days optimum, so we have time to validate the new system and new formulations for antimicrobial susceptibility testing.
7. What is the lead time to procure the new equipment? Estimated at 1-3 months.
8. Additional comments:
   A new quote is pending completion in the next week, due to a newly signed agreement between Premier Adventist Group and Beckman Coulter. I am told that the pricing is lower than in our current Premier contract.
   The current price listed on our McKesson account is $37,857 for the Microscan system, including LabPro software and computer, and the AutoScan IV unit for scanning ID/MIC panel trays. Other systems for performing the same testing have significantly higher pricing.

NEW HOSPITAL MEDICAL EQUIPMENT

EARLY PROCUREMENT JUSTIFICATION SUMMARY

1. Briefly describe the current state of the equipment needing replacement (or added).
   Our current tower is very inconsistent with powering on and working properly. The last time we needed to use it, it took us 8 attempts of powering it on and off to get the "brains" working/registering. It also cannot print images.
   We are not under any service agreement and when Stryker came out to assess our equipment, they referred to it as being ancient and not compatible with any up-to-date equipment therefore, they will not be able to fix anything if needed.

2. Is the equipment under a service contract? YES ___ NO __X_

3. Can the equipment be repaired? YES ___ NO _X__

   If yes, what is the estimated time for equipment to be repaired/out of service?

4. Are hospital operations at risk due to this equipment failure? YES _X__ NO ___

   If yes, please describe.
   This tower / equipment is needed for most surgical procedures that Seneca's providers offer. Dr. Jensen uses the screen for all endoscopy cases and the entire tower for all Laparoscopic procedures. Dr. Watson uses it for all arthroscopic procedures.
   If this tower fails, we will no longer be able to provide certain surgical procedures to our patients.

5. Is patient safety at risk due to the current state of the equipment? YES _X__ NO ___

   If yes, please describe.
   If the equipment decides to fail before or during any cases then we will not be able to proceed with the surgery, therefore, cancelling the case and sending potential revenue to other facilities as well as the patient getting postponed for any needed treatment.

6. What is the urgency of the replacement (or addition)? (e.g. less than 60 days; less than six months; less than one year; etc.)
   This depends...If the providers start doing more procedures at Seneca, then I would say less than 6 months. However, at the rate that they are doing procedures now, I would say less than one year.

7. What is the lead time to procure the new equipment?
   Currently, to process everything and ship about 3 weeks considering the holiday.

8. Additional comments:
   Per records, the most recent purchase of any Stryker components for the tower was in July of 2010. Other items purchased were in 2009.