**STATE OF NEW YORK**

**EXECUTIVE DEPARTMENT - OFFICE OF GENERAL SERVICES**

***New York State Procurement***

***Preferred Sources Team***

**Memorandum**

**To:**  New York State Procurement Council

**From:** NYS Office of General Services, NYS Procurement (OGS NYSPro)

**Subject:** New York State Preferred Source Program for People who are Blind (NYSPSP) Application for Drug Test Kits

**Date:** November 26, 2013

**OVERVIEW:**

NYSPSP has submitted an application to add Drug Test Kits to their list of NYS Preferred Source Offerings.

Drug Test Kits are used by law enforcement agencies and medical facilities to detect use of various drugs. Hand-held devices have become very popular with criminal justice agencies due to their portability, ease of operation, and ability to provide rapid results. They are widely used by various NYS agencies and local governments such as the Department of Corrections and Community Supervision, which includes Probation and Parole, Office of Mental Health, Children and Family Services, Sheriffs and Police Departments, Schools and Colleges. NYSPSP is offering three types of drug testing kits, saliva scans, cup scans, and drug check dip cards (urine test). Customization allows for mixing and matching up to 17 different drugs for testing at the same price.

**NYSPSP REVIEW:**

1. NYSPSP is proposing to add Drug Test Kit products to its preferred source offering. The Drug Test Kits are customizable and enables customers to decide exactly which drugs they wish to test for and order accordingly. Northeastern Association for the Blind at Albany (NABA) shall be the provider (member agency) of these products.
2. Providing a customizable offering gives our customers a flexibility to confront ongoing changes in the narcotics market.
3. The United States manufacturer of the Drug Test Kits is Express Diagnostics International Inc. from Blue Earth, Minnesota ([www.drugcheck.com](http://www.drugcheck.com)). Our supplier, TX Lighthouse for the Blind, has experience with the manufacturer and proven capability of on-time order fulfillment and delivery.
4. The Direct Disabled Labor FTE for this work is 100%. It is anticipated that work on this commodity will provide at least 1.1 FTEs for persons who are blind and retain 4 local jobs for persons who are blind.
5. NABA Employees who are blind will receive and inspect the bulk product from the supplier and fulfill orders by creating kits of requested items. Kit ingredients will vary from item to item. In some cases, individual tests will be placed into baggies with a pair of gloves and sterile cup with a temperature strip for collection. The bags will be placed into boxes of 25, closed and sealed, weighed and marked for shipping to the end user. We can create more extensive kits upon customer request including chain of custody forms if needed for the times when a positive result requires additional testing. Repackaging project will employ people who are blind, repacking items from bulk to smaller case units, weighing, labeling, and sealing for shipping to end users.
6. NYSPSP performed searches through ThomasNet.com (supplier discovery and product sourcing website) and through Empire State Development (ESD) MWBE search tool online. Most of the MWBEs were either pharmacies or drug abuse and addiction treatment therapists, and none were associated directly with the provision of rapid on-site drug testing devices. From the small business search, American Bio Medica Corp. (AMBC) was the most directly comparative company.
7. NYSPSP stated that this application will preserve 4 jobs for individuals who are blind and promote the socio-economic goals of boosting blind employment.
8. The proposed value of this is $1,000,000.00 per year.

**OGS REVIEW:**

1. Previously, OGS had awarded NYS centralized contract PC63606 to American Bio Medica Corp. for Drug and Alcohol Screening Products. That contract expired in November 2012 and there is no current centralized NYS contract for these items.
2. OGS NYSPro reviewed the sales under the Drug and Alcohol Screening Products contract PC63606 (which was awarded under Group 34104, Award 21002) and determined NYSPSP’s initial estimated annual sales volume of $660,000.00 per year to be too low. In the time period from December 2007-November 2012, total sales under the centralized contract were $8.6M with an average spend of $1.7M per year. Without a NYS centralized contract, these sales will likely move to the Preferred Source Offerings. OGS NYSPro conservatively estimates sales in excess of $1,000,000.00 per year.
3. OGS NYSPro reviewed the pricing offered by NYSPSP and determined it to be within the 15% threshold established pursuant to State Finance Law §162 (see Pricing Analysis below). Using the Internet, NYSPro confirmed that NYSPSP pricing is generally equal to or lower than that offered on other government contracts (e.g., GSA, Iowa Department of Corrections), NYSID and other large commercial entities.
4. Work performed by blind individuals consists mainly of repacking. This includes the ability to customize the kit offerings at no extra charge. This project supports blind labor in both NYS and Texas.
5. NYSPSP’s direct labor estimates were projected based on original presumed annual sales of $660,000.00. Given that OGS NYSPro expects this sales number to be higher, we expect the labor rate will rise as well.

**PROS:**

1. NYSPSP Drug Testing Kits are less costly than the testing that is sent out to labs. Reducing the number of tests that need to be sent out by doing on-site tests can be an important financial factor where drug testing is performed routinely.
2. Portable testing methodology can be used without formal training. The tests do not require special machinery to maintain and calibrate or require refrigeration (as required by reagents).
3. Another advantage of rapid on-site devices is that they simplify chain of custody concerns with specimens by creating a one-step testing process.
4. The ability to customize drug test kits allows the user to get what they need and not pay for things they don’t need. This will save money.
5. This application provides very competitive pricing and a wide variety of selection including specialty items which will meet many needs.
6. NYSPSP confirms this will allow for the continued employment of blind persons in the Albany area by the Northeastern Association of the Blind at Albany (NABA).
7. NYS ESD has no objection to the addition of these products.

**CONS:**

1. NYSPSP’s offering provides some competition with NYSID which currently offers some Drug Test Kit products. As NYSPSP will receive first priority, this may likely decrease NYSID sales for these particular products. However, NYSID also has products that NYSPSP does not offer. This conflict between products from NYSPSP and NYSID becomes an issue of form, function and utility.

**PRICING ANALYSIS**:

1. OGS NYSPro conducted broad market research on available Drug Test Kit products by researching the Internet and looking at multiple purveyors of these products and carried forward the lowest possible comparison prices. Initial research showed NYSPSP’s pricing was very competitive.
2. OGS NYSPro reviewed NYSPSP’s pricing on 33 items against the State of Iowa Department of Corrections’ (DOC) DrugCheck Contract and other leading suppliers for comparable prevailing market pricing and found NYSPSP’s pricing is lower than 21 items and within 10% of prevailing market pricing on the remaining 12 other items.
3. NYSPSP provided comparable GSA pricing for 26 items within their application. OGS NYSPro reviewed the DrugCheck GSA pricing and found NYSPSP prices are lower than 25 GSA prices and the remaining single item is less than a half of a percent different.
4. OGS NYSPro reviewed NYSPSP’s pricing against NYSID’s current pricing. NYSPSP offers 25 items not offered by NYSID. Of the 45 items being offered by NYSPSP’s, NYSID overlaps on 19 items. For 11 of these items, NYSPSP’s pricing was lower (ranging from 2-30% lower than NYSID). For the remaining 8 items, NYSPSP’s pricing ranges from 1.21% to 14.21% higher than NYSID”s pricing (all within 15%).

OGS NYSPro asked NYSPSP to meet or beat NYSID pricing for these 8 items. NYSPSP explained their pricing includes a customization option for their drug test kits at no extra charge which may negate any savings on these eight items where the NYSID item is priced lower than the NYSPSP’s offered price.

1. A summary of OGS NYSPro’s pricing analysis is attached.

**OGS NYSPro CONCLUSION:**

OGS NYSPro has determined that NYSPSP’s pricing for all products is within 15% percent of prevailing market pricing as required under State Finance Law §162. It is in the best interest of NYS to accept this proposal. OGS NYSPro recommends the State Procurement Council approve the application to add NYSPSP Drug Test Kits upon the condition that NYPSP agrees to withdraw the offering of the 8 items currently offered by NYSID at a lower price. Although those 8 items provide a customization option at no additional cost, OGS NYSPro was unable to confirm the frequency with which such customization would be requested.