

**AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR**

between

**COUNTY OF SANTA BARBARA**

and

**340B HOLDINGS, LLC (formerly SUNRx LLC)**

for

**PRESCRIPTION DRUG ADMINISTRATIVE SERVICES**

**SECOND AMENDMENT**

**Effective July 1, 2015**

**THIS IS THE SECOND AMENDMENT** (hereinafter **Second Amendment**) to the Agreement for Prescription Drug Administrative Services, (hereinafter **Agreement**), by and between the County of Santa Barbara (hereafter **Eligible Entity**) and 340B Holdings, LLC. (hereinafter referred to as **SUNRx**) for the provision of 340B Drug Discount Program Administrative Services. (Each a "Party" and collectively the "Parties".)

**WHEREAS**, the original Agreement, effective through June 18, 2015 will automatically renew for another one-year term as of June 19, 2015; and

**WHEREAS**, the parties desire to amend the term of the agreement to align with the County's fiscal year; and

**WHEREAS**, the parties desire to update the Savings Share percentages as reflected in a new agreement with CenCal Health; and

**WHEREAS**, MedImpact Healthcare Systems, Inc., purchased the assets of SUNRx, LLC on or about November 20, 2012 to create a new entity called 340B Holdings, LLC which continues to operate as SUNRx; and

**WHEREAS**, SUNRx and Eligible Entity desire to further amend the Agreement to modify the exclusivity requirements set forth in Section 9 of the Agreement, to enable the Eligible Entity to explore options for additional 340B Administrative Services in connection therewith, in accordance with the terms of this Amendment; and

**WHEREAS**, this Second Amendment incorporates the terms and conditions set forth in the Agreement and First Amendment approved by the County of Santa Barbara.

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

1. **Incorporation.** Except as otherwise stated in this Amendment, all terms and provisions of the Agreement are hereby incorporated into this Amendment, as if fully restated herein. In the event that the terms of this Amendment conflict with the terms of the Agreement, the

terms of this Amendment shall govern. All capitalized terms in this Amendment, not specifically defined herein, shall have the meaning of such terms as defined in the Agreement.

2. **Amendments.**

The Agreement is amended as follows:

- a) Sections **9. Exclusivity** set forth in the Agreement shall be deleted in its entirety and replaced by the following:

**9. Exclusivity.** Unless expressly prohibited by applicable HRSA guidelines or requirements, Eligible Entity agrees that, during the term of this Agreement, SUNRx shall be the sole and exclusive agent for Eligible Entity for each of the services described in this Agreement, including without limitation the 340B virtual inventory services. Notwithstanding the above, SUNRx agrees that the exclusivity requirements of this Section 9, shall not apply to all **Rite Aid pharmacies** and **Walgreens pharmacies** located in Santa Barbara County, and Eligible Entity may enter into a direct contract pharmacy relationship with Rite Aid or Walgreens.

- b) Section **5.1 Term** set forth in the Agreement shall be revised as follows:

~~5.1 Term. This Agreement shall become **be** effective upon the date of signing by the last signatory and shall continue for a period of 3 years, unless otherwise **from July 1, 2015 through June 30, 2018 unless otherwise** terminated as indicated below (“Initial Term”). At the end of the initial 3 year term, this Agreement shall renew for an additional one (1) year term and shall continue to renew for successive additional one (1) year terms thereafter.~~ Notwithstanding the above either Party may terminate this agreement at any time ~~after expiration of the Initial Term~~ by providing ninety (90) days prior written notice to the other party.

3. **Exhibits.**

The Exhibits are amended as follows:

**Exhibit IV** shall be deleted and replaced in its entirety with **Exhibit IV**, attached hereto and incorporated herein by reference.

4. **Counterparts.** This Second Amendment may be executed in several counterparts, all of which taken together shall constitute a single agreement between the parties.

Second Amendment to Agreement for Prescription Drug Administrative Services between the County of Santa Barbara and 340B Holdings, LLC.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to be effective July 1, 2015.

COUNTY OF SANTA BARBARA

ATTEST:  
MONA MIYASATO  
CLERK OF THE BOARD

\_\_\_\_\_  
Chair, Board of Supervisors

By: \_\_\_\_\_  
Deputy Clerk

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

APPROVED AS TO FORM:  
MICHAEL C. GHIZZONI  
COUNTY COUNSEL

APPROVED AS TO ACCOUNTING FORM:  
ROBERT W GEIS, CPA  
AUDITOR-CONTROLLER

By: \_\_\_\_\_  
Deputy County Counsel

By: \_\_\_\_\_  
Deputy

APPROVED:  
TAKASHI WADA, MD, MPH  
DIRECTOR/HEALTH OFFICER  
PUBLIC HEALTH DEPARTMENT

APPROVED AS TO FORM:  
RAY AROMATORIO, ARM, AIC  
RISK MANAGER

By: \_\_\_\_\_  
Director

By: \_\_\_\_\_  
Risk Manager

Second Amendment to Agreement for Prescription Drug Administrative Services between the **County of Santa Barbara** and **340B Holdings, LLC**.

**IN WITNESS WHEREOF**, the parties have executed this Second Amendment to be effective July 1, 2015.

340B Holdings, LLC.

By: \_\_\_\_\_

Name: Jill G. Simoes, General Manager

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

**Exhibit IV**  
**PARTNERSHIP AGREEMENT OUTLINE**

**1. Savings Share**

1.1 Pharmacy Benefits Manager (PBM) will allocate any savings resulting from claim adjudication under 340B Drug Pricing as compared to PLAN network pricing as follows:

During the term of this Agreement PBM will allocate any savings resulting from claim adjudication under 340B Drug Pricing as compared to PLAN network pricing as follows:

1.2 Savings Share to PLAN and ENTITY

- ENTITY In-House Pharmacy non-Specialty Claims: 25% to PLAN, 75% to ENTITY
- Contract Pharmacy non-Specialty Claims: 50% to PLAN, 50% to ENTITY
- All Specialty Claims: 85% to PLAN, 15% to ENTITY

**2. Calculation of Savings Share Pool**

The Savings share pool shall be calculated utilizing the platform of the MedImpact business intelligence tool, MedOptimize, and the PLAN created custom report, "CenCal 340B Claims Utilization" report. There are three (3) revenue sources that contribute to the shared Savings pool; 1) The In-House Pharmacies, 2) the Contracted Pharmacies and 3) the contracted Specialty Pharmacies. The basis of the calculated shared pool built into the MedOptimize report reflects a discount off of the PLAN default retail network rate (currently AWP-15.5%)

For purposes of this section the following terms shall have the meanings set forth below.

"Contract Pharmacy" shall mean any pharmacy not owned and operated by ENTITY that enters into a contract with ENTITY (directly or indirectly through a pharmacy benefits manager) to dispense prescriptions to ENTITY's Eligible Patients.

"ENTITY" is the County of Santa Barbara Public Health Department, an organization approved by the State Department of Health Services as a Federally Qualified Health Center (FQHC).

"In-House Pharmacy" shall mean a pharmacy owned by the County of Santa Barbara and operated by ENTITY.

"Program Commencement Date" shall mean the date on which claims are first adjudicated under the 340B Program described herein.

"PLAN" is the Santa Barbara San Luis Obispo Regional Health Authority, dba CenCal Health, a body corporate and politic.

"Specialty Claims" shall mean all claims for medications dispensed at CenCal Health contracted Specialty Pharmacies. Specialty Pharmacy contracts are the sole responsibility of CenCal Health.