



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: ADMHS
Department No.: 043
For Agenda Of: 04/17/07
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Douglas C. Barton, Interim Director ADMHS
Director(s) Alcohol, Drug & Mental Health Services
805-681-5220
Contact Info: Marianne Garrity, ADMHS Assistant Director, Administration
805-681-4092
SUBJECT: Pharmacy Contracts FY 06/07

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

Consider recommendations regarding FY 06-07 agreements for the provision of pharmaceuticals for clients of Alcohol, Drug and Mental Health Services, as follows:

1. Approve and execute an amendment to the contract with Kindred Pharmacy Services (a local vendor) to continue providing pharmaceuticals to the Psychiatric Health Facility of County of Santa Barbara for adult in-patients, for the period of July 1, 2006 through June 30, 2007 in the amount of \$75,000, for a total contract amount of \$225,000.
2. Approve and execute a contract with Goleta Valley Pharmacy (a local vendor) for the period of July 1, 2006 through June 30, 2007 in the amount of \$125,000.
3. Approve and execute a contract with The Medicine Shoppe (a local vendor) for the period of July 1, 2006 through June 30, 2007 in the amount of \$300,000.
4. Approve and execute a contract with Valley Medical Pharmacy in Santa Maria (a local vendor) for the period of July 1, 2006 through June 30, 2007 in the amount of \$350,000
5. Authorize the Director of ADMHS to approve amendments to the proposed contracts, provided that any such amendments do not exceed ten percent (10%) of the contract's dollar amount.

Auditor-Controller Concurrence

As to form: Yes

Summary Text:

Alcohol, Drug and Mental Health Services (ADMHS) contracts with local pharmacies to dispense medication for psychiatric stabilization and treatment of ADMHS clients. ADMHS is required to pay for prescriptions for clients that do not qualify for Medi-Cal, have no insurance or other means of payment for medication or for prescriptions that are not covered by other payor sources. In the first six months of FY 06-07, ADMHS has experienced an increase in the overall medication costs for its clients, for a total of approximately \$450,000. The additional costs are the result of a combination of factors including an increase in the cost for coverage of uninsured clients requiring medication and costs of non-formulary medications for which less expensive substitutes may not be available.

Background:

Medication administration helps clients achieve stabilization and therapeutic progress and avoids costly hospitalization, incarceration or placement in out-of-county institutions. ADMHS is required by law to treat, stabilize and work with indigent clients prior to adjudication or return to the community. Indigent clients tend to be severely mentally ill and are unable to work or apply for Medi-Cal benefits. Consequently, the county is the only source for treatment and access to medication and pharmacies bill ADMHS for prescriptions for these uninsured clients. In the event clients receive Medi-Cal retroactively, the pharmacies reimburse ADMHS for the medication costs. In addition, ADMHS compensates contracted pharmacies for prescriptions that are not covered by insurance or Medi-Cal which are typically newer medications for which generics have not yet been made available. In the first six months of FY 06-07, approximately 85% of the \$450,000 cost of medications billed to ADMHS is due to coverage for indigent clients with the remaining 15% for non-formulary prescriptions.

Kindred Pharmacy Services provides psychotropic and other prescribed medications as well as stock medications used in the County Psychiatric Health Facility (PHF) for emergencies or when a client has recently been admitted and a need arises prior to a determination of Medi-Cal eligibility. The revised contract amount reflects an increase in costs for medication supplied to uninsured PHF clients that was not anticipated by the original contract. Kindred has provided an average of 475 prescriptions per month year to date in FY 06-07 for PHF clients, compared to an average 430 per month the prior year.

Goleta Valley Pharmacy, The Medicine Shoppe and Valley Medical Pharmacy contract with ADMHS via purchase orders to disburse pharmaceuticals and deliver medication to ADMHS clients within the larger Santa Barbara, Goleta and Santa Maria communities. The additional costs are primarily attributed to an increase in the number of prescriptions for indigent clients. The remaining difference is due to higher prices and higher volume of non-formulary medications. The recommended contracts require Board of Supervisors approval because they exceed the \$100,000 limit for purchase orders.

- Goleta Valley has filled an average of 32 prescriptions per month in the first six months of FY 06-07 compared to an average 21 per month the prior fiscal year.
- The Medicine Shoppe has filled an average of 451 prescriptions per month year to date in FY 06-07, compared to an average 307 per month the prior fiscal year.
- Valley Medical Pharmacy has filled an average of 121 prescriptions per month year to date in FY 06-07 which is comparable to prior year.

Provider	Contractor Since	Original 06-07 Contract/PO Amount	Proposed 06-07 Contract Amount
Kindred	FY 98-99	\$ 150,000	\$ 225,000
Goleta Valley	FY 02-03	\$ 60,000	\$ 125,000
Medicine Shoppe	FY 01-02	\$ 99,000	\$ 300,000
Valley Medical Pharmacy	FY 98-99	\$ 98,100	\$ 350,000

ADMHS will continue to actively monitor the Medi-Cal eligibility of indigent clients receiving medication in an effort to recover reimbursement from pharmacies. Effective FY 07-08, ADMHS is implementing a policy wherein clients will only be provided medications under approved formularies and, consequently, the proposed FY 07-08 budget reflects reduced pharmaceutical expenditures. In addition, the department is reviewing available measures to reduce pharmaceutical costs, such as competitive bid processes.

Mental Health Services are mandated by the Welfare and Institutions Code, Section 5600.

Performance Measure:

Approval of the recommended action will assist ADMHS in meeting the following **Recurring Performance Measures:**

RPM 0215, to provide effective mental health care to 4,200 seriously mentally ill adults.

Fiscal and Facilities Impacts:

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund			
State	\$ 200,000.00	\$ 200,000.00	
Federal			
Fees			
Other: Chgs for Svcs	\$ 800,000.00	\$ 800,000.00	
Total	\$ 1,000,000.00	\$ 1,000,000.00	\$ -

Narrative:

The pharmaceutical contracts are funded by Medi-Cal (\$800,000) and Mental Health Services Act funding (\$200,000). The Medi-Cal funding source is identified in the ADMHS Fund 0044 Adopted FY 2006-07 Budget, Charges for Services, Medi-Cal line item 5404 and the Mental Health Services Act funding is identified in the MHSA Fund 0048 Adjusted FY 2006-07 Budget, State Intergovernmental Revenue, State – Other line item 4339. The proposed expenditures are included in Pharmaceuticals line item 7405 in ADMHS Fund 0044 and in MHSA Fund 0048. Execution of this amendment will not increase the use of general fund dollars by the ADMHS Department.

Staffing Impacts:

Legal Positions:
N/A

FTEs:
N/A

Special Instructions:

Please send one (1) fully executed copy of each contract and minute order to:

Alcohol, Drug & Mental Health Services
ATTN: Contracts Office
300 N. San Antonio Road
Santa Barbara, CA 93110

Attachments:

Pharmaceutical Amendments

Authored by:

Christina Toma