



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: May 12, 2015
Placement: Administrative
Estimated Tme:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Alice Gleghorn, Ph.D., Director
Director(s) Alcohol, Drug & Mental Health Services 681-5220
Contact Info: Dr. Ole Behrendtsen, MD, Medical Director
Alcohol, Drug & Mental Health Services 681-5220
SUBJECT: ADMHS Pharmacy Board Contract and Extension of Bid Waiver

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

1. Approve and authorize the Chair to execute an Agreement for Services of Independent Contractor with Medicine Shoppe Pharmacy of Santa Barbara (a local vendor) to continue to provide pharmaceuticals for ADMHS clients for a total contract maximum amount not to exceed \$200,000 through September 30, 2015, inclusive of \$100,000 under Purchase Order CN 16934, but which otherwise cancels, nullifies, and supersedes Purchase Order CN 16934.
2. Approve, ratify, and authorize an extension of the waiver of competitive bidding approved May 20, 2014 for the procurement of pharmaceuticals from Medicine Shoppe Pharmacy (a local vendor), to authorize additional procurements not to exceed \$200,000 through September 30, 2015.
3. Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guidelines Section 15378(b)(5) since the recommended actions are government administrative activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

Summary Text:

Medicine Shoppe, which already had a Board-approved bid waiver to provide outpatient medications for County clients under Purchase Order CN 16934 for up to \$100,000 during FY 14-15, is now expected to

provide services in excess of \$100,000 for FY 14-15 and continuing through September 30, 2015, requiring a new Board contract.

The funds requested for the agreement are already budgeted for FY 14/15 through the remaining unused portion of the PharMerica pharmacy contract, following termination of that contract before the end of the year. Funding for the ADMHS Budget for FY 15-16 is contingent on Board approval in June 2015.

Approval of the recommended actions will allow ADMHS to ensure continuation of low cost uninterrupted mandated pharmacy services and care to the ADMHS clients.

Background:

Since 1998, ADMHS has contracted with pharmacy vendors to dispense medication for psychiatric stabilization and treatment of ADMHS outpatient and inpatient clients, who 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, to ensure clients have access to necessary care.

ADMHS has used Medicine Shoppe's services for over five years, to provide ADMHS's outpatient clients with pharmaceutical services. ADMHS has established processes with Medicine Shoppe to ensure that they collect waivers where appropriate for clients who qualify for the ADMHS Waiver Program, and immediately provide needed medications to clients, ensuring proper signatures by authorized ADMHS physicians, retroactively billing Medi-Cal where appropriate, and invoicing ADMHS monthly for all waived medications. 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 event clients receive Medi-Cal retroactively, the pharmacy reimburses ADMHS for the medication costs.

ADMHS contracts for pharmacy supplies and services via vendors offering medications and supplies at the lowest possible rates: the current Medicaid rates when applicable and Average Wholesale Prices when Medicaid rates are not applicable. Medicine Shoppe also provides no fees for delivery services, and agreed to provide re-billing of Medi-Cal insurance with credit to ADMHS for any eligible retroactive Medi-Cal client services. For those without ability to pay, ADMHS will use MHSA funds to pay, and once the patient becomes retroactively covered by Medi-Cal, the pharmacy will retroactively bill Medi-Cal and credit ADMHS.

In addition, the pharmaceutical contracts will ensure ADMHS resources are best utilized effectively and efficiently. The additional costs are primarily attributed to:

- Increase in the number of prescriptions for indigent clients
- Higher prices and higher volume of non-formulary medications
- Pending Medi-Cal clients who are temporarily uninsured due to the lengthy processing delays with Department of Social Services for the new expanded Medi-Cal applications but whose service can be retroactively billed to Medi-Cal to recuperate the cost.

Finally, Medicine Shoppe is currently linked to ADMHS' e-prescribing software, allowing ADMHS to electronically send prescriptions for filling.

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund	\$ -	\$ -	\$ -
State	\$ 100,000.00	\$ 100,000.00	\$ -
Federal	\$ 100,000.00	\$ 100,000.00	\$ -
Fees	\$ -	\$ -	\$ -
Other:		\$ -	\$ -
Total	\$ 200,000.00	\$ 200,000.00	\$ -

Narrative: The Pharmacy costs were budgeted and approved for FY 14/15 and the increases requested will be covered from unspent funds from the inpatient contract with PharMerica which terminated early. Funds for FY15/16 are contingent on the Board’s approval of the ADMHS FY 15-16 Budget.

Key Contract Risks: There is a risk that the services provided by the above vendor falls short of Federal and State standards, resulting in audit findings. To address this risk, the contract includes provisions requiring the vendor to maintain compliance with Federal and State standards. In addition, the termination provisions of the contract allow the County to terminate the contract for cause.

Special Instructions:

Please return one (1) Minute Order to dmorales@co.santa-barbara.ca.us.

Route one (1) certified copy of the Minute Order to Purchasing agent.

Attachments:

1. Medicine Shoppe Contract
2. Medicine Shoppe 14-15 PO CN16934 executed
3. May 20, 2014 Request for waiver of competitive bidding for Medicine Shoppe

Authored by: DMorales

cc: