

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: Public Health
Department No.: 041
For Agenda Of: March 3, 2015
Placement: Administrative
Estimated Tme: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Takashi Wada, MD, MPH, Director and Health Officer
Director Public Health Department
Contact Info: Dan Reid, Assistant Deputy Director 681-5173
SUBJECT: Amendment to the 340B Pharmacy Services Agreement with AmerisourceBergen Drug Company

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve and authorize the Chair to execute the attached Fourth Amendment to the AmerisourceBergen Drug Company Prime Vendor Agreement to supply reimbursement for 340B medications dispensed to eligible County patients at participating 340B retail pharmacies including Walgreens Company. This Agreement will terminate on June 30, 2015.
- b) Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline Section 15378(b)(4), since this is a government fiscal activity that does not involve commitment to a specific project that may result in a potentially significant physical impact on the environment.

Summary Text:

This item is on the agenda to execute a Fourth Amendment to the AmerisourceBergen Drug Company Pharmaceutical Wholesaler Agreement (the Prime Vendor Agreement).

In order to replenish eligible 340B medications at participating pharmacies such as Walgreens, pharmaceutical wholesaler agreements are necessary. This Fourth Amendment will expand the current agreement to include the Walgreens pharmacies located in Santa Barbara County. AmerisourceBergen Drug Company is a pharmaceutical wholesaler currently used by Walgreens for these services.

This Agreement will terminate on June 30, 2015 as AmerisourceBergen Drug Company is operating under a bid waiver. Between January and June 2015 the Public Health Department will participate in a public bid process for pharmaceutical wholesale services for its in-house pharmacies which will require a new Agreement either for the PHD in-house pharmacy pharmaceutical supplies, the Walgreens Company 340B pharmaceutical replenishment supplies, or both.

Background/Contract History

Through its network of five ambulatory Health Care Centers and three satellite clinics countywide, PHD serves a significant number of Medicare Part D assigned members in Santa Barbara County. In addition, three Health Care Center locations (Santa Barbara, Santa Maria and Lompoc) provide in-house pharmacies to serve PHD patients for their prescription needs.

Your Board executed the Walgreens 340B Pharmacy Services Agreement in January 2014 initially with three Walgreens Company locations. On January 13, 2015 your board executed the First Amendment to the 340B Pharmacy Services Agreement with Walgreens Company to add a fourth Walgreens pharmacy location (Goleta, CA) as a new 340B pharmacy in order to increase access to the program for Medicare Part D members

Through the agreement with Walgreens, PHD has been able to generate approximately \$300,000 revenue annually with eligible patients with Medicare Part D coverage that can be used to support and enhance medical and pharmaceutical services for its Health Center patients. This revenue can be reinvested to provide for uncompensated care by serving the uninsured and underinsured patient populations in Santa Barbara County. The approved additional Walgreens location is projected to increase revenue by \$36,000 annually.

The replacement 340B pharmaceuticals dispensed by Walgreens pharmacies for PHD patients will be supplied by AmerisourceBergen Drug Company. The cost for these medications will be paid to PHD by Walgreens from corresponding Medicare Part D. PHD has an existing agreement with Amerisource Bergen as a pharmaceutical wholesaler under a previous bid waiver approved by the Board of Supervisors. Although this action will add pharmaceutical purchasing costs that are reimbursed by Medicare, the current Amerisource Bergen agreement maximum will not need to be changed as overall pharmaceutical costs in this agreement have been declining as a result of eligibility of generic medications at reduced rates over brand medications.

Mandates

PHD is mandated to provide access to medical care under Sections 330 (e) and 330 (h) of the Public Health Service Act which also establishes its Federally Qualified Health Center status. These pharmaceuticals are necessary in order for PHD to deliver the necessary medical care.

Performance Measure:

There is no performance measures currently associated with the 340B Contract Pharmacy Network. However, an extensive system of 340B claims adjudication, monitoring and auditing of 340B claims has been put into place to ensure capture of appropriate 340B claims and associated drug manufacturer discounts while concurrently ensuring compliance with complex 340B regulations.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

The Fourth Amendment to the AmerisourceBergen Drug Company wholesale pharmaceuticals agreement will expand the replenishment of 340B pharmaceuticals to an additional Walgreens pharmacy

location (Goleta, CA) in Santa Barbara County. Although the costs of these replenished 340B pharmaceuticals are charged to PHD through this Agreement, PHD is subsequently reimbursed for the costs of these pharmaceuticals by the Walgreens Company who in turn is reimbursed by the Medicare Part D program: essentially cost neutral for PHD in relation to this agreement. The associated costs for these additional pharmaceuticals replenished at the additional Walgreens pharmacy location is not projected to exceed the existing Agreement maximum and is projected to be well within existing appropriation for the Pharmacy program. Therefore no budget revision or additional fiscal actions are necessary for this action.

Key Contract Risks:

N/A this is a Blanket Purchase Order Agreement for pharmaceuticals (supplies).

Special Instructions:

Please execute two (2) original Agreements with AmerisourceBergen and retain one (1) original Agreement and one (1) Minute Order for pick-up by the department. Please email phdcu@sbcphd.org when available for pickup.

Attachments:

1. Fourth Amendment to AmerisourceBergen Drug Company Pharmaceuticals Wholesaler Agreement
2. AmerisourceBergen Drug Company Pharmaceutical Wholesaler Purchasing Agreement (BL 03721)
3. Second Amendment to the AmerisourceBergen Drug Company Pharmaceuticals Wholesaler Agreement
4. Board Letter dated January 13, 2015 for the approval of theWalgreens Inc. Amendment

Authored by:

Dan Reid, Assistant Deputy Director, Primary Care & Family Health Division 681-5173