



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: June 23, 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 Contract and Request for Waiver of Competition**

County Counsel Concurrence

As to form: Yes

Other Concurrence: Purchasing

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 Evergreen Pharmaceutical of California, Inc. (doing business as Omnicare of Southern California (Omnicare)) (not a local vendor), to continue to provide pharmaceuticals for ADMHS Psychiatric Health Facility's (PHF) clients through September 30, 2015 for a total contract maximum amount not to exceed \$150,000, inclusive of \$25,000 under Purchase Order CN17831 but which otherwise cancels, nullifies, and supersedes Purchase Order CN17831.
2. Approve, ratify, and authorize a waiver of competitive bidding for the procurement of pharmaceuticals from Omnicare (not a local vendor), not to exceed \$150,000 through September 30, 2015.
3. Determine that the above actions are necessary due to the public exigency of the prior pharmaceutical service provider's contract termination and the County's ongoing obligations to provide pharmaceutical products and services to eligible clients.
4. 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:

As of March 12, 2015, the County's Psychiatric Health Facility (PHF) pharmacy service provider, PharMerica, terminated their contract with the County. ADMHS had only a brief period in which to secure the services of another pharmacy vendor to remain compliant with service obligations. Omnicare agreed to provide the same level of care and contract conditions as PharMerica for PHF's inpatient medications, under a purchase order (CN17831), while the County prepared the formal Board Contract presented for approval today.

Pursuant to County Code Section 2-39, ADMHS is requesting that the Board retroactively waive the requirement for a competitive bid process for the purchase of medications over \$25,000 since May 5, 2015, based on a finding of public exigency.

The funds requested for this agreement are already budgeted for FY 14/15 through the remaining unused portion of the PharMerica pharmacy contract. Funding for the ADMHS Budget 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 ADMHS PHF clients.

Background:

Since 1998, ADMHS has contracted with pharmacy vendors to dispense medication for psychiatric stabilization and treatment of ADMHS PHF 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 formerly contracted with PharMerica Corporation (PharMerica), to dispense both inpatient and discharge medications for PHF inpatients. PharMerica had also provided pharmaceutical consulting, emergency drug services, disposal of medications, medications for outpatient clients without a third party payor and retroactive reimbursement.

ADMHS contracts for pharmacy supplies and services via vendors offering medications and supplies at the lowest possible rates, the Average Wholesale Prices. Due to the termination of the contract with PharMerica, Omnicare stepped in on short notice to provide services at the same level. Omnicare 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 Mental Health Service Act (MHSA) funds to pay, and once the patient becomes retroactively covered by Medi-Cal, the pharmacy will retroactively bill Medi-Cal and credit ADMHS.

Finally, Omnicare is currently linked to ADMHS' e-prescribing software, allowing ADMHS to electronically send prescriptions for filling. In addition, they provide a web-based system, which includes the website portal and information to access patient clinical and financial information management, and storage of Contractor, County and Resident data. The System is designed to provide County with retrievable management information and other value-added functionality to deliver client care and services. Waiving the formal bidding requirement due to the exigent circumstances caused by PharMerica's contract termination allows ADMHS to maintain consistency in vendors and ensure continuity of care for clients, as clients are familiar with the vendors and processes, and many clients have current standing orders with these vendors.

Fiscal and Facilities Impacts: There is a risk that the services provided by the above vendors fall short of Federal and State standards, resulting in audit findings at the PHF. To address this risk, the contract includes provisions requiring the vendor to maintain compliance with Federal and State standards. In addition, the termination provision of the contract allows the County to terminate the contract for cause.

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund	\$ -	\$ -	\$ -
State	\$ 75,000.00	\$ 75,000.00	\$ -
Federal	\$ 75,000.00	\$ 75,000.00	\$ -
Fees	\$ -	\$ -	\$ -
Other:		\$ -	\$ -
Total	\$ 150,000.00	\$ 150,000.00	\$ -

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

Special Instructions:

Please return one (1) Minute Order and a complete executed scanned copy of the contract to: dmorales@co.santa-barbara.ca.us.

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

Attachments:

1. Evergreen DBA Omnicare Contract FY 14-15 and 15-16
2. Omnicare 14-15 PO CN17831 executed

Authored by: DMorales

cc: