



County of Santa Barbara

BOARD OF SUPERVISORS

Minute Order

September 22, 2015

Present: 5 - Supervisor Carbajal, Supervisor Wolf, Supervisor Farr, Supervisor Adam, and Supervisor Lavagnino

ALCOHOL, DRUG AND MENTAL HEALTH SERVICES File Reference No. 15-00775

RE: Consider recommendations regarding a Pharmacy Contract Amendment and Extension of Bid Waiver, as follows:

a) Approve, and authorize the Chair to execute a First Amendment for Services of Independent Contractor with **Medicine Shoppe Pharmacy of Santa Barbara** (a local vendor) to increase the contract amount by \$75,000.00 for a total contract maximum amount not to exceed \$275,000.00 for the continued provision of pharmaceuticals for Alcohol, Drug and Mental Health Services (ADMHS) clients for an extended term through March 31, 2016;

b) Approve and authorize an extension of the waiver of competitive bidding approved May 12, 2015 for the procurement of pharmaceuticals from Medicine Shoppe Pharmacy (a local vendor), to authorize additional procurements not to exceed \$275,000.00 through March 31, 2016; and

c) Determine that these activities are exempt from California Environmental Quality Act (CEQA) 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.

A motion was made by Supervisor Adam, seconded by Supervisor Lavagnino, that this matter be Acted on as follows:

a) **Approved; Chair to execute;**

b) **Approved; Authorized; and**

c) **Approved.**

The motion carried by the following vote:

Ayes: 5 - Supervisor Carbajal, Supervisor Wolf, Supervisor Farr, Supervisor Adam, and Supervisor Lavagnino



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

2015 SEP 10 PM 4:01

COUNTY OF SANTA BARBARA
CLERK OF THE
BOARD OF SUPERVISORS

Department Name: BOARD OF SUPERVISORS
Department No.: 043
For Agenda Of: September 22, 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 Amendment and Extension of Bid Waiver

AG 9/10/15

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:

- A. Approve, and authorize the Chair to execute a First Amendment for Services of Independent Contractor with Medicine Shoppe Pharmacy of Santa Barbara (a local vendor) to increase the contract amount by \$75,000 for a total contract maximum amount not to exceed \$275,000 for the continued provision of pharmaceuticals for ADMHS clients for an extended term through March 31, 2016; and
- B. Approve and authorize an extension of the waiver of competitive bidding approved May 12, 2015 for the procurement of pharmaceuticals from Medicine Shoppe Pharmacy (a local vendor), to authorize additional procurements not to exceed \$275,000 through March 31, 2016.
- C. 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:

ADMHS currently contracts with two pharmaceutical providers, Medicine Shoppe and Omnicare, under Board of Supervisor (BOS) approved bid waivers, to provide outpatient and inpatient medications for County clients through September 30, 2015. However, it is necessary to increase the contracted amounts

for Medicine Shoppe, extend the contract to March 2016, and extend the current bid waiver because of increased use of pharmaceutical services and a temporary delay of Pharmacy Request for Proposals (RFP). The Omnicare contract will go to the BOS on October 6, 2015 requesting the same recommendations for approval.

Pursuant to County Code Section 2-39, ADMHS is requesting that the Board extend the current waiver of a competitive bid process for the purchase of medications over \$25,000. Currently, 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.

The ADMHS Pharmacy RFP was scheduled to go out August 2015; however, the RFP has been rescheduled to October 2015 because the County Executive Office (CEO) and BOS directed Public Health Department (PHD) to conduct an internal review of potential county efficiencies from coordinating related pharmacy services in conjunction with other county Departments, including ADMHS.

The funds requested for this agreement are already budgeted for FY 15-16. Approval of the recommended actions will allow ADMHS to ensure continuation of lowest cost uninterrupted mandated pharmacy services and care to ADMHS outpatient and PHF clients, and will provide PHD with ample time to conduct the internal review for Pharmacy efficiencies and provide recommendations for ADMHS to incorporate into the upcoming RFP process.

Background:

ADMHS has, since 1998, 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, have no other means of payment for medication, or have prescriptions that are not covered by any other payor sources, to ensure that 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 such as collection of waivers, where appropriate, for clients who qualify for the ADMHS Waiver Program, and prompt provision of needed medications to clients, ensuring acquisition of appropriate 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 not covered by insurance or Medi-Cal, which are typically newer medications prescriptions not yet available on insurance or Medi-Cal formularies. 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 and Average Wholesale Prices when Medicaid rates are not applicable. Medicine Shoppe also provides no fees for delivery services, and agrees to re-bill Medi-Cal insurance and credit ADMHS for any eligible retroactive Medi-Cal client services. For those clients without ability to pay, ADMHS will use MHSA funds to pay. Once Medi-Cal retroactively covers the patient, the pharmacy will retroactively bill Medi-Cal and credit ADMHS. Medicine Shoppe is currently linked to ADMHS' e-prescribing software, allowing ADMHS to electronically send prescriptions for filling.

In addition, the pharmaceutical contracts will ensure ADMHS resources are utilized most effectively and efficiently. The 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 lengthy process delays with Department of Social Services resulting from the increased Medi-Cal applications which allows for services to be retroactively billed to Medi-Cal.

In anticipation of a formal Pharmacy RFP process for FY 15-16, the Medicine Shoppe contract was expected to end in September 2015. The contract amendments and the short term extensions of existing waivers of competitive bidding will allow ADMHS to provide necessary services without interruption until the Pharmacy RFP process and County efficiency review are completed.

Fiscal Analysis:

Funding Sources	Current FY Cost:	Annualized On-going Cost:	Total One-Time Project Cost
General Fund	\$ -	\$ -	\$ -
State	\$ 37,500.00	\$ 37,500.00	\$ -
Federal	\$ 37,500.00	\$ 37,500.00	\$ -
Fees	\$ -	\$ -	\$ -
Other:		\$ -	\$ -
Total	\$ 75,000.00	\$ 75,000.00	\$ -

Narrative: The Pharmacy costs were budgeted and approved for FY 15-16 and the increases requested are covered from 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 scanned copy (1) Minute Order and a complete fully executed of the contracts to: dmorales@co.santa-barbara.ca.us.

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

Attachments:

Attachment A: Medicine Shoppe Contract FY 14-16 First Amendment

Attachment B: Medicine Shoppe Contract FY 14-16*

<https://santabarbara.legistar.com/LegislationDetail.aspx?ID=2269952&GUID=00BF2CBE-0442-49F6-A3FF-093C214A9E88>

***Copies are also on file at the Clerk of the Board**

Authored by: DMorales

cc:

**FIRST AMENDMENT
2014-2016**

TO AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR

This First Amendment (hereafter First Amended Contract) to the Agreement for Services of Independent Contractor, number **BC 15-183**, is made by and between the **County of Santa Barbara** (County) and **The Medicine Shoppe** (Contractor), for the continued services specified herein.

Whereas, Contractor represents that it is specially trained, skilled, experienced and competent to perform the special services required by County and County desires to retain the services of Contractor pursuant to the terms, covenants, and conditions referenced herein;

Whereas, County intends to extend the term of the existing contract and to compensate Contractor for the additional services to be provided during that extended term; and

Whereas, this First Amended Contract incorporates the terms and conditions set forth in the Agreement approved by the County Board of Supervisors in May 2015, except as modified by this First Amended Contract.

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

I. In Agreement Section 4, Term, Delete and Replace with the following:

4. TERM

Contractor shall commence performance on July 1, 2014 and end performance upon completion, but no later than March 31, 2016 unless otherwise directed by County or unless earlier terminated.

II. Exhibit B 1 Financial Provisions – Schedule of Fees, Delete and Replace with the following:

**FIRST AMENDMENT
2014-2016**

**EXHIBIT B1
FINANCIAL PROVISIONS
SCHEDULE OF FEES**

SCHEDULE OF RATES AND CONTRACT MAXIMUM

<u>Type of Service</u>	<u>Billing Increment</u>	<u>Rate</u>
Disbursement of Pharmaceuticals	Per client medication charge	Medi-Cal formulary cost or Average Wholesale Prices
Original Maximum Amount Not to Exceed:		\$200,000
Amendment 1 Additional Authorized Contract Amount:		\$75,000
Total Maximum Contract Amount Not to Exceed:		\$275,000
<p>Contractor understands and accepts that in accordance with <u>Exhibit A</u>, that medication costs will be in accordance with the Medi-Cal Formulary or Average Wholesale Prices when Medicaid rates are not applicable.</p> <p>Contractor agrees to re-bill Medi-Cal Insurance or third party payor and credit ADMHS for any eligible retroactive Medi-Cal or third party payor.</p>		

III. All other terms remain in full force and effect.

**FIRST AMENDMENT
2014-2016**

First Amendment to Agreement for Services of Independent Contractor between the County of Santa Barbara and **The Medicine Shoppe**.

IN WITNESS WHEREOF, the parties have executed this Amendment to be effective on the date executed by County.

COUNTY OF SANTA BARBARA

By: *Janet Wolf*
JANET WOLF, CHAIR
BOARD OF SUPERVISORS

Date: 9/22/15

CONTRACTOR
THE MEDICINE SHOPPE

By: *Carole Thomas*, Pres

Date: 9-8-15

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

By: *Kate Roth*
Deputy

APPROVED AS TO INSURANCE FORM:
RAY AROMATORIO
RISK MANAGER

By: *Marianne Kauer*
9/10/15
Manager

ATTEST:
MONA MIYASATO, COUNTY EXECUTIVE OFFICER
CLERK OF THE BOARD

By: *Russ Baker*
Deputy Clerk

Date: 9-23-15

APPROVED AS TO FORM:
MICHAEL C. GHIZZONI
COUNTY COUNSEL

By: *Michael Ghizzoni*
Deputy County Counsel

RECOMMENDED FOR APPROVAL:
ALCOHOL, DRUG, AND MENTAL HEALTH
SERVICES
ALICE GLEGHORN, PH.D.
DIRECTOR

By: *Alice Gleghorn*
Director