



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: January 14, 2020
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Van Do-Reynoso, MPH, PhD
Director(s) Public Health Department
Contact Info: Dana Gamble, Assistant Deputy Director, 681-5171
SUBJECT: Rite Aid Pharmacy Services Agreement and CaptureRx 340B Third Party Administrator Services Agreement

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 consider the following:

- a) Approve, ratify, and authorize the Chair to execute a Pharmacy Services Agreement with the Rite Aid Hdqtrs. Corp (Rite Aid) for the ongoing development of a 340B pharmacy network comprised of Rite Aid Pharmacies in Santa Barbara County with the network administered by the Public Health Department for the period of January 1, 2020 through December 31, 2023. This Agreement is expected to generate at least \$100,000 of annual revenue for the Public Health Department after administrative service costs;
- b) After approval of the Pharmacy Services Agreement with Rite Aid, approve, ratify, and authorize the Chair to execute a First Amendment to the Pharmacy Services Agreement with Rite Aid to delete Pennsylvania governing law and to incorporate reference to the Brown Act;
- c) Approve and authorize the Director of the Public Health Department, or designee, to enter, terminate, or amend contract pharmacy agreements within the scope of the Pharmacy Services Agreement with Rite Aid, upon review and concurrence by the Auditor-Controller's Office and County Counsel's Office; and
- d) Approve and authorize the Chair to execute the 340B Third Party Administrator Services Agreement with CaptureRX to engage to establish, implement, and manage the administration of

the Rite Aid Network through the Rite Aid Pharmacy Services Agreement with a period of performance of January 14, 2020 through January 13, 2023; and

- e) Determine that the above actions are not a “Project” within the meaning of the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(5) of the CEQA Guidelines, because the actions are organizational or administrative activities of the government that will not result in direct or indirect physical changes in the environment.

Summary Text:

This item is on the agenda to execute an Agreement with Rite Aid for Prescription Drug Administrative Services (Attachment A) and a First Amendment to that agreement immediately thereafter. (Attachment B). This item also executes an Agreement for 340B Third Party Administrator Services with CaptureRX (Attachment C), effective January 14, 2020. These agreements enable the Public Health Department (PHD) to enter into a direct relationship with Rite Aid and to ensure the relationship is administered in compliance with 340B regulations.

Background:

Because of its Federally Qualified Health Center (FQHC) status, the PHD has the ability to participate in the Federal Section 340B Drug Discount program as a “covered entity.” As a covered entity, PHD is able to purchase certain drugs at the lowest market price made available in order to provide access to affordable medications for its patients. This discount can be extended to retail pharmacies under a contractual relationship. Currently, PHD has several 340B agreements with retail pharmacies to participate in a network.

These agreements will allow PHD to enter a direct relationship with Rite Aid, that will add three Rite Aid pharmacies (one in Santa Barbara and two in Santa Maria) into the 340B pharmacy network in Santa Barbara County. The addition of these pharmacies will be a significant benefit to the patients served by the PHD. The Rite Aid locations represent three pharmacies utilized by PHD patients and this partnership will ensure affordable access to these medications at convenient locations in the county.

Performance Measure:

No performance measures are currently associated with the 340B 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:

PHD anticipates a revenue impact of at \$100,000 once the Rite Aid Pharmacy locations are approved by the Federal Health Resources and Services Administration.

Key Contract Risks:

The 340B regulatory requirements are numerous and complex. Noncompliance can have significant negative financial risks ranging from regulatory penalties and manufacturer repayments to total removal from the 340B program. As such, the PHD conducts continuous 340B program assessments and routine independent audits to proactively prevent, identify and resolve potential compliance concerns.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

There are no staffing impacts.

Special Instructions:

Please execute two (2) original Rite Aid Agreements, two original Rite Aid Amendments, and two (2) original CaptureRx Agreements and retain one (1) original of each Agreement and one (1) Minute Order for pick up by the department. Please email the PHD Contracts Unit at phdcu@sbcphd.org when available for pick up.

Attachments:

- A. The Rite Aid 340B Pharmacy Services Agreement
- B. First Amendment to the Rite Aid 340B Pharmacy Services Agreement
- C. CaptureRx 340B Third Party Administrator Services Agreement

Authored by:

Dana Gamble, Assistant Deputy Director, Public Health Department