



**BOARD OF SUPERVISORS
AGENDA LETTER**

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

**Submitted on:
(COB Stamp)**

Department Name: County Health Department
Department No.: 041
Agenda Date: June 23, 2026
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director: Mouhanad Hammami, County Health
Contact: Paola Hurtado, Division Chief of Primary Care and Family Health
SUBJECT: 340B Contract Pharmacy Network Program Pharmaceutical Bid Waiver Requests

Signed by:
Mouhanad Hammami
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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:

- a) Approve and authorize the County’s Purchasing Agent pursuant to County Code section 2-39 to procure pharmaceuticals for the 340B Contract Pharmacy Network Program and the 340B Sexually Transmitted Diseases (STD) Entity Program from AmerisourceBergen Drug Company (not a local vendor) without requiring competitive bidding since Contract Pharmacies and Amerisource Bergen Drug Company maintain exclusivity Agreements, and to ensure 340B Program compliance for an amount up to \$3,320,000 in FY 2026-27 and \$3,652,000 in FY 2027-28, aggregated not to exceed \$6,972,000 for the period July 1, 2026 through June 30, 2028;
- b) Approve and authorize the Director of the County Health Department, or designee, to execute or terminate Agreements, or make amendments to such Agreements, with local 340B Contract Pharmacies to ensure sustainability of the program and access for patients throughout Santa Barbara County, without returning to the Board provided that any such revisions are within the scope of approved purchasing authorizations, including applicable waivers of competition for the period of July 1, 2026 through June 30, 2028; and
- c) Determine that the recommended actions do not constitute a “Project” within the meaning of the California Environmental Quality Act (CEQA), and are exempt pursuant to Section 15378(b)(4) of the CEQA Guidelines, since the recommended actions are the creation of

government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

Summary Text:

This item is on the agenda to authorize the County Purchasing Agent to issue a Recurring Order Contract for AmerisourceBergen, a Drug Company, without a competitive bid process. These Agreements are necessary to serve the current County Health Department's (CHD) 340B Contract Pharmacies and the Sexually Transmitted Disease (STD) Program. County Code Section 2-39 states that the Purchasing Agent is obligated to purchase all materials, supplies, furnishings and equipment using a formal competitive bidding process, unless the Board of Supervisors has waived competition under a particular set of circumstances. Due to the Contract Pharmacies existing exclusivity relationships with their pharmaceutical wholesaler and to ensure compliance with the 340B Program requirements, CHD is requesting your Board waive the requirement for a competitive bid for the purchase of pharmaceuticals for this vendor. This bid waiver request is for FY 2026-27 through FY 2027-28 in coordination with all other agreements for the CHD 340B Program.

Discussion:

The State of California mandates that the County provide access to necessary medical care under Section 17000 of the Welfare and Institutions Code. CHD 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 CHD to deliver necessary medical care. The 340B Program allows CHD to acquire these pharmaceuticals at discounted rates. As a recipient of the Section 318 U.S. Centers for Disease Control and Prevention (CDC) STD Prevention and Control for Health Departments (PCHD) grant (CDC-RFA-PS19-1901), California Department of Public Health (CDPH) STD Control Branch is eligible to participate in the 340B program. CDPH is also able to confer 340B program eligibility to qualifying STD clinics who receive in-kind support purchased with CDC STD PCHD base grant funds.

This action will allow CHD to continue purchasing replenishment pharmaceuticals for its CHD 340B Contract Pharmacy Network.

Background:

AmerisourceBergen has been supplying CHD Contract Pharmacies since 2012. Costs through the wholesale pharmaceutical company AmerisourceBergen are reimbursed from third party payers, and currently are all paid through Medi-Cal (CenCal Health) or Medicare. As a vital component of the CHD In-house Pharmacies, Quality STD Clinic Program and 340B Contract Pharmacies, a bid waiver is requested for this single pharmaceutical vendor to support the procurement of pharmaceuticals.

This waiver is requested due to contracting requirements of the 340B Contract Pharmacies which mandates which vendors are utilized for inventory replenishment, and AmerisourceBergen is one of those mandated vendors. Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and underinsured patients.

The 340B Drug Pricing Program enhances the CHD health centers' ability to serve the uninsured or underinsured and ensures an adequate supply of inventory to meet patient demand. CHD owned pharmacies and our contract pharmacies rely on AmerisourceBergen as their primary wholesaler, using its established software interfaces to manage inventory controls and receive weekly price file

updates. These integrated updates ensure accurate pricing within the pharmacy systems and help prevent financial losses associated with incorrect or outdated pricing.

Performance Measure:

CHD, as the party eligible for participation in the federal 340B Program, is known as the covered entity and is responsible for ensuring compliance with all 340B requirements throughout its pharmacy network. The performance measures are focused on replenishment and supply of pharmaceuticals in a timely manner and reliable supplies. CHD has the ability to track both turnaround time from order to receipt and product availability to assess the reliability of supplies. During Fiscal Year 2025–26, AmerisourceBergen met established turnaround time expectations and maintained reliable supply levels.

CHD, as the party eligible for participation in the federal 340B drug discount program, is known as the covered entity and is responsible for ensuring compliance with all 340B requirements throughout its pharmacy network.

Fiscal Analysis:

Funding Source	FY 2026-27	FY 2027-28	Total
General Fund			
State	\$2,324,000	\$2,556,400	\$4,880,400
Federal	\$996,000	\$1,095,600	\$2,091,600
Fees			
Total	\$3,320,000	\$3,652,000	\$6,972,000

The costs shown above are the total costs for all CHD pharmacy operations, which include both 340B and non-340B operations and all in-house and contracted and specialty pharmacies. Revenue to offset these costs is from multiple sources such as Medi-Cal (CenCal Health), federal awards, Medicare, private insurance (very few patients), and self-pay patients that do not qualify for any healthcare coverage.

These costs have been included in the CHD FY 2026-27 Recommended Budget and will be included in the FY 2027-28 Recommended Budget.

Special Instructions:

Please email a copy of the minute order to CHD GROUP Contracts Unit at phdcu@sbcphd.org and to the Chief Procurement Officer, Phung Loman at ploman@countyofsb.org

Contact Information:

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