



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: June 28, 2022
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
Director(s) Public Health Department
Contact Info: Dana Gamble, Deputy Director 681-5171
SUBJECT: **Second Amendment to the SUNRx Prescription Drug Administrative 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 recommendations:

- a) Approve and authorize the Chair to execute the Second Amendment to the SUNRx Prescription Drug Administrative Services Agreement to continue ongoing development and administration of a 340B Pharmacy Network administered by the Public Health Department and to extend the term for an additional year with a revised end date of June 30, 2023. This Agreement is expected to generate at least \$1,015,900 annually for the Public Health Department after administrative service costs; and
- b) Determine that the recommended action is exempt from California Environmental Quality Act review per CEQA Guideline Section 15378(b)(4), since it 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 authorize the Chair to execute a Second Amendment to the Agreement with SUNRx for Prescription Drug Administrative Services (Attachment A), effective July 1, 2022 to extend the term for an additional year and to reflect changes regarding the CVS pharmacies within the agreement with SunRx. CVS is no longer working with SunRx in this regard.

Background

Through its network of five ambulatory Health Care Centers and three satellites countywide, PHD serves a significant number of CenCal Health assigned members in Santa Barbara County (over 23,000). 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. A 340B Administrative Service reviews contract and in-house pharmacy prescription claims to determine eligibility for the 340B federal drug discount program and to ensure negotiated and contracted rates are properly applied. SUNRx, through its agreement with PHD has exclusivity, other than CVS pharmacies, Rite Aid pharmacies, Walgreens pharmacies, Safeway pharmacies, Sears/Kmart pharmacies, that prohibits PHD from engaging a different 340B Administrative Service.

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:

No performance measures are 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:

This Second Amendment is expected to generate at least \$1,015,900 annually for PHD after administrative services and pharmaceutical costs. All associated revenue from the Savings Share agreement and related expenditure appropriation for the pharmaceutical wholesalers associated with the contract pharmacies has been incorporated into the Public Health Department’s Fiscal Year 2022-23 Recommended Budget.

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 issues.

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

Please execute two (2) originals of the Second Amendment to SUNRx Agreement and retain one (1) original Agreement and one (1) Minute Order for pick-up by the department. Please email PHDGROUPContractsUnit@sbcphd.org when available for pickup.

Attachments:

- A. Second Amendment to SUNRx Prescription Drug Administrative Services Agreement
- B. First Amendment to SUNRx Prescription Drug Administrative Services Agreement
- C. SUNRx Prescription Drug Administrative Services Agreement

Authored by:

Dana Gamble, Deputy Director, Primary Care & Family Health Division