



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:** May 17, 2016  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Takashi M. Wada, Director and Health Officer, Public Health  
Director(s) Department  
Contact Info: Dana Gamble, Assistant Deputy Director. Ext. 5171  
**SUBJECT:** 340B Pharmacy Network Agreement for Safeway Inc.

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors consider the following:

- a) Approve, ratify and authorize the Chair to execute an Agreement with Safeway Inc. for 340B Pharmacy Services for the partial administration of the Public Health Department 340B Pharmacy Network. This agreement is expected to maintain approximately \$40,000 in revenue for the Public Health Department.
- b) Approve and authorize the Director of the Public Health Department to execute or terminate agreements with local 340B contract retail pharmacies to ensure sustainability of the program and access for patients utilizing Safeway Inc. stores, without returning to the Board with a separate amendment, provided that any such revisions are within the scope of approved Purchasing authorizations, including applicable waivers of competition.
- c) Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guideline Section 15378(b)(4), since this 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 execute an Agreement with Safeway Inc. for 340B Administrative Services. This item is at the request of Safeway, Inc. that is establishing its own 340B Administrative

**Auditor-Controller Concurrence**

As to form: Yes

Services and is in coordination with the existing SUNRx 340B Services Agreement that has been amended to remove the exclusivity clause in relation to Safeway.

**Background:** Because of its Federally Qualified Health Center (FQHC) status, the Public Health Department (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. This network is managed through a 340B Administrative Services agreement that PHD has with SUNRx. Recently, Safeway, Inc. has decided to establish its own 340B administrative services (340B Direct) for its retail pharmacies and will no longer accept inventory control and pharmaceutical replenishment through SUNRx. In order to maintain the Vons pharmacy located at 729 North H Street in Lompoc and any future Safeway, Inc. pharmacies in the Public Health Department 340B Pharmacy Network, PHD must enter into a separate agreement with Safeway, Inc. for these 340B services.

The Vons pharmacy in Lompoc has been a valuable participant in the PHD 340B contract pharmacy network for PHD and its patients and PHD wishes to maintain this location in its network. In addition, PHD will be exploring with Safeway, Inc. the potential for adding other contract pharmacy networks if there is a gap in patient access or an increase in patient demand. This new agreement with Safeway, Inc. will maintain the existing relationship with the potential for future expansion.

**Performance Measure:**

N/A

**Fiscal and Facilities Impacts:**

Budgeted: Yes **Fiscal Analysis:**

There is no fiscal impact associated with this action. Because this action only involves the change of the 340B program administrator for the Vons pharmacy in Lompoc, the annual projected amount of revenue from the agreement of approximately \$40,000 is maintained from the previous relationship with SUNRx and currently included in the department’s adopted budget.

**Key Contract Risks:**

N/A

**Staffing Impacts:**

**Legal Positions:**  
0

**FTEs:**  
0

There are no staffing impacts.

**Special Instructions:**

Please execute two (2) original Agreements with Safeway Inc. and retain one (1) original Agreement and one (1) Minute Order for pick up by the department. Please email the PHD Contracts Unit at [phdcu@sbcphd.org](mailto:phdcu@sbcphd.org).when available for pick up.

**Attachments:**

- A. Safeway Inc. 340B Contract Pharmacy Services Agreement

**Authored by:**

340B Pharmacy Network Agreement for Safeway Inc.  
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Dana Gamble, Assistant Deputy Director, Public Health Department