



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: April 19, 2016
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Takashi Wada, MD, MPH, Director and Health Officer
Director(s) Public Health Department
Contact Info: Dan Reid, Assistant Deputy Director 681-5173
SUBJECT: 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, ratify, and authorize the Chair to execute the Third Amendment (Attachment D) to the SUNRx Prescription Drug Administrative Services Agreement for the ongoing development and administration of a 340B Pharmacy Network administered by the Public Health Department.
- b) 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 a Third Amendment to the Agreement with SUNRx for Prescription Drug Administrative Services (Attachment D), effective April 14, 2016 to amend the exclusivity requirements to enable Public Health to enter into an agreement with an additional 340B Administrative Service.

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. Your Board executed the SUNRx Prescription Drug Administrative Services Agreement on June 19, 2012 (Attachment A). 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 Walgreens, that prohibits PHD from engaging a different 340B Administrative Service.

This action is at the request of Safeway which is establishing its own 340B Administrative Service. Safeway Corporation owns many local Vons grocery stores and pharmacies including the Vons pharmacy in Lompoc that is currently a 340B contract pharmacy with PHD that is being administered by SUNRx. PHD wishes to keep Safeway Pharmacies in the 340B Network and therefore is required to enter into a new agreement for this administration exclusive to Safeway pharmacies.

This Amendment further modifies the exclusivity requirements and will allow Public Health to enter into an agreement with Safeway pharmacies in Santa Barbara County as an additional 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:

There is no fiscal impact impacts associated with the SUNRx Administrative Services Amendment.

Key Contract Risks:

N/A

Staffing Impacts:

Legal Positions:

0

FTEs:

0

Special Instructions:

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

Attachments:

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

Authored by:

Third Amendment for Prescription Drug Administrative Services Agreement with SUNRx, LLC

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Dan Reid, Assistant Deputy Director, Primary Care & Family Health Division 681-5173