



# 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

**Submitted on:**  
**(COB Stamp)**

**Department Name:** Public Health  
**Department No.:** 041  
**Agenda Date:** April 8, 2025  
**Placement:** Administrative Agenda  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** 4/5

**TO:** Board of Supervisors  
**FROM:** Department Director(s): Mouhanad Hammami, Director  
Contact Info: Paola Hurtado, Assistant Deputy Director (805) 698-2418  
**SUBJECT:** **340B Contract Pharmacy Network Program - AmerisourceBergen Drug Corp Agreement Increase**

Signed by:  
*Mouhanad Hammami*  
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## County Counsel Concurrence

As to form: Yes

## Other Concurrence: Procurement

As to form: Yes

## Auditor-Controller Concurrence

As to form: Yes

## Recommended Actions:

That the Board of Supervisors:

- Approve and authorize the County's Purchasing Agent to increase the Agreement amount for AmerisourceBergen Drug Corp (not a local vendor) for an amount up to but not to exceed \$7,362,900 per year and aggregate costs not to exceed \$14,725,800 for the period July 1, 2024 through June 30, 2026, to procure pharmaceuticals for the 340B Contract Pharmacy Network Program and In-house Pharmacies; and
- Approve and authorize Budget Revision BJE 0010349 in the amount of \$1,500,000 as revenue and expenses for FY 2024-25 to the Public Health Department; and
- 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 158378(b)(4) of the CEQA Guidelines, since the recommended actions are the creation of government funding mechanisms or other government fiscal activities, which 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 increase the AmerisourceBergen Drug Corp Agreement for an amount up to but not to exceed \$7,362,900 year and aggregate costs not to exceed \$14,725,800 for the period July 1, 2024 through June 30, 2026. This adjustment is necessary due to rising pharmaceutical costs in the industry and increased

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productivity levels among contracted and in-house pharmacies. An increase to this Agreement is necessary to continue serving the current Public Health Department's (PHD) 340B Contract and In-house Pharmacies.

**Background:**

PHD previously received approval for a bid waiver for FYs 2024-2025 through FY 2025-2026 to procure pharmaceuticals for the 340B Contract Pharmacy Network Program from AmerisourceBergen Drug Corp. Costs through AmerisourceBergen Drug Corp, a wholesale pharmaceutical company, are reimbursed from Medi-Cal. AmerisourceBergen Drug Corp has been supplying the PHD contract pharmacies since 2012.

**Mandates:**

The State of California mandates that the County provide access to necessary medical care under Section 17000 of the Welfare and Institutions Code. The 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 (FQHC) status. These pharmaceuticals are necessary in order for the PHD to deliver the necessary medical care. The 340B Program allows the PHD to acquire these pharmaceuticals at discounted rates.

**Performance Measures:**

The performance measures for this Agreement are focused on replenishment and supply of pharmaceuticals in a timely manner. The PHD, 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 and Facilities Impacts:**

Budgeted: No; Budget Revision requested for approval (BJE 0010349).

**Fiscal Analysis:**

The total vendor costs through AmerisourceBergen Drug Corp for all PHD pharmacy operations which include both 340B and Non-340B operations and all in-house and contracted and specialty pharmacies are \$14,725,800. Revenue to offset most of these costs (97%) is from Medi-Cal billing, the remaining amount will be drawn from the fund balance. This fund balance draw is reflected in the submitted budget estimates for fiscal year 2024-2025.

This action will allow for the PHD to continue purchasing replenishment pharmaceuticals for its PHD 340B In-House and Contract Pharmacy Network. Because of 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, the 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.

Budget Journal Entry (BJE 0010349) in the amount of \$1,500,000 will be added to the PHD FY 24-25 Adopted Budget with unanticipated Medi-Cal revenue covering \$1,050,00, and the remainder drawn from fund balance. The \$7,362,900 is included in the FY 25-26 Recommended Budget.

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Funding Source	FY 2024-25	FY 2025-26	Total
General Fund			-
State			-
Federal (Medi-Cal)	6,912,900	7,362,900	14,275,800
Fees			-
Other (Fund Balance)	450,000		450,000
<b>Total</b>	<b>7,362,900</b>	<b>7,362,900</b>	<b>14,725,800</b>

**Key Contract Risks:**

The PHD has worked with the entity since 2012 and AmerisourceBergen Drug Corp is in compliance with the terms of this Agreement. AmerisourceBergen Drug Corp is one of the largest pharmaceutical wholesalers in the nation and is financially stable.

**Special Instructions:**

Please return an electronic copy of the Minute Order to the PHD Contracts Unit at [PHDGROUPContractsUnit@sbcphd.org](mailto:PHDGROUPContractsUnit@sbcphd.org)

**Attachments:**

**Attachment A** – BJE #0010349

**Authored by:**

Paola Hurtado  
Assistant Deputy Director  
[phurtado@sbcphd.org](mailto:phurtado@sbcphd.org)