



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: Behavioral Wellness
Department No.: 043
For Agenda Of: November 28, 2023
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Matthew Nguyen, Pharm.D., Pharmacist-in-Charge
Department of Behavioral Wellness, (805) 681-5220
SUBJECT: Request for Waiver of Competition in Purchase of Pharmaceuticals from
Cardinal Health 110, LLC for FY 23–26

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) Authorize the Purchasing Agent to procure wholesale stock pharmaceuticals for the County Psychiatric Health Facility from **Cardinal Health 110, LLC** (not a local vendor) without being required to conduct a formal bid process for an amount not to exceed **\$300,000** (\$100,000 per fiscal year) for the period of November 28, 2023 through December 31, 2026; and
- b) Determine that the above action is a government funding mechanism or other government fiscal activity, which does not involve any commitment to any specific project that may result in a potentially significant physical impact on the environment, and is therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

Pursuant to County Code Section 2-39, Behavioral Wellness is requesting the Board to waive the requirement for a competitive bid for purchase of wholesale stock pharmaceuticals from Cardinal Health 110, LLC (Cardinal) because competition is determined to be inadequate. The agreement with Cardinal is necessary to continue the provision of pharmaceuticals at the County Psychiatric Health Facility (PHF) Pharmacy without a gap in services. This request for a waiver is specifically for wholesale stock pharmaceutical services provided to the PHF. Behavioral Wellness will maintain pharmacy contracts for all non-PHF pharmaceutical needs.

Background:

The PHF is a 16-bed Lanterman-Petris-Short designated facility that provides 24-hour acute inpatient care to individuals requiring psychiatric hospitalization per Welfare and Institutions Code (WIC) Section 5150. Historically, due to the PHF's size and nature of providing services 24/7, 365 days per year, the facility had experienced ongoing difficulty finding pharmacy services from the community that could offer 24-hour services to meet its needs. A request for proposals (RFP) process in January 2016 resulted in a contract awarded to Hometown LTC Pharmacy, a local vendor. However, Hometown LTC Pharmacy only provided limited deliveries and services requiring the County to supplement Hometown's services to maintain compliance with Title 9 of the California Code of Regulations (C.C.R.). For cost savings purposes and to maintain compliance with Title 9 C.C.R., BWell opened the dedicated PHF Pharmacy in August 2018.

From August 2018 through December 2022, BWell utilized AmerisourceBergen Drug Corporation as the pharmaceutical wholesaler serving the PHF Pharmacy. In September 2022, BWell issued an RFP seeking pharmaceutical providers for client-specific (prescribed) medications for PHF clients. Three bidders were awarded: Federal Drug Company, The Medicine Shoppe, and Genoa Healthcare. However, as these are California licensed pharmacies and not wholesalers, these pharmacies are not able to provide the wide range of medications, volume, and cost savings that are available by purchasing through a wholesaler.

Per California Board of Pharmacy law, a California licensed pharmacy must procure pharmaceuticals from a California licensed pharmaceutical wholesale vendor. A CA licensed pharmacy may only procure pharmaceuticals from another CA licensed pharmacy for a temporary shortage. Furthermore, transfers or sales from a CA licensed pharmacy to other pharmacies and prescribers must not exceed five percent (5%) of the pharmacy's total annual purchases of dangerous drugs or devices. If more than five percent (5%), then the pharmacy must register with the Board as a wholesaler. (21 Code of Federal Regulations (CFR) 1307.11, Drug Supply Chain Security Act (DSCSA), Business and Professions Code (BPC) 4160.) Controlled substances procured from a licensed CA pharmacy must be client-specific. Therefore, the PHF Pharmacy cannot procure its stock pharmaceuticals of controlled substances from CA licensed pharmacies such as Federal Drug Company, The Medicine Shoppe, and Genoa Healthcare. Lack of a pharmaceutical wholesaler to procure stock pharmaceuticals runs the risk of a shortage of necessary medications for PHF clients.

In December 2022, BWell issued a second RFP seeking a pharmaceutical wholesaler for the PHF. When the submission deadline passed on January 6, 2023, no proposals had been received. BWell then pursued a sole source agreement with Cardinal. With more than 50 years of experience, Cardinal is a distributor of pharmaceuticals, a global manufacturer and distributor of medical and laboratory products, and a provider of performance and data solutions for healthcare facilities. Cardinal serves nearly 90% of U.S. hospitals, more than 60,000 U.S. pharmacies, and more than 10,000 specialty physician offices and clinics. Cardinal helps pharmacies, hospitals, ambulatory surgery centers, clinical laboratories and physician offices focus on patient care while reducing costs, enhancing efficiency and improving quality.

While the bid to procure wholesale stock pharmaceuticals for the PHF did not take place via County Purchasing, BWell did conduct a formal bidding process, distribute publicly, and post on its website and yet received no response. BWell does not believe it would receive a different response if a new bid were to be issued by Purchasing and has thus determined competition to be inadequate. Disruption of the supply of wholesale stock pharmaceuticals would prove detrimental to the functionality of the PHF Pharmacy and the health of clients. Approval of this item will allow for the continued provision of pharmaceuticals at the PHF.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

<u>Funding Sources</u>	<u>FY 23-24 Cost:</u>	<u>FY 24-25 Cost:</u>	<u>FY 25-26 Cost:</u>	<u>Total Cost:</u>
General Fund				
State	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 150,000.00
Federal	\$ 50,000.00	\$ 50,000.00	\$ 50,000.00	\$ 150,000.00
Fees				
Other:				
Total	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 300,000.00

Narrative: The funding sources are included in the FY 23-24 Adopted Budget. Funding for FY 24-25 and FY 25-26 will be included in the Department’s requested budget and is contingent on Board approval. The historical average annual cost of PHF pharmaceuticals for FY 20-23 was \$61,116 (\$70,702 for FY 20-21; \$43,842 for FY 21-22; and \$68,803 for FY 22-23).

Special Instructions:

Please email one (1) Minute Order to Phung Loman at Ploman@countyofsb.org, to Bethany Le at bethle@sbcbswell.org, and to the BWell Contracts Division at bwellcontractsstaff@sbcbswell.org.

Authored by:

Bethany Le