



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:** ADMHS  
**Department No.:** 043  
**For Agenda Of:** October 6, 2015  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Alice Gleghorn, Ph.D., Director  
Director(s) Alcohol, Drug & Mental Health Services 681-5220  
Contact Info: Dr. Ole Behrendtsen, MD, Medical Director  
Alcohol, Drug & Mental Health Services 681-5220  
**SUBJECT: ADMHS Pharmacy Contract Amendment and Extension of Bid Waiver**

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**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:

- A. Approve, and authorize the Chair to execute a First Amendment for Services of Independent Contractor with Evergreen Pharmaceutical of California, Inc. doing business as Omnicare of Southern California (Omnicare) (not a local vendor) to increase the contract by \$250,000 for a total contract maximum amount not to exceed \$400,000 for the continued provision of pharmaceuticals for ADMHS Psychiatric Health Facility's (PHF) clients for an extended term through March 31, 2016; and
- B. Approve and authorize an extension of the waiver of competitive bidding approved June 23, 2015 for the procurement of pharmaceuticals from Omnicare (not a local vendor), not to exceed \$400,000 through March 31, 2016.
- C. Determine that these activities are exempt from California Environmental Quality Act review per CEQA Guidelines Section 15378(b)(5) since the recommended actions are government administrative activities which do not involve commitment to any specific project which may result in potentially significant physical impact on the environment.

**Summary Text:**

ADMHS currently contracts with two pharmaceutical providers, Medicine Shoppe and Omnicare, under Board of Supervisor (BOS) approved bid waivers to provide outpatient and inpatient medications for County clients through September 2015. However, it is necessary to increase the contracted amounts,

extend both contracts to March 2016, and extend the current bid waivers because of increased use of pharmaceutical services and a temporary delay of Pharmacy Request for Proposals (RFP). The Medicine Shoppe contract went to the BOS on September 22, 2015.

Pursuant to County Code Section 2-39, ADMHS is requesting that the Board extend the current waiver of a competitive bid process for the purchase of medications over \$25,000. Currently, ADMHS contracts for pharmacy supplies and services via vendors offering medications and supplies at the lowest possible rates: the current Medicaid rates when applicable and Average Wholesale Prices when Medicaid rates are not applicable.

The ADMHS Pharmacy RFP was scheduled to go out August 2015; however, the RFP has been rescheduled to October 2015 because the County Executive Office (CEO) and BOS directed Public Health Department (PHD) to conduct an internal review of potential county efficiencies from coordinating related pharmacy services in conjunction with other county Departments, including ADMHS.

The funds requested for this agreement are already budgeted for FY 15-16. Approval of the recommended actions will allow ADMHS to ensure continuation of lowest cost uninterrupted mandated pharmacy services and care to ADMHS outpatient and PHF clients, and will provide PHD with ample time to conduct the internal review for Pharmacy efficiencies and provide recommendations for ADMHS to incorporate into the upcoming RFP process.

**Background:**

ADMHS has, since 1998, contracted with pharmacy vendors to dispense medication for psychiatric stabilization and treatment of ADMHS PHF inpatient clients to ensure that clients have access to necessary care.

Since March 12, 2015, Omnicare has provided pharmacy services to the County’s Psychiatric Health Facility (PHF), when PharMerica, terminated their contract with the County. ADMHS had only a brief period in which to secure the services of another pharmacy vendor to remain compliant with service obligations. Omnicare agreed to provide the same level of care and contract conditions as PharMerica for PHF’s inpatient medications.

ADMHS contracts for pharmacy supplies and services via Omnicare offering medications and supplies at the lowest possible rates; the current Medicaid rates and Average Wholesale Prices when Medicaid rates are not applicable.

In anticipation of a formal Pharmacy RFP process for FY 15-16, the Omnicare contract and Medicine Shoppe contracts were expected to end in September 2015. The contract amendments and the short term extensions of existing waivers of competitive bidding will allow ADMHS to provide necessary services without interruption until the Pharmacy RFP process and County efficiency review are completed.

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Current FY Cost:</b>	<b>Annualized On-going Cost:</b>	<b>Total One-Time Project Cost</b>
General Fund	\$ -	\$ -	\$ -
State	\$ 125,000.00	\$ 125,000.00	\$ -
Federal	\$ 125,000.00	\$ 125,000.00	\$ -
Fees	\$ -	\$ -	\$ -
Other:		\$ -	\$ -
<b>Total</b>	<b>\$ 250,000.00</b>	<b>\$ 250,000.00</b>	<b>\$ -</b>

Narrative: The Pharmacy costs were budgeted and approved for FY 15-16 and the increases requested are covered from the Board's approval of the ADMHS FY 15-16 Budget.

**Key Contract Risks:** There is a risk that the services provided by the above vendor falls short of Federal and State standards, resulting in audit findings. To address this risk, the contract includes provisions requiring the vendor to maintain compliance with Federal and State standards. In addition, the termination provisions of the contract allow the County to terminate the contract for cause.

**Special Instructions:**

Please return one scanned copy (1) Minute Order and a complete fully executed of the contracts to: [dmorales@co.santa-barbara.ca.us](mailto:dmorales@co.santa-barbara.ca.us).

Route one (1) certified copy of the Minute Order to Purchasing agent.

**Attachments:**

Attachment A: Omnicare Contract FY 14-16 First Amendment

Attachment B: Omnicare Contract FY 14-16\*

<https://santabarbara.legistar.com/LegislationDetail.aspx?ID=2359736&GUID=F969A195-736F-423F-9CAF-0463912233B1&Options=&Search=>

**\*Copies are also on file at the Clerk of the Board**

**Authored by:** DMorales

**cc:**