



**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: County Health
Department No.: 041
Agenda Date: May 12, 2026
Placement: Administrative Agenda
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: 4/5

TO: Board of Supervisors
FROM: Department Director: Mouhanad Hammami, County Health
Contact: Paola Hurtado, Division Chief, Primary Care & Family Health (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: CEO Budget

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) 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 \$9,068,211 for the period of July 1, 2025, through June 30, 2026, to procure pharmaceuticals for the 340B Contract Pharmacy Network Program and In-house Pharmacies;
- b) Approve and authorize Budget Revision BJE 0011040 in the amount of \$1,705,300 as revenue and expenses for FY 2025-2026 to the County Health Department; and
- c) 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 a maximum amount of \$9,068,211 for the period of July 1, 2025, through June 30, 2026. This adjustment is necessary due to rising pharmaceutical costs in the industry and increased productivity levels among contracted and in-house pharmacies. An increase to this agreement is necessary for the County Health Department (CHD) to continue providing patient medications through its 340B Drug Discount Program contract and In-house Pharmacies.

Discussion:

The State of California mandates that the County provide access to necessary medical care under Section 17000 of the Welfare and Institutions Code. CHD 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.

Increasing the AmerisourceBergen Agreement amount will enable CHD to continue purchasing pharmaceuticals for its 340B In-House and Contract Pharmacy Network, ensuring essential medical care for patients.

Background:

CHD's Health Care Centers are designated as FQHCs, allowing for their participation in the Federal Section 340B Drug Discount program as a "covered entity." This designation gives CHD access to significantly reduced pricing on certain prescription medications. By purchasing these medications at the lowest prices available on the market, CHD is able to offer more affordable pharmaceutical options and improve access to necessary medications for the patients it serves.

CHD 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 CHD contract pharmacies since 2012. The bid waiver was requested due to compliance obligations under the 340B Contract Pharmacy program, which requires the use of designated vendors for inventory replenishment.

AmerisourceBergen is one of the major wholesalers that distributes pharmaceuticals, including 340B-priced drugs, to covered entities such as CHD pharmacies.

Performance Measure:

The performance measures for this agreement are focused on replenishment and supply of pharmaceuticals in a timely manner. As the party eligible for participation in the federal 340B drug discount program, CHD is known as the covered entity and is responsible for ensuring compliance with all 340B requirements throughout its pharmacy network, which are overseen by CHD's 340B Compliance Committee.

Contract Renewals:

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

Fiscal and Facilities Impacts:

Budgeted: No; a budget revision is requested for approval (BJE 0011040). The current contract and budget amount of \$7,362,900 combined with this increase request of \$1,705,300 will provide a total contract and budget amount of \$9,068,211 for FY 2025-2026.

Fiscal Analysis:

Table 1 FY 2025-2026 Estimates of Pharmaceutical Expenses for the CHD 340B Program

Vendor	Product	Entities Served	Requested Amount
AmerisourceBergen Drug Corp	Pharmaceuticals	CHD In-house Pharmacies and 340B Contract Pharmacies	\$9,068,211
TOTAL			\$9,068,211

The costs shown above are the total costs for all CHD pharmacy operations, which include both 340B and non-340B operations and all in-house and contracted and specialty pharmacies. The additional costs portrayed in the table below rely on a combination of revenue from Medi-Cal billing and Medicare fees (71%) and draws from fund balance (29%).

This action will allow CHD to continue purchasing replenishment pharmaceuticals for its CHD 340B In-House and Contract Pharmacy Network. Because of FQHC status, CHD has the ability to participate in the Federal Section 340B Drug Discount program as a “covered entity.” As a covered entity, CHD 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 0011040) in the amount of \$1,705,300 will be added to the CHD FY 2025-2026 Adopted Budget.

Funding Source	FY 2025-2026	Total
General Fund		
Federal (Medicare)	\$ 105,300	\$ 105,300
Federal (Medi-Cal)	\$ 1,100,000	\$ 1,100,000
Fees		
Other [Fund Balance]	\$ 500,000	\$ 500,000
Total	\$ 1,705,300	\$ 1,705,300

Special Instructions:

Please return an electronic copy of the Minute Order to the CHD Contracts Unit at phdcu@sbcphd.org and to the Chief Procurement Officer, Phung Loman at ploman@countyofsb.org

Attachments:

Attachment A –BJE #0011040

Contact Information:

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