



Monterey County Board of Supervisors

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No.: A-14005

Upon motion of Supervisor Adams, seconded by Supervisor Salinas and carried by those members present, the Board of Supervisors hereby:

- a. Authorized the Director of Health, or Assistant Director of Health to sign an Apexus 340B Prime Vendor Program Participant Participation Agreement Form ("Letter of Participation") with Cardinal Health 110, LLC. and Cardinal Health 112, LLC. (Cardinal) for the purchase of discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally-Qualified Health Center Look-alike clinics, for the term of July 1, 2018 to June 30, 2021 with the option to extend, based on ninety (90) days' written notice, for one (1) additional three (3) year period, for a total not to exceed maximum of six (6) years; and
- b. Accepted the recommendations of the Director of Health or Assistant Director of Health regarding the following non-standard provision in the Letter of Participation: limitation of liability, insurance, and indemnification; and
- c. Authorized the Director of Health or Assistant Director of Health to sign up to two (2) future amendments to this Letter of Participation where the amendments do not extend the term of the Letter of Participation and do not significantly change the scope of work; and
- d. Authorized the Director of Health or Assistant Director of Health to exercise the option to extend, based on ninety (90) days' written notice, which, if exercised, shall extend the term for one (1) additional three (3) year period, for a revised full term of July 1, 2018 to June 30, 2024.

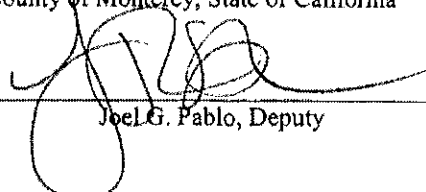
PASSED AND ADOPTED on this 26th day of June 2018, by the following vote, to wit:

AYES: Supervisors Alejo, Salinas, Phillips, Parker and Adams
NOES: None
ABSENT: None

I, Valerie Ralph, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 81 for the meeting June 26, 2018.

Dated: June 28, 2018
File ID: A 18-286

Valerie Ralph, Clerk of the Board of Supervisors
County of Monterey, State of California



Joe L.G. Pablo, Deputy



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Report

Legistar File Number: A 18-286

June 26, 2018

Introduced: 6/8/2018

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Director of Health, or Assistant Director of Health to sign an Apexus 340B Prime Vendor Program Participant Participation Agreement Form ("Letter of Participation") with Cardinal Health 110, LLC. and Cardinal Health 112, LLC. (Cardinal) for the purchase of discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally-Qualified Health Center Look-alike clinics, for the term of July 1, 2018 to June 30, 2021 with the option to extend, based on ninety (90) days' written notice, for one (1) additional three (3) year period, for a total not to exceed maximum of six (6) years; and
- b. Accept the recommendations of the Director of Health or Assistant Director of Health regarding the following non-standard provision in the Letter of Participation: limitation of liability, insurance, and indemnification; and
- c. Authorize the Director of Health or Assistant Director of Health to sign up to two (2) future amendments to this Letter of Participation where the amendments do not extend the term of the Letter of Participation and do not significantly change the scope of work; and
- d. Authorize the Director of Health or Assistant Director of Health to exercise the option to extend, based on ninety (90) days' written notice, which, if exercised, shall extend the term for one (1) additional three (3) year period, for a revised full term of July 1, 2018 to June 30, 2024.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Director of Health, or Assistant Director of Health to sign an Apexus 340B Prime Vendor Program Participant Participation Agreement Form ("Letter of Participation") with Cardinal Health 110, LLC. and Cardinal Health 112, LLC. (Cardinal) for the purchase of discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally-Qualified Health Center Look-alike clinics, for the term of July 1, 2018 to June 30, 2021 with the option to extend, based on ninety (90) days' written notice, for one (1) additional three (3) year period, for a total not to exceed maximum of six (6) years; and
- b. Accept the recommendations of the Director of Health or Assistant Director of Health regarding the following non-standard provision in the Letter of Participation: limitation of liability, insurance, and indemnification; and
- c. Authorize the Director of Health or Assistant Director of Health to sign up to two (2) future amendments to this Letter of Participation where the amendments do not extend the term of the Letter of Participation and do not significantly change the scope of work; and
- d. Authorize the Director of Health or Assistant Director of Health to exercise the option to extend, based on ninety (90) days' written notice, which, if exercised, shall extend the term for one (1) additional three (3) year period, for a revised full term of July 1, 2018 to June 30, 2024.

SUMMARY/DISCUSSION:

The Health Department Clinic Services Bureau (Clinic Services) operates nine community clinic sites designated as Federally Qualified Health Center Look-Alikes (FQHC-LA), which provide preventative, primary, and specialty medical care services.

Pursuant to Section 340B of the Public Health Services Act, the United States Congress established the 340B Drug Pricing Program requiring pharmaceutical manufacturers participating in the Medicaid program to enter into agreements with Health Resources and Services Administration (HRSA) to provide discounts on covered outpatient drugs to certain government-supported health care providers. Apexus is the authorized prime vendor for the 340B Prime Vendor Program (PVP) which allows covered entities enrolled in the PVP, such as Clinic Services, to purchase products through supplier and distributor agreements under Apexus' network of suppliers and distributors.

Cardinal is part of Apexus' network of suppliers and distributors and has contracted with Clinic Services since June 2011, when the Board of Supervisors first approved Agreement Nos. A-12009 and A-12010 to provide Clinic Services' access to 340B discounted drugs.

Clinic Services seeks approval to enter into a renewed Letter of Participation with Cardinal which will consolidate all Clinic Services' eligible facilities into one document and provide continued access to Cardinal's discounted drug prices.

Cardinal declined County's request to include County's standard indemnification and insurance requirements in this Letter of Participation, asserting that the Letter of Participation, which incorporates a Base Agreement between Cardinal and Apexus, contains applicable indemnification and insurance provisions. Under the Base Agreement, Cardinal is self-insured for products, completed operations liability, and pharmacist professional liability. Cardinal also maintains commercial general liability coverage in excess of its self-insured retention limits for the above coverages and above the County's limit requirements. Cardinal also is self-insured for automobile liability, automobile physical damage, comprehensive and collision coverage for all owned vehicles. Cardinal also carries automobile liability coverage with Greenwich Insurance Company, above County's limit requirements. The County is not named as an Additional Insured on Cardinal's self-insurance and none of Cardinal's insurance or self-insurance contains primary/noncontributory endorsements. Cardinal carries worker's compensation coverage and excess worker's compensation coverage. The Base Agreement indemnification and insurance provisions are not the County's standard provisions.

This work supports the Monterey County Health Department 2011-2015 Strategic Plan Initiatives: 1) Empower the community to improve health through programs, policies, and activities; and 2) enhance community health and safety by emphasizing prevention. It also supports one or more of the ten essential public health services, specifically: 4) Mobilize community partnerships and action to identify and solve health problems; and 7) Link people to needed personal health services and assure the provision of health care when otherwise unavailable.

OTHER AGENCY INVOLVEMENT:

County Counsel and the Auditor-Controller have reviewed the Letter of Participation. County Counsel approves the Letter of Participation as to form. Auditor-Controller approves as to finance terms. The

Legistar File Number: A 18-286

Letter of Participation contains non-standard risk provisions (limitation of liability and non-standard insurance and indemnification provisions by way of incorporation), requiring Board approval. Clinic Services recommends moving forward with this Letter of Participation as it will maintain access to discounted drug pricing, which would allow tight Clinic Services resources to be stretched further in providing more care and services to vulnerable patients.

FINANCING:

Sufficient appropriations are available in the FY 2018-19 Health Department Clinic Services Recommended Budget (4000-HEA007). The Agreement is funded by revenues from Medi-Cal and Medicare. There is no financial impact to the General Fund resulting from approval of this Agreement.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Sheena Morales, Management Analyst III, x1393

Approved by: Elsa Jimenez, Director of Health, x4526



Attachment:

340B Prime Vendor Participation Agreement is on file with Clerk of the Board

**Apexus 340B Prime Vendor Program
Participant Participation Agreement Form**

THIS LETTER OF PARTICIPATION ("LOP") is entered between **County of Monterey, on behalf of the Health Department ("Participant")** and Cardinal Health 110, LLC and Cardinal Health 112, LLC (collectively, "Distributor"), and is made effective July 1, 2018.

WHEREAS, Apexus and Distributor entered into an agreement with an effective date of September 1, 2016, as may be amended from time to time (the "Base Agreement"), under which Distributor agreed to distribute Products (as defined in the Base Agreement) to participants in the 340B Prime Vendor Program, subject to the terms and conditions of the Base Agreement;

WHEREAS, Participant (a) is eligible to participate in the Base Agreement, and (b) owns, manages and/or operates one or more "Facilities" (as defined in Paragraph 1 below); and

WHEREAS, Participant desires to purchase Products from Distributor.

NOW THEREFORE, in consideration of the promises and mutual obligations and undertakings set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. BASE AGREEMENT; DEFINITION OF FACILITY:

- a. The terms and conditions of the Base Agreement shall apply to purchases consummated pursuant to this LOP, except as otherwise specifically set forth herein. In the event of a conflict between the terms and conditions of this LOP and the Base Agreement, the terms most favorable to the Participant shall control. This LOP may contain terms and conditions that are additional to the terms set forth in the Base Agreement. To the extent such terms do not conflict with the provisions of the Base Agreement, such additional terms and conditions set forth in this LOP shall govern solely with respect to the purchases of Products pursuant to this LOP. Capitalized terms in this LOP shall have the meanings given to them in the Base Agreement, unless otherwise defined herein.
- b. "Facility" means any pharmacy, hospital, clinic and/or other Facility which Participant owns, manages and/or operates. A list of all Facilities as of the Effective Date, including their respective "ship to" addresses and number of deliveries per week is attached to this LOP as Attachment 2 and is incorporated herein by reference. Additional Facilities may be added to Attachment 2 upon the mutual written agreement of Distributor and Participant and such agreement by Distributor shall not be unreasonably withheld. When Participant requests that Distributor set up any new 340B contract pharmacy(ies) pursuant to the 340B Drug Purchase Program established by the Veteran's Health Care Act of 1992, Section 340B of Public Law 102-585, Participant will pay Distributor a one-time set-up fee of \$150.00 per 340B contract pharmacy. Participant must provide monthly volume projections and delivery schedule (frequency and specific days) for each 340B contract pharmacy to be set up by Distributor. Deliveries to 340B contract pharmacies will be at a time of day determined solely by Distributor. Distributor shall provide a 24-hour, 7-day per week emergency delivery service. Distributor shall prepay

the courier and related service charges for such orders and bill these courier fees separately to Participant. In addition a flat fee of \$35 per emergency service shall be billed to cover added operational costs incurred by the Distributor. This operational cost shall cover the first 10 Lines of any emergency order. Any additional Lines order that are more than 10 Lines shall be charged \$5.00 per Line.

2. **TERM:** This LOP shall be effective beginning on the Effective Date and continue for a period of three (3) years through **June 30, 2021** (the "LOP Term") with an option to extend the LOP Term for one (1) additional three (3) year period upon receipt by Distributor of ninety (90) days prior written notice from Participant.
3. **LOP TERMINATION:** Either party may terminate this LOP at any time upon providing not less than ninety (90) days prior written notice thereof to the other party.
4. **PRIME VENDOR:** Throughout the LOP Term, to receive the Participant Markup offered to Participant under this LOP (set forth in Attachment 1 hereto), Participant must order not less than ninety percent (90%) of all dollars spent on each category of the following Products (i.e. branded, generic and Drop Shipments) by using Distributor as its prime vendor for the purchase of such products normally purchased through wholesale pharmaceutical distributors. To the extent that Distributor is unable to supply such Products, those purchases shall be excluded from the ninety percent (90%) calculation. If Distributor believes that a Participant is not utilizing Distributor as the Prime Vendor (as defined above), then (i) Distributor shall provide evidence supporting such belief to Participant and Apexus and (ii) Distributor and Participant shall promptly meet in good faith to discuss such concern. For purposes of clarification (i) the ninety percent purchase threshold set forth in this Section is a condition for receiving the applicable Participant Markup and (ii) Participant's failure to meet the ninety percent (90%) threshold as set forth herein shall not constitute a breach of any Participant obligation but shall instead only result in Participant not receiving the Participant Markup. Notwithstanding the foregoing, in the event Participant does not utilize Distributor as its primary distributor, but has a 340B contract pharmacy(ies) where the contract pharmacy(ies) utilize(s) Distributor as its primary distributor, Distributor shall service such Participant under the terms and conditions of this LOP, as if such Participant utilized Distributor as its primary distributor.
5. **MEDICARE/MEDICAID DISCLOSURE:** If and to the extent any discount, credit, rebate or other purchase incentive is paid or applied by Distributor with respect to the Products or Services purchased hereunder, such discount, credit, rebate or other purchase incentive may constitute a "discount or other reduction in price," as such terms are defined under the Medicare/Medicaid Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)(3)(A) and the "safe harbor" regulations regarding discounts or other reductions in price set forth in 42 C.F.R. § 1001.952(h)), on the Products purchased by Participant or any Facility hereunder, Participant and/or its Facility(ies) may have an obligation to accurately report, under any state or federal program which provides cost or charge based reimbursement for the Products or Services covered by this LOP, or as otherwise requested or required by any governmental agency, the net cost actually paid by Participant and/or its Facility(ies).

6. **LICENSES; OWN USE:** Participant represents, warrants and certifies that it and each of its Facilities has all required governmental licenses, permits and approvals required to purchase, use and/or store the Products purchased from Distributor and that all of Participant's or each Facility's purchases hereunder are for its "own use", if applicable, in the Facilities, as such term is defined in judicial or legislative interpretation, and not for resale to anyone other than the end user.
7. **CONFIDENTIALITY:** "Confidential Information" means the information in this LOP (including pricing and Markup). Participant may not disclose any Confidential Information (except as required by law) to any third party (excluding Apexus). Notwithstanding the foregoing, Distributor shall not prevent a Participant from disclosing its invoice data. See Board Report provided by Participant that, in the same or substantially the same language, will be posted with this LOP on an upcoming County BoS agenda, a true and correct copy of which is attached hereto as Exhibit A.
8. **ENTIRE AGREEMENT:** This LOP, together with the Base Agreement, constitutes the entire agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements, understandings and representations or promises exchanged by the parties, whether verbal or written. This LOP may not be modified except through a writing that is signed by Participant and Distributor.
9. **LIMITATION OF LIABILITY:** EXCEPT FOR DISTRIBUTOR'S INDEMNIFICATION OBLIGATIONS AND ANY OTHER DAMAGES SPECIFICALLY SET FORTH IN THE BASE AGREEMENT OR HEREIN, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL OR SPECIAL CLAIMS, LIABILITIES OR DAMAGES.
10. **COMPLIANCE:** Participant represents and warrants that it:
 - a. will abide by all applicable laws, rules, regulations, ordinances and guidance of the federal Drug Enforcement Administration ("DEA"), the states into which it dispenses or sells controlled substances and/or listed chemicals, and the states in which it is licensed, including, without limitation, all the foregoing concerning the purchase, sale, dispensation, and distribution of controlled substances; and
 - b. will not dispense or sell controlled substances and/or listed chemicals if it suspects that a prescription or drug order is not issued for a legitimate medical purpose or the actions conducted on the part of the prescriber or Participant and its employees are not performed in the normal course of professional practice.

In addition, Participant warrants that it understands that Distributor is required by DEA regulations to report to the DEA suspicious orders of controlled substances and listed chemicals, and Participant agrees to act in good faith in assisting Distributor to fulfill its obligations. To that end, Participant agrees that it will be alert for red flags of suspicious orders and listed chemicals, including, but not limited to:

- a. Numerous controlled substance prescriptions written for the same drugs, in the same quantities for the same time period by the same or different prescribers or group of prescribers for the same patient;
- b. Numerous controlled substance prescriptions written for the same person or several persons by the same prescriber or group of prescribers; and
- c. Numerous prescriptions written for the same patient by prescribers located in different states than the patient.

Participant agrees that if any of the above-noted or other red flags exist, it is prudent to contact the prescriber to validate the legitimacy of the prescription and/or to discontinue filling prescriptions from the prescriber, group of prescribers, or customer in question. In addition, the pharmacist should contact the State Board of Pharmacy or local DEA Diversion Field Office (see Appendix N, DEA Pharmacist's Manual, 2010 Edition).

If Participant wishes to provide Distributor with access to its prescription claims transaction and/or dispensing data for Distributor's Suspicious Order Monitoring Program, Participant must sign a:

- a. HIPAA Business Associate Agreement with Distributor in a form acceptable to Distributor; and
- b. Data Transmission Request Form for each third-party claims switch utilized by the pharmacy(ies) that authorizes the switch to transmit each pharmacy's prescription claims data to Distributor, and/or a Data Transmission Request Form that authorizes Distributor to receive dispensing data from the pharmacy's(ies') dispensing system software vendor(s).

Participant acknowledges that Distributor may provide a copy of this document to the DEA or any other state or federal regulatory agency or licensing board.

Participant hereby acknowledges and agrees that, notwithstanding any other provision herein, or any provision in any other agreement between Distributor and the Participant, Distributor may, in its sole discretion, immediately suspend, terminate or limit the distribution of controlled substances, listed chemicals, and other products monitored by Distributor to the Participant at any time if Distributor believes that the continued distribution of such products to the Participant may pose an unreasonable risk of the diversion of such products based on the totality of the circumstances and such other considerations as may be deemed relevant by Distributor.

- 11. FUEL SURCHARGE:** Distributor reserves the right to assess Participant a fuel surcharge, on a per delivery stop basis, for each delivery made to Participant by Distributor (the "Fuel Surcharge"). Each Fuel Surcharge shall be set forth on the invoice from Distributor, calculated as set forth below:

Regular Unleaded Fuel Price is: at Least	But Less Than	Fuel Surcharge Amount
\$6.51	and greater	\$2.25 per stop
\$6.01	\$6.50	\$2.00 per stop
\$5.51	\$6.00	\$1.50 per stop
\$5.01	\$5.50	\$1.25 per stop
\$4.01	\$5.00	\$1.00 per stop
\$3.26	\$4.00	\$0.50 per stop
\$0.00	\$3.25	No Fuel Surcharge

The fuel prices in the table above represent the national average retail cost per gallon for regular grade gasoline as published by the U.S. Department of Energy (the "Average Price Per Gallon"), available at: http://www.eia.doe.gov/oil_gas/petroleum/data_publications/wrgp/mogas_home_page.html. By the 15th day of each calendar month, Distributor shall determine the Average Price Per Gallon for the immediately preceding month, and any required adjustments to the Fuel Surcharge will be applicable as of the first (1st) day of the immediately following calendar month (for example, by the 15th of November, Distributor shall determine the Average Price Per Gallon for October, and any required adjustments to the Fuel Surcharge will be applicable as of December 1st).

12. SMALL ORDER DELIVERY CHARGE: We reserve the right to assess a fee of Twenty-Five Dollars (\$25) for any order of less than Five Hundred Dollars (\$500). For each delivery, Distributor shall aggregate all account orders by a single Facility to determine gross order value. If this value is less than Five Hundred Dollars (\$500), a small order fee of Twenty Five Dollars (\$25) will be added to the invoice as a separate line charge. If the gross order value is greater than Five Hundred Dollars (\$500), no small order fee will apply.

13. PAYMENT TERMS: Your initial payment terms and payment term options will be as set forth on Attachment 1 to this Agreement. Until Pharmaceutical Products is paid for in full, you grant us and we retain a security interest in the Pharmaceutical Products. We will have a security interest in any deposit(s) to secure payments to us (or our affiliates) of all of your obligations, existing and future. If you default on any payment, we may exercise a right of setoff against any deposit we hold or any amounts we (or our affiliates) owe you. You will give us any and all credit information we request not less than thirty (30) days before your initial purchases under this Agreement and, after that, as we may reasonably request from time to time.

IN WITNESS WHEREOF, Participant and Distributor, intending to be bound by the terms of this LOP and having the authority to bind their respective corporations, hereby execute this LOP by placing their signatures below:

County of Monterey

CARDINAL HEALTH 110, LLC
CARDINAL HEALTH 112, LLC

By: <u> <i>EV</i> </u>	By: <u> <i>AP</i> </u> <small>Angela Perrie (Jun 6, 2018)</small>
Name: <u> <i>Ezequiel Vega</i> </u>	Name: <u> Angela Perrie </u>
Title: <u> <i>Asst. Director of Health</i> </u>	Title: <u> Director, Alternate Care Sales </u>
Date: <u> <i>07/02/2018</i> </u>	Date: <u> Jun 6, 2018 </u>

APPROVED AS TO FORM
 Haydée
DEPUTY COUNTY COUNCIL
COUNTY OF MONTEREY

Reviewed as to fiscal provisions
 [Signature]
Auditor-Controller
County of Monterey *6-8-18*

ATTACHMENT 1

LOP PARTICIPANT MARKUP

Participants with monthly net purchases of \$300,000 or greater (such Participants will be eligible to receive up to five (5) deliveries per week):

Monthly Net Purchases	-45 DSO	-15 DSO	0 DSO	1 DSO	8 DSO	9.5 DSO	15 DSO	30 DSO	45 DSO	60 DSO
\$300,000 - \$399,999.99	-2.15%	-1.75%	-1.55%	-1.45%	-1.35%	-1.26%	-1.07%	-0.69%	+0.11%	+0.98%
\$400,000 - \$499,999.99	-2.45%	-2.05%	-1.85%	-1.75%	-1.65%	-1.56%	-1.37%	-0.99%	-0.19%	+0.68%
\$500,000 - \$599,999.99	-2.55%	-2.15%	-1.95%	-1.85%	-1.75%	-1.66%	-1.47%	-1.09%	-0.29%	+0.58%
\$600,000 - \$749,999.99	-2.65%	-2.25%	-2.05%	-1.95%	-1.85%	-1.76%	-1.57%	-1.19%	-0.39%	+0.48%
\$750,000 - \$999,999.99	-2.95%	-2.55%	-2.35%	-2.25%	-2.15%	-2.06%	-1.87%	-1.49%	-0.61%	+0.18%
\$1,000,000 - \$1,249,999.99	-3.05%	-2.65%	-2.45%	-2.35%	-2.25%	-2.16%	-1.97%	-1.59%	-0.79%	+0.08%
\$1,250,000 - \$1,499,999.99	-3.10%	-2.70%	-2.50%	-2.40%	-2.30%	-2.21%	-2.02%	-1.63%	-0.84%	+0.03%
\$1,500,000 - \$1,749,999.99	-3.15%	-2.75%	-2.55%	-2.45%	-2.35%	-2.26%	-2.07%	-1.69%	-0.89%	-0.02%
\$1,750,000 - \$1,999,999.99	-3.20%	-2.80%	-2.60%	-2.50%	-2.40%	-2.31%	-2.12%	-1.74%	-0.94%	-0.07%
\$2,000,000 - \$2,999,999.99	-3.35%	-2.95%	-2.75%	-2.65%	-2.55%	-2.46%	-2.27%	-1.89%	-1.09%	-0.22%
\$3,000,000 - Above	Locally Negotiated									

Participants with monthly net purchases less than \$300,000:

One (1) Delivery Per Week:

Monthly Net Purchases	-45 DSO	-15 DSO	0 DSO	1 DSO	8 DSO	9.5 DSO	15 DSO	30 DSO	45 DSO	60 DSO
\$0 - \$299,999	-2.54%	-2.13%	-1.92%	-1.90%	-1.73%	-1.69%	-1.56%	-1.20%	-0.90%	-0.60%

Five (5) Deliveries Per Week:

Monthly Net Purchases	-45 DSO	-15 DSO	0 DSO	1 DSO	8 DSO	9.5 DSO	15 DSO	30 DSO	45 DSO	60 DSO
\$0 - \$24,999	Not Available									
\$25,000 - \$299,999	-1.51%	-1.10%	-0.90%	-0.88%	-0.71%	-0.69%	-0.56%	-0.20%	+0.16%	+0.52%

The following items will not be subject to the applicable Participant Markup: WAC Products that are: (i) Distributor private label products, (ii) medical/surgical supplies, (iii) home health care/durable medical equipment, (iv) contrast media, (v) gift Products, (vi) office supplies, (vii) cosmetics, (viii) OTC, and (ix) health and beauty aids. Except as otherwise described in this Agreement, Participant may, but will have no obligation under this Agreement to, purchase any specified volume or percentage of its requirements of these items.

Notwithstanding anything to the contrary that may be contained in this Agreement, the applicable Participant Markup for all IV Solutions (250 ml and greater) will equal 4.00%.

ATTACHMENT 2
PARTICIPANT FACILITIES

	See next page for account listing.		

All clinics with "SHIP TO" of 1441 Constitution Boulevard shall be assessed as a single stop.

***No Facility will be eligible to receive more than five (5) deliveries per week.**

EXHIBIT A

TITLE:

- a. Authorize the Director of Health, or Assistant Director of Health to sign an Apexus 340B Prime Vendor Program Participant Participation Agreement Form ("Letter of Participation") with Cardinal Health 110, LLC. and Cardinal Health 112, LLC. (Cardinal) for the purchase of discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally-Qualified Health Center Look-alike clinics, for the term of July 1, 2018 to June 30, 2021 with the option to extend, based on ninety (90) days' written notice, for one (1) additional three (3) year period, for a total not to exceed maximum of six (6) years; and
- b. Accept the recommendations of the Director of Health or Assistant Director of Health regarding the following non-standard provisions in the Letter of Participation: insurance and indemnification provisions; and
- c. Authorize the Director of Health or Assistant Director of Health to sign up to two (2) future amendments to this Letter of Participation where the amendments do not extend the term of the Letter of Participation and do not significantly change the scope of work; and
- d. Authorize the Director of Health or Assistant Director of Health to exercise the option to extend, based on ninety (90) days' written notice, which, if exercised, shall extend the term for one (1) additional three (3) year period, for a revised full term of July 1, 2018 to June 30, 2024.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Director of Health, or Assistant Director of Health to sign an Apexus 340B Prime Vendor Program Participant Participation Agreement Form ("Letter of Participation") with Cardinal Health 110, LLC. and Cardinal Health 112, LLC. (Cardinal) for the purchase of discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally-Qualified Health Center Look-alike clinics, for the term of July 1, 2018 to June 30, 2021 with the option to extend, based on ninety (90) days' written notice, for one (1) additional three (3) year period, for a total not to exceed maximum of six (6) years; and
- b. Accept the recommendations of the Director of Health or Assistant Director of Health regarding the following non-standard provisions in the Letter of Participation: insurance and indemnification provisions; and
- c. Authorize the Director of Health or Assistant Director of Health to sign up to two (2) future amendments to this Letter of Participation where the amendments do not extend the term of the Letter of Participation and do not significantly change the scope of work; and
- d. Authorize the Director of Health or Assistant Director of Health to exercise the option to extend, based on ninety (90) days' written notice, which, if exercised, shall extend the term for one (1) additional three (3) year period, for a revised full term of July 1, 2018 to June 30, 2024.

SUMMARY/DISCUSSION:

The Health Department Clinic Services Bureau (Clinic Services) operates nine community clinic sites designated as Federally Qualified Health Center Look-Alikes (FQHC-LA), which provide preventative, primary, and specialty medical care services.

Pursuant to Section 340B of the Public Health Services Act, the United States Congress established the 340B Drug Pricing Program requiring pharmaceutical manufacturers participating in the Medicaid program to enter into agreements with Health Resources and Services Administration (HRSA) to provide discounts on covered outpatient drugs to certain

government-supported health care providers. Apexus is the authorized prime vendor for the 340B Prime Vendor Program (PVP) which allows covered entities enrolled in the PVP, such as Clinic Services, to purchase products through supplier and distributor agreements under Apexus' network of suppliers and distributors.

Cardinal is part of Apexus' network of suppliers and distributors and has contracted with Clinic Services since June 2011, when the Board of Supervisors first approved Agreement Nos. A-12009 and A-12010 to provide Clinic Services' access to 340B discounted drugs.

Clinic Services seeks approval to enter into a renewed Participation Agreement with Cardinal which will consolidate all Clinic Services' eligible facilities into one document and provide continued access to Cardinal's discounted drug prices.

This work supports the Monterey County Health Department 2011-2015 Strategic Plan Initiatives: (1) Empower the community to improve health through programs, policies, and activities; and (2) enhance community health and safety by emphasizing prevention. It also supports one or more of the ten essential public health services, specifically: (4) Mobilize community partnerships and action to identify and solve health problems; and (7) Link people to needed personal health services and assure the provision of health care when otherwise unavailable.

OTHER AGENCY INVOLVEMENT:

County Counsel and the Auditor-Controller have reviewed the Participation Agreement and concur with this recommendation. Risk Management has not reviewed and approved deviations from standard insurance and indemnification provisions. Clinic Services recommends moving forward with this Participation Agreement as it will maintain access to discounted drug pricing, which would allow tight Clinic Services resources to be stretched further in providing more care and services to vulnerable patients.

FINANCING:

Sufficient appropriations are available in the FY 2018-19 Health Department Clinic Services Recommended Budget (4000-HEA007). The Agreement is funded by revenues from Medi-Cal and Medicare. There is no financial impact to the General Fund resulting from approval of this Agreement.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency.

Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services; promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Sheena Morales, Management Analyst III, x1393

Approved by: Elsa Jimenez, Director of Health, x4526

Attachments:

340B Prime Vendor Participation Agreement is on file with Clerk of the Board

County of Monterey-Update LOP

Adobe Sign Document History

06/06/2018

Partners 2018 Private Vendor Agreement Form

THIS LETTER TO PARTICIPANTS (LOP), is a mutual business document between the County of Monterey ("County") and Cardinal Health ("Cardinal Health") and is intended to be read in conjunction with the "Partners 2018 Private Vendor Agreement" ("Agreement") dated and effective 06/01/2018.

WHEREAS, the County and Cardinal Health entered into an agreement with an effective date of September 1, 2018, as may be amended from time to time (the "New Agreement"), under which Cardinal Health agreed to distribute Products as defined in the New Agreement to participants in the 2018 Private Vendor Program, subject to the terms and conditions of the New Agreement.

WHEREAS, Participants are eligible to participate in the New Agreement and to receive manufacturer's purchase price or net price ("Net Price") for defined Products, subject to the terms and conditions of the New Agreement.

NOW THEREFORE, in consideration of the promises and mutual obligations and understandings set forth herein, the intent and effect of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. BASIC AGREEMENT, DEFINITIONS OF FACILITY:

a. The terms and conditions of the New Agreement shall apply to participants who are not participants in the LOP program as otherwise specified in such terms. In the event of a conflict between the terms and conditions of the LOP and the New Agreement, the terms and conditions of the New Agreement shall control. The LOP may contain terms and conditions that are additional to the terms and conditions of the New Agreement. In the event such terms do not conflict with the terms of the New Agreement, such additional terms and conditions set forth in the LOP shall govern solely with respect to the provision of Products pursuant to this LOP. A signed term in the LOP shall have the same legal effect as the New Agreement, when referenced herein.

b. "Facility" means any pharmacy, hospital, clinic and/or other facility which Participant owns, manages and/or operates. A list of all facilities as of the Effective Date, including their respective "NPI" or address and phone number, shall be attached to the LOP as Attachment 2 and is incorporated herein by reference. Additional facilities may be added to Attachment 2 with the mutual written agreement of Cardinal Health and Participant and such agreement shall be incorporated into the LOP. Where Participant requests that Cardinal Health set up any new 2018 contract pharmaceutical program to the 2018-2019 Private Vendor Program established by the Veterans Affairs Care Act of 2015, Section 1002 (Public Law 113-187), Participant will pay Cardinal Health a one-time setup fee of \$1,000 per 2018 contract program. Participant must provide monthly volume projections and delivery schedule (frequency and quantity) for each facility contract program to be set up by Cardinal Health. Cardinal Health reserves the right to discontinue any contract program if the volume projections do not meet the minimum volume requirements set forth in the LOP. Cardinal Health shall provide a 15-day advance written notice to Participant. Cardinal Health shall provide

Created:	06/06/2018
By:	Chad Murray (chad.murray@cardinalhealth.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAhf4PJgj1-VdTorZbpv_AFQk9B9kUN6Bh

"County of Monterey-Update LOP" History

-  Document created by Chad Murray (chad.murray@cardinalhealth.com)
 06/06/2018 - 1:24:43 PM EDT - IP address: 104.129.200.110
-  Document emailed to Angela Perrie (Angela.Perrie@cardinalhealth.com) for signature
 06/06/2018 - 1:25:29 PM EDT
-  Document e-signed by Angela Perrie (Angela.Perrie@cardinalhealth.com)
 Signature Date: 06/06/2018 - 1:35:03 PM EDT - Time Source: server- IP address: 75.188.224.87
-  Signed document emailed to Chad Murray (chad.murray@cardinalhealth.com) and Angela Perrie (Angela.Perrie@cardinalhealth.com)
 06/06/2018 - 1:35:03 PM EDT

ROUTING FORM – RQN #: N/A **Date:** 6/6/18

AGREEMENT AMENDMENT **BOARD REPORT FOR PRE-APPROVAL**

** PLS WSH **

Vendor Name: CARDINAL HEALTH, 110, LLC and CARDINAL HEALTH, 112, LLC

Title/Brief Description of Document: Letter of Participation (LOP) Agreement and Board Report for CARDINAL HEALTH, 110, LLC and CARDINAL HEALTH, 112, LLC for the purchase of discounted outpatient drugs for County clinics with term July 1, 2018 – June 30, 2021. Board Report ~~may be~~ included as ~~Exhibit to~~ document County's requirement to publicly disclose Agreement, **Exhibit A**

Originating Dept.: 4000 - 8096 Dept. Contact WITH Phone #: Prisca Segovia 755-4939

This Agreement or Amendment requires Board Approval: Yes No

This Agreement requires an MYA: Yes No

AGREEMENT TYPE

<input type="checkbox"/> RQNSA – Standard Agreement	<input checked="" type="checkbox"/> RQNS – Non-Standard Agreement
<input type="checkbox"/> RQNIT – ITD Standard Agreement	<input type="checkbox"/> RQNIN – ITD Non-Standard Agreement
<input type="checkbox"/> RQNPB – Pre-Board Standard Agreement	<input type="checkbox"/> Non-Standard Board Agreement (Not to be tracked within RQN)
<input checked="" type="checkbox"/> Insurance & Endorsement Current	<input checked="" type="checkbox"/> VDR & Non-Resident State Forms Verified

ROUTING AND APPROVALS*

Each Approving Authority is requested to forward the Service Contract to the next Approving Authority in the order listed herein. Thank you.

	Approving Authority:	Approval Initials	Comments:	Date Reviewed
1st	ITD(for all ITD related contracts)		N/A	
2nd	County Counsel (required)	<i>AV</i>	<i>see change to BV</i>	<i>6/7/18</i>
3rd	Risk Management (non-standard insurance and/or indemnity provisions)		N/A	
4th	Auditor-Controller (required)	<i>[Signature]</i>	Please call PRISCA-SEGOVIA 755-4939 when ready to pickup. DO NOT INTEROFFICE	<i>6-8-17</i>
5th	Contracts/Purchasing (required)	<i>[Signature]</i>	Click here to enter text.	<i>6/8/18</i>
	Return to Originating Department Instructions		Prisca Segovia x4939	

* In the event that one of the approving authorities has an issue with the document and will not sign, the document shall be returned immediately to the originating department's key contact person identified herein along with a brief written explanation regarding the issue. Once that issue is corrected, the originating department shall restart the routing process again from the beginning by resubmitting the document through the approval process. The original Routing Form should be included for reference.