



## Board Report

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**File #:** A 19-383, **Version:** 1

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- a. Authorize the Director of Health or Assistant Director of Health to execute a 340BX Compliance Program Agreement (“Agreement”) with the Santa Cruz-Monterey-Merced Managed Care Commission, a Healthcare Plan, doing business as Central California Alliance for Health (CCAH), to participate in a program to increase revenue from 340B drug discounts, on the same or substantially similar contract terms and conditions, for a term beginning November 5, 2019, to November 4, 2021, and which shall auto-renew for one (1) year terms thereafter until terminated; subject to further review and approval of County Counsel and County Auditor-Controller; and
- b. Accept recommendation of the Director of Health to accept the non-standard risk provisions.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Director of Health or Assistant Director of Health to execute a 340BX Compliance Program Agreement (“Agreement”) with the Santa Cruz-Monterey-Merced Managed Care Commission, a Healthcare Plan, doing business as Central California Alliance for Health (CCAH), to participate in a program to increase revenue from 340B drug discounts, on the same or substantially similar contract terms and conditions, for a term beginning November 5, 2019, to November 4, 2021, and which shall auto-renew for one (1) year terms thereafter until terminated; subject to further review and approval of County Counsel and County Auditor-Controller; and
- b. Accept recommendation of the Director of Health to accept the non-standard risk provisions.

### 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 preventive, primary, and specialty medical care services.

Section 340B of the Public Health Services Act mandates that pharmaceutical manufacturers participating in the Medicaid program enter into agreements with Health Resources and Services Administration (HRSA) to provide discounts on covered outpatient drugs to eligible patients of government-supported health care providers, such as Clinic Services.

Clinic Services has a current agreement with a 340B contract pharmacy which has been generating revenue of \$450,000 or more annually since implementation in July 2014 from the discounted drugs dispensed to all eligible patient claims, except CCAH patients, which are excluded to avoid duplicate discounts with state Medicaid.

Approval of this Agreement will allow Clinic Services to participate in CCAH’s 340B claims reclassification program that will increase 340B revenue for Clinic Services by compliantly expanding 340B claim eligibility to CCAH patients and identifying any incorrectly flagged 340B claims to prevent Medicaid from seeking a manufacturer rebate on the same claims (duplicate discounts).

The increased savings achieved with expanding 340B discounted drugs to CCAH patients will allow Clinic

Services' resources to further enhance medical care and services to vulnerable patients.

Although both parties have been negotiating language since August 2019, negotiations will not be completed for several days due to Department of Health Care Services' involvement in approving the original contract template for CCAH and need for CCAH to obtain final approval for negotiated changes with that state government entity.

This work supports the Monterey County Health Department 2018-2022 Strategic Plan Initiatives: 1. Empower the community to improve health. 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-Risk Management will assist with the negotiation of a final Agreement with CCAH. Once an agreement is finalized, County Counsel-Risk Management and the County Auditor-Controller will review and determine whether to approve or whether to require that the Agreement be returned to the Board for additional consideration and approval

FINANCING:

Appropriations of FY 2019-20 Adopted Budget of Clinic Services Bureau, Health Department (4000-HEA007) will be sufficient to cover anticipated increase in medication expenses and increase in 340B revenue by expanding 340B claim eligibility to CCAH patients. The Agreement is funded by 340B program revenue and 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.

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Approved by: Elsa Jimenez, Director of Health, x4526

**Attachment:**

Agreement Compliance Program 340BX is on file with Clerk of the Board