



Board Report

File #: A 20-042, **Version:** 1

- a. Ratify the electronic execution by the Contracts/Purchasing Officer of a 340B Prime Vendor Participation Agreement ("Agreement") with Apexus, LLC. ("340B Prime Vendor") with a retroactive effective date of January 15, 2020, which shall auto renew for one (1) year periods until terminated, for continued access to discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally Qualified Health Center clinics; and
- b. Approve recommendation of Director of Health to accept all non-standard provisions in Agreement, including indemnification, governing law, and confidentiality, provisions; and
- c. Authorize the Director of Health or Assistant Director of Health or their designees to sign up to three (3) future amendments to this Agreement where the amendments do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Ratify the electronic execution by the Contracts/Purchasing Officer of a 340B Prime Vendor Participation Agreement ("Agreement") with Apexus, LLC. ("340B Prime Vendor") with a retroactive effective date of January 15, 2020, which shall auto renew for one (1) year periods until terminated, for continued access to discounted outpatient pharmaceuticals for the County of Monterey Health Department's Federally Qualified Health Center clinics; and
- b. Approve recommendation of Director of Health to accept all non-standard provisions in Agreement, including indemnification, governing law, and confidentiality, provisions; and
- c. Authorize the Director of Health or Assistant Director of Health or their designees to sign up to three (3) future amendments to this Agreement where the amendments do not significantly change the scope of work.

SUMMARY/DISCUSSION:

The Health Department Clinic Services Bureau (Clinic Services) operates ten community clinic sites designated as Federally Qualified Health Centers (FQHC), which provide preventive, primary, and specialty medical care services. The FQHC designation establishes Clinic Services as a covered entity under the Section 340B of the Public Health Service Act for discount outpatient pharmaceuticals.

Aside from the cost savings achieved through the 340B Program, covered entities are also eligible for additional discounts through the 340B Prime Vendor Program (PVP) managed by Apexus, LLC., the Prime Vendor selected by the Health Resources and Services Administration (HRSA). The PVP enables 340B covered entities to obtain pharmaceutical prices at lower than 340B statutory prices and access cost-saving contracts for medications such as vaccines, diabetic supplies, diagnostic test kits and more.

On December 10, 2010, the Board of Supervisors approved a 340B Prime Vendor Program Participation Agreement with Apexus, LLC, authorizing Clinic Services to purchase outpatient drugs at discounted prices through the Apexus Prime Vendor program. On September 11, 2019, HRSA designated Clinic Services' ten clinics as FQHC clinics. HRSA FQHC designation rules required that the County of Monterey replace its existing agreement with Apexus, LLC with a new agreement, pursuant to which Clinic Services could re-enroll its clinics into the Apexus 340B Prime Vendor Program with new FQHC-covered entity numbers. In order to maintain uninterrupted access to 340B drug discounts, the new agreement with Apexus, LLC needed to be executed by January 15, 2020. In order to avoid losing access to discounted drug prices, Clinic Services

requested execution of the Agreement by the County Contracts/Purchasing Officer before negotiation of non-standard contract terms or Board of Supervisors approval could be obtained. The Contracts/Purchasing Officer authorized electronic execution of the Agreement.

This new Agreement replaces the one previously in place with the same non-standard provisions.

Ratification of execution of this Agreement will ensure Clinic Services maintains uninterrupted access to the savings Clinic Services achieves by purchasing discounted outpatient drugs through the Apexus Prime Vendor program instead of retail prices it would otherwise have to pay. As of FY18-19, the estimated annual savings amount was between \$1.3MM and \$1.9MM.

This work supports the Monterey County Health Department 2018- 2022 Strategic Plan initiative(s): 1) Empower the community to improve health. It also supports the following of the ten essential public health services, specifically: 4) Mobilize community partnerships and action to identify and solve health problems.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has approved this Agreement as to form.

FINANCING:

There is no financial impact to the General Fund resulting from approval of this Agreement. The Agreement will ensure Clinic Services' maintains un-interrupted access to discounted outpatient drugs through the Apexus Prime Vendor Program, whose discounts provide an estimated annual savings of \$1.3MM to \$1.9MM based on FYI 8-19 prices. The Agreement does not have negative financial impact on Clinic Services' Adopted Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Mark a check to the related Board of Supervisors Strategic Initiatives

EconomicDevelopment:

- 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: Prisca Segovia, Management Analyst II, 755-4939

Approved by:

Date: _____
Elsa Jimenez, Director of Health, 755-4526

Attachments:

Agreement is on file with Clerk of the Board