



Board Report

File #: A 21-382, **Version:** 1

- a. Authorize the Director of Health or Assistant Director of Health to execute a 340B Administrative Services Agreement (“Agreement”) with 340B Technologies, Inc. (dba 340Basics) allowing 340Basics to provide administrative services for eligible 340B contract pharmacy locations designated by Monterey County Health Department’s Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of three (3) years beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for one (1) year periods unless early terminated; subject to review and approval of County Counsel and County Auditor-Controller; and
- b. Authorize the Director of Health, or Assistant Director of Health to execute 340B Pharmacy Services Agreements (“Walmart Agreement”) with Walmart, Inc. (“Walmart”) allowing Walmart to manage and dispense 340B discounted drugs to eligible patients of Monterey County Health Department Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of one (1) year beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for additional one (1) year periods unless early terminated; subject to review and approval of County Counsel and County Auditor-Controller; and
- c. Authorize the Director of Health, or Assistant Director of Health to execute 340B Pharmacy Services Agreements (“Rite Aid Agreement”) with Rite Aid Headquarters Corp. (“Rite Aid”) allowing Rite Aid to manage and dispense 340B discounted drugs to eligible patients of Monterey County Health Department Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of three (3) years beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for additional one (1) year periods unless early terminated; subject to review and approval of County Counsel and County Auditor-Controller; and
- d. Approve the non-standard risk provisions in the Agreement, Walmart Agreement and Rite Aid Agreement as recommended by the Director of Health; and
- e. Authorize the Director of Health or Assistant Director of Health to sign up to three (3) future amendments to these agreements where the amendments do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Authorize the Director of Health or Assistant Director of Health to execute a 340B Administrative Services Agreement (“Agreement”) with 340B Technologies, Inc. (dba 340Basics) allowing 340Basics to provide administrative services for eligible 340B contract pharmacy locations designated by Monterey County Health Department’s Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of three (3) years beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for one (1) year periods unless early terminated; subject to review and approval of County Counsel and County Auditor-Controller; and
- b. Authorize the Director of Health, or Assistant Director of Health to execute 340B Pharmacy Services Agreements (“Walmart Agreement”) with Walmart, Inc. (“Walmart”) allowing Walmart to manage and dispense 340B discounted drugs to eligible patients of Monterey County Health Department Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of one (1) year beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for additional one (1) year periods unless early terminated; subject to review and approval of County Counsel and County Auditor-Controller; and
- c. Authorize the Director of Health, or Assistant Director of Health to execute 340B Pharmacy Services Agreements (“Rite Aid Agreement”) with Rite Aid Headquarters Corp. (“Rite Aid”) allowing Rite Aid to manage and dispense 340B discounted drugs to eligible patients of Monterey County Health Department Clinic Services Bureau (“Clinic Services”) on the same or substantially similar contract terms and conditions as presented here, for an initial term of three (3) years beginning on the date the Agreement is fully executed by both parties, and which shall auto renew for additional one (1) year periods unless early terminated; subject to

- review and approval of County Counsel and County Auditor-Controller; and
- d. Approve the non-standard risk provisions in the Agreement, Walmart Agreement and Rite Aid Agreement as recommended by the Director of Health; and
- e. Authorize the Director of Health or Assistant Director of Health to sign up to three (3) future amendments to these agreements 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 (FQHCs) which provide preventive, primary, and specialty medical care services.

Section 340B of the Public Health Services Act authorizes FQHC's to purchase eligible drugs at reduced rates for distribution to eligible patients and Clinic Services depends on contract pharmacies to dispense the discounted prescription drugs to patients on behalf of Clinic Services, in compliance with federal program guidelines.

340Basics specializes in providing third party administration of 340B programs, including pharmacy services administrative support, prescription claims tracking, web-based reporting and audit support for FQHC entities. These services will allow Clinic Services' to maintain compliance with the 340B program, while further expanding access to discounted prescription drugs for patients by adding select Walmart and Rite Aid contract pharmacies.

The Pharmacy Services Agreements with Walmart and Rite Aid will increase Clinic Services' overall discounted drug savings by adding three (3) Walmart retail pharmacies in Salinas and Marina and two (2) Rite Aid locations in Salinas and Monterey that will dispense discounted 340B prescription drugs to eligible patients, on behalf of Clinic Services.

Clinic Services has been negotiating language since June 2021 with 340Basics, Walmart and Rite Aid, however, negotiations may not be completed for several weeks due to the nature of Walmart and Rite Aid's rigid contract templates used nationwide. Fully executed contracts must be registered in the HRSA government database by July 15, 2021 to allow designated Walmart and Rite Aid pharmacies to dispense 340B drugs to eligible patients on behalf of Clinic Services as of October 1, 2021.

Approval of these Agreements will increase access to discounted 340B prescription drugs for Clinic Services patients with the addition of three (3) Walmart retail pharmacies in Salinas and Marina and two (2) Rite Aid locations in Salinas and Monterey, while allowing Clinic Services to stretch scarce resources further with the discounted drug cost savings. Clinic Services currently has existing 340B Pharmacy Services Agreements with Walgreens, Inc. and CVS to dispense 340B discounted drugs to patients which will not be affected by these agreements.

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 agreements. 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:

Sufficient appropriations are available in the FY 2021-22 Health Department Clinic Services Adopted Budget (4000-HEA007) to cover the anticipated increase in medication expenses and costs of the third-party administrator agreement. The agreements will be funded by 340B program revenue and there is no financial impact to the General Fund resulting from approval of these 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: Prisca Segovia, Management Analyst II, 755-4939

Approved by:

Date: _____

Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:

340 Basics Services Agreement

Walmart Pharmacy Services Agreement

Rite Aid Pharmacy Services Agreement