



Board Report

File #: A 14-024, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer to execute the 340B Contract Pharmacy Services Agreement (“Agreement”) with Walgreen Co. (“Walgreens”), allowing Walgreens to manage and dispense the County Health Department’s 340B Drugs to eligible Monterey County Health Department (Clinic Services) patients, at eligible retail pharmacy locations, for a five-year (5) period, from March 25, 2014 to March 25, 2019, unless terminated sooner by either party;
- b. Authorize the Contracts/Purchasing Officer to sign up to three (3) future amendments to this Agreement where the amendments do not exceed 10% of the annual amount and do not significantly change the scope of work; and
- c. Accept non-standard risk provisions, as recommended by the Director of Health.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute the 340B Contract Pharmacy Services Agreement (“Agreement”) with Walgreen Co. (“Walgreens”), allowing Walgreens to manage and dispense the County Health Department’s 340B Drugs to eligible Monterey County Health Department (Clinic Services) patients, at eligible retail pharmacy locations, for a five-year (5) period, from March 25, 2014 to March 25, 2019, unless terminated sooner by either party.
- b. Authorize the Contracts/Purchasing Officer to sign up to three (3) future amendments to this Agreement where the amendments do not exceed 10% of the annual amount and do not significantly change the scope of work.
- c. Accept non-standard risk provisions, as recommended by the Director of Health.

SUMMARY/DISCUSSION:

According to Section 340B of the Federal Public Health Services Act, the Department of Health’s, Clinic Services Bureau (“Clinic Services”), who operates seven (7) Federally Qualified Health Center (FQHC)-Look Alike Clinics, is able to purchase outpatient drugs for eligible patients at discounted rates from drug manufacturers who enter into drug purchasing agreements with the United States Health Resource and Services Administration (HRSA). Currently, Clinic Services has one ‘interdepartmental’ pharmacy agreement, with Natividad Medical Center Pharmacy, to dispense these discounted drugs exclusively to Clinic Services’ Medically Indigent Adults (MIA).

A 340B Contract Pharmacy Agreement with Walgreens would allow Clinic Services to expand the discount drug program to more than MIA patients, by allowing eligible clinic patients an opportunity to receive discounted prescription drugs. As prescription drugs are expensive, Clinic Services would like to extend this opportunity to obtain prescriptions at discounted rates to our eligible patients.

This Agreement is relevant and supports the Monterey County Strategic Initiatives under the policy area Health and Human Services, by allowing more access to affordable prescription and non-prescription medications to Clinic Services patients, through partnering with a large chain pharmacy, specifically, five (5) Walgreens retail stores located in the cities of Marina, Monterey, Seaside and two in Salinas, all of which are frequently utilized by Clinic Services’ patients.

This Agreement contains non-standard risk provisions.

OTHER AGENCY INVOLVEMENT:

County Counsel, Auditor-Controller, and Risk Management have all reviewed the Agreement. County Counsel has approved the Agreement as to form and legality. Auditor-Controller has approved as to financial terms. Risk Management is unable to approve due to non-standard risk provisions in the Agreement, including limitations in Agreement on indemnity. Contracts/Purchasing has reviewed the current draft of this Agreement and concurs with these recommendations subject to further review and approval of the final draft to the Agreement. A copy of the Agreement is on file with the Clerk of the Board.

FINANCING:

The Agreement with Walgreens authorizes Clinic Services to purchase prescription and non-prescription medications at reduced costs for outpatients of Monterey County Health Department FQHC-Look Alike Clinics only. No other County outpatient settings that provide health services are the subject of this Agreement. The Agreement with the County Health Clinics does not require any additional funding. Clinic Services is budgeted at zero General Fund Cost for FY 2013-14. There are sufficient appropriations in Fiscal Year 2013-14 Health Department Budget 4000-HEA007.

Prepared by: Stephanie Shonley, Management Analyst, 1313

Approved by: Ray Bullick, Director of Health, 4526

Attachment:

Agreement on file with the Clerk of the Board