



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 21-459, **Version:** 1

Ratify the execution by the Director of Health of the 340B Administrative Services Agreement (“Agreement”) with 340B Technologies, Inc. (dba 340Basics) allowing 340Basics to provide third-party administrative services for eligible 340B contract pharmacy locations designated by Monterey County Health Department’s Clinic Services Bureau (“Clinic Services”) in support of Clinic Services’ 340B Program for the initial term of August 1, 2021 through July 31, 2024 which shall auto-renew for one (1) year periods unless earlier terminated and an annual contract liability not to exceed \$244,000.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Ratify the execution by the Director of Health of the 340B Administrative Services Agreement (“Agreement”) with 340B Technologies, Inc. (dba 340Basics) allowing 340Basics to provide third-party administrative services for eligible 340B contract pharmacy locations designated by Monterey County Health Department’s Clinic Services Bureau (“Clinic Services”) in support of Clinic Services’ 340B Program for the initial term of August 1, 2021 through July 31, 2024 which shall auto-renew for one (1) year periods unless earlier terminated and an annual contract liability not to exceed \$244,000.

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. 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.

On July 13, 2021, Clinic Services received board authority to sign Agreement No. A-15429 on terms substantially similar to those presented to the Board. At the time that it sought Board approval, Clinic Services did not include a maximum liability for payment of 340Basic’s administrative service fees, as the parties contemplated those fees would be paid directly out of 340B savings revenue collected by the vendor and deducted from savings amounts before vendor’s delivery to the County. Instead, the parties agreed, and the agreement now provides, that instead of being paid out of revenues, administrative fees would be invoiced to Clinic Services for payment under existing countywide payment terms, providing a clearer trail for accounting purposes. As the Board’s previous board authority did not authorize a contract liability and given that the agreement is subject to an auto-renewal clause that will result in a service agreement over \$100,000, Clinic Services determined that Board ratification was necessary. The maximum liability amounts are projected to be paid using revenue earned by Clinic Services’ 340B Program.

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:

The Office of the County Counsel has reviewed this Agreement as to form. The Auditor-Controller has approved as to fiscal provisions.

FINANCING:

Sufficient appropriations are available in the FY 2021-22 Health Department Clinic Services Adopted Budget (4000-HEA007) to cover costs of this agreement. The 340Basics Agreement will be funded using revenue generated from Clinic Services' 340B program 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.

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

Approved by:

Date: _____

Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachments:

Board Order signed July 13, 2021

340Basics Services Agreement