



Board Report

File #: A 22-074, **Version:** 1

- a. Approve and authorize the Contracts/Purchasing Officer or their designee to execute Amendment No. 4 to 340B Pharmacy Services Agreement (“Agreement”) with Walgreen Co. (“Walgreens”) to manage and dispense 340B discounted drugs to eligible Monterey County Health Department Clinic Services Bureau (“Clinic Services”) adding a provision allowing automatic renewals for successive one (1) year terms unless earlier terminated; and
- b. Authorize the Contracts/Purchasing Officer or their designee 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. Approve and authorize the Contracts/Purchasing Officer or their designee to execute Amendment No. 4 to 340B Pharmacy Services Agreement (“Agreement”) with Walgreen Co. (“Walgreens”) to manage and dispense 340B discounted drugs to eligible Monterey County Health Department Clinic Services Bureau (“Clinic Services”) adding a provision allowing automatic renewals for successive one (1) year terms unless earlier terminated; and
- b. Authorize the Contracts/Purchasing Officer or their designee 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 (FQHCs) which provide preventive, primary, and specialty medical care services which are all mandated by Health Resources and Services Administration (HRSA) to provide primary health services to all patients regardless of ability to pay.

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 government-supported health care providers, such as Clinic Services.

As a 340B-eligible entity, contract pharmacies dispense discounted prescription drugs to patients on behalf of Clinic Services, while Clinic Services maintains overall responsibility for compliance of the 340B program.

The Board of Supervisors first approved Agreement No. A-12654 with Walgreens for a five (5) year term from March 18, 2014 to March 25, 2019, and authorization for three (3) future amendments. Amendment No. 1 was executed on or around June 15, 2015, to remove a distribution center from contract scope. Amendment Nos. 2 and 3 were executed to successively extend the term of the Agreement with its current term ending March 31, 2022.

Approval of this Amendment with an automatic renewal provision will maintain uninterrupted patient access to discounted prescription drugs at five (5) Walgreen’s pharmacy locations across Salinas, Marina and Monterey. The savings achieved by maintaining 340B contract pharmacy services with Walgreens will allow Clinic Services’ resources to be stretched further in providing more care and services to the County’s most vulnerable

patients. This Agreement still includes a 30-day termination without cause provision.

This work supports the Monterey County Health Department 2018-2022 Strategic Plan Initiatives: 1. Empower the community to improve health; and 2. Ensure access to culturally and linguistically appropriate, customer-friendly, quality health services. 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 and approved this Amendment No. 4 as to form. Auditor-Controller has reviewed and approved as to financial provisions.

FINANCING:

Currently, this Agreement is generating 340B savings revenue of \$450,000 or more annually since its inception.

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:

Amendment No 4

Amendment No 3
Amendment No 2
Amendment No 1
Agreement