



County of Monterey

Item No.

Board Report

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

Legistar File Number: A 24-002

January 09, 2024

Introduced: 1/3/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

Approve and authorize the County Administrative Officer or her designee to execute a Memorandum of Agreement between the County of Monterey and the Community Hospital of the Monterey Peninsula, Inc. ("CHOMP"), for the purpose of demonstrating CHOMP's eligibility to participate in the federal drug discount 340B Program and pursuant to which CHOMP commits to provide health care services to low-income individuals who are not entitled to Medicare or Medi-Cal benefits at no reimbursement or considerably less than full reimbursement from these patients, for a term retroactive to January 1, 2024 until terminated by either Party upon not less than sixty (60) days prior written notice.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

Approve and authorize the County Administrative Officer or her designee to execute a Memorandum of Agreement between the County of Monterey and the Community Hospital of the Monterey Peninsula, Inc. ("CHOMP"), for the purpose of demonstrating CHOMP's eligibility to participate in the federal drug discount 340B Program and pursuant to which CHOMP commits to provide health care services to low-income individuals who are not entitled to Medicare or Medi-Cal benefits at no reimbursement or considerably less than full reimbursement from these patients, for a term retroactive to January 1, 2024 until terminated by either Party upon not less than sixty (60) days prior written notice.

SUMMARY

Community Hospital of the Monterey Peninsula, Inc. is a California nonprofit public benefit corporation ("CHOMP") that provides a disproportionate share of healthcare services to the Medicare/Medi-Cal population in addition to supporting many programs that benefit the indigent, uninsured, or underinsured population in Monterey County, California.

Section 340B of the Public Health Services Act, enacted in 1992, entitles certain safety-net hospitals and clinics, referred to as "covered entities," to purchase outpatient drugs at discounted prices from drug manufacturers. Companion legislation that amended Section 1927 of the Social Security Act requires drug manufacturers to enter into a Pharmaceutical Pricing Agreement (PPA) with the U.S. Department of Health & Human Services (HHS) to provide outpatient drugs at or below a statutorily defined ceiling price as a condition of the manufacturers' drugs being reimbursable under the Medicaid

program and Medicare Part B.

Together, these two pieces of legislation launched a federal program known today as the “340B program.” The 340B program is administered by the Office of Pharmacy Affairs (OPA), which is a division of the Health Resources and Services Administration (HRSA) of HHS. The intent of the 340B program is to allow covered entities serving vulnerable populations to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive care.

DISCUSSION

CHOMP desires to participate in the drug discount program established under the "340B Program. In order to participate in the 340B Program, CHOMP, as a private, nonprofit hospital, must enter into an agreement with a state or local government pursuant to which CHOMP commits to provide health care services to low-income individuals who are not entitled to Medicare or Medi-Cal benefits at no reimbursement or considerably less than full reimbursement from these patients. A written contract must exist between the hospital and state or local government to demonstrate the hospital's eligibility for the 340B Program. The written contract must be current, signed by authorized representatives of the hospital and the state or local government, and specify the hospital's obligation to provide health care services to low-income individuals.

During the term of the proposed Memorandum of Agreement, CHOMP agrees to continue its historical commitment to the provision of health care to indigent, uninsured, and underinsured residents of Monterey County, California. In 2022, this commitment totaled \$8,470,000.00 of charity care provided to uninsured patients. In 2023, this commitment totaled over \$11,133,000. Pursuant to this commitment, it is CHOMP's intention to provide a minimum of \$10,000,000 of charity care each year. CHOMP further assures that all patients will receive necessary care, as required by law, in its Emergency Departments, regardless of ability to pay. Under the terms of the proposed Memorandum of Agreement, the County agrees to accept CHOMP's commitments on behalf of the citizens of Monterey County, California.

OTHER AGENCY INVOLVEMENT:

The Office of the County Counsel and Auditor-Controller have reviewed and approved this Agreement as to form and fiscal provisions, respectively.

FINANCING:

There is no cost associated with this Agreement.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

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.

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Mark a check to the related Board of Supervisors Strategic Initiatives

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

Prepared By: Claudia Escalante, Executive Assistant to CAO

Approved by: Sonia M. De La Rosa, County Administrative Officer

DocuSigned by:

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Attachment:

Board Report

Agreement