



CITY OF LONG BEACH

C-9

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6845 • Fax (562) 570-5836

February 19, 2008

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution authorizing the City Manager to execute a contract with Sanofi Pasteur, Inc., to provide communicable disease and travel vaccines for public health clinics on the same terms and conditions afforded under the Public Health Service (PHS) Section 340B Drug Pricing Program, in an amount not to exceed \$115,000 for a one-year period with option of renewing for two additional one-year periods, plus a 10 percent contingency for additional vaccines if necessary and if funds are available, at the discretion of the City Manager. (Citywide)

DISCUSSION

City Council approval is being requested to authorize the City Manager to execute a contract for the purchase of vaccines. The Department of Health and Human Services (DHHS) provides communicable disease and travel vaccines in its Walk-In and Travel Clinics. These vaccinations are essential to insuring the control of communicable diseases in the community. Travel vaccinations are often required of international travelers to protect them from acquiring diseases. In addition, these vaccines prevent the spread of diseases from other countries within the community. As one of the largest travel clinics in Southern California, the DHHS receives numerous referrals from physicians throughout the region. These clinics meet full cost recovery for services rendered through third party reimbursements (insurance) or fee for service payments. The number of clients seen in these clinics has steadily increased in recent years, requiring an increase up to \$115,000 per year. In previous years, the Department of Financial Management has issued purchase orders for \$100,000.

The DHHS purchases vaccines for Yellow Fever, Meningitis, Tetanus, Diphtheria, Japanese Encephalitis, Typhoid, and Rabies directly from Sanofi Pasteur, Inc., the manufacturer and sole distributor of these vaccines. Sanofi Pasteur, Inc., can furnish these vaccines according to the Veterans Healthcare Act of 1992 (Public Health Service Section 340B). Section 340B requires drug manufacturers to provide outpatient drugs to eligible health care centers, clinics and hospitals at a reduced price. The 340B price is a "ceiling price," meaning it is the highest price the covered entity would have to pay for select outpatient and over-the-counter drugs and minimum savings the manufacturer must provide. Therefore, City Council approval is being requested to execute a contract with Sanofi Pasteur, Inc., of Swiftwater, PA (not a MBE, WBE, local, or SBE).

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The City Charter provides an alternative procurement method by permitting the City to purchase or otherwise obtain services, supplies, materials, equipment and labor with other governmental agencies by purchasing under their contracts on a voluntary and selective basis when authorized by a Resolution of the City Council.

This item was reviewed by Principal Deputy Attorney J. Charles Parkin on January 22, 2008 and Budget Management Officer Victoria Bell on January 30, 2008.

TIMING CONSIDERATIONS

City Council action is requested on February 19, 2008 to ensure that the new contract is in place expeditiously.

FISCAL IMPACT

The cost of this contract is \$115,000. The costs of the vaccinations are offset by fees that are charged to clients of the Walk-In and Travel Clinics. The City will have the option of adding expenditures up to 10 percent (\$11,500) above the contract amount, if necessary, and if funds are available. Sufficient funds are currently appropriated in the Health Fund (SR 130) and in the Department of Health and Human Services (HE).

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



LORI ANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO



RONALD R. ARIAS
DIRECTOR OF HEALTH AND HUMAN SERVICES

LAF:ES:LMB
K:\Exec\Council Letters\Purchasing\02-19-08 ccl - Adopt Reso - Vaccines - Sanofi Pasteur Inc (LB).doc

Attachment

APPROVED:



PATRICK H. WEST
CITY MANAGER

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Long Beach, CA 90802-4664

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LONG BEACH AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT AND ANY AMENDMENTS THERETO WITH SANOFI PASTEUR, INC. WITHOUT ADVERTISING FOR BIDS TO PROVIDE COMMUNICABLE DISEASE AND TRAVEL VACCINES FOR PUBLIC HEALTH CLINIC ON THE SAME TERMS AND CONDITIONS AFFORDED UNDER THE PUBLIC HEALTH SERVICE (PHS) SECTION 340B DRUG PRICING PROGRAM, IN AN AMOUNT NOT TO EXCEED \$115,000 FOR A ONE-YEAR PERIOD WITH THE OPTION OF RENEWING FOR TWO ADDITIONAL ONE-YEAR PERIODS

WHEREAS, the Department of Health and Human Services ("DHHS") provides communicable disease and travel vaccines in its walk-in and travel clinics; and

WHEREAS, these vaccinations are essential to insuring the control of communicable diseases in the community; and

WHEREAS, travel vaccinations are often required of international travelers to protect them from acquiring diseases. These vaccines prevent the spread of diseases from other countries within the community. As one of the largest travel clinics in southern California, the DHHS receives numerous referrals from physicians throughout the region; and

WHEREAS, the DHHS purchases vaccines for Yellow Fever, Meningitis, Tetanus, Diphtheria, Japanese Encephalitis, Typhoid and Rabies; and

WHEREAS, Sanofi Pasteur, Inc. can furnish these vaccines according to

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1 the Veterans Healthcare Act of 1992 (Public Health Service Section 340B). Section 340B
2 requires drug manufacturers to provide outpatient drugs at a reduced price which is
3 negotiated by the federal government for the benefit of state and local governments to
4 eligible health care centers, clinics and hospitals; and

5 WHEREAS, the 340B price is a "ceiling price" meaning it is the highest
6 price a public entity would have to pay for select outpatient and over-the-counter drugs,
7 resulting in savings to the City; and

8 WHEREAS, as a result, no useful purpose would be served by advertising
9 for bids and to do so would constitute an idle and useless act and an unnecessary
10 expenditure of public funds;

11 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
12 follows:

13 Section 1. The above recitals are true and correct and are incorporated
14 herein.

15 Section 2. The City Manager is hereby authorized to enter a contract and
16 any amendments thereto with Sanofi Pasteur, Inc. to provide communicable disease and
17 travel vaccines for public health clinic on the same terms and conditions afforded under
18 the Public Health Service (PHS) Section 340B Drug Pricing Program in an amount not to
19 exceed \$115,000 for a one-year period with the option of renewing for two additional one-
20 year periods.

21 Section 3. This resolution shall take effect immediately upon its adoption
22 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

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I hereby certify that the foregoing resolution was adopted by the City Council of the City of Long Beach at its meeting of _____, 20__ by the following vote:

Ayes: Councilmembers: _____

Noes: Councilmembers: _____

Absent: Councilmembers: _____

City Clerk