



CITY OF LONG BEACH

DEPARTMENT OF HEALTH AND HUMAN SERVICES

2525 GRAND AVENUE • LONG BEACH, CALIFORNIA 90815 • (562) 570-4000

C-6

May 4, 2004

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

SUBJECT: Memorandum of Understanding With Long Beach Memorial Medical Center for Designation to Purchase Pharmaceuticals for Indigent Patients (Citywide)

DISCUSSION

Long Beach Memorial Medical Center (LBMMC) has requested the City of Long Beach to enter a Memorandum of Understanding (MOU) for LBMMC to purchase medications at lower costs from manufacturers to provide services to indigent patients. The 340B Drug Pricing program is a component of Public Law 102-585, the Veterans Health Care Act of 1992. It allows eligible organizations to purchase outpatient drugs at discounted price. LBMMC is applying because it is a "disproportionate share hospital" (as that term is defined in the law) providing services to indigent patients in Long Beach.

Under the proposed MOU, LBMMC indicates it will provide at least \$1.5 million in charity care to patients who are not eligible for Medicare and not entitled to Medi-Cal benefits. The federal law requires LBMMC to obtain the approval of the local governing authority (City Council) in order to receive approval to purchase under the 340B program.

This matter was reviewed by Deputy City Attorney Donna Gwin on April 20, 2004 and by Budget Manager Michael Killebrew on April 22, 2004.

TIMING CONSIDERATIONS

LBMMC would like to commence this discounted purchasing program as soon as possible; therefore, City Council approval is requested on May 4, 2004 to allow the earliest possible commencement of the program.

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FISCAL IMPACT

There is no fiscal impact for the City.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

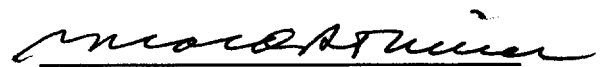
Authorize the City Manager to execute the MOU with Long Beach Memorial Medical Center for designation to purchase pharmaceuticals for indigent patients, for a term of three years.

Respectfully submitted,



RONALD R. ARIAS
DIRECTOR
HEALTH AND HUMAN SERVICES

APPROVED:



GERALD R. MILLER
CITY MANAGER