

June 13, 2023

C-11

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute all documents necessary to amend and restate Contract No. 35066 with Wellpartner, LLC, of New York, NY (Wellpartner), to continue serving as Administrator of the 340B Pharmacy Program on behalf of the Department of Health and Human Services (Health Department), a covered entity, to provide reduced pricing for eligible prescription drugs, with the option to renew the contract automatically for successive terms until canceled by the City of Long Beach (City), at the discretion of the City Manager;

Authorize the City Manager, or designee, to execute all documents necessary to amend Contract No. 35172 with Cardinal Health 110, LLC, and Cardinal Health 112, LLC (collectively, Cardinal Health), of Dublin, OH, to continue serving as Distributor/Drug Wholesaler, to provide eligible drugs under the 340B Pharmacy Program to the Contract Pharmacies, with the option to renew the contract automatically for successive terms until canceled by the City, at the discretion of the City Manager;

Authorize the City Manager, or designee, to execute all documents necessary to amend Contract No. 35061 with Bella Vida Pharmacy, Inc., of Torrance, CA (Bella Vida Pharmacy), Contract No. 36231 with Good Life Pharmacy, Inc., DBA Aviva Pharmacy of Long Beach, CA (Aviva Pharmacy), and Contract No. 36534 with Aron Pharmacy Corporation, DBA Bixby Pharmacy of Long Beach, CA (Bixby Pharmacy), to continue serving as Contract Pharmacies to dispense eligible drugs to qualifying patients under the 340B Pharmacy Program, with the option for the aforementioned contracts to renew automatically for successive terms until canceled by the City, at the discretion of the City Manager;

Authorize the City Manager, or designee, to execute all documents necessary to execute a contract, and all necessary amendments, with Walgreen Company, DBA Walgreens of Deerfield, IL (Walgreens), to serve as a Contract Pharmacy to dispense eligible drugs to qualifying patients under the 340B Pharmacy Program, with the option for the contract to renew automatically for successive terms until canceled by the City, at the discretion of the City Manager; and,

Increase appropriations in the Health Fund Group in the Health and Human Services Department by \$15,100, offset by program revenue. (Citywide)

DISCUSSION

City Council approval is requested to amend Contract No. 35066 with Wellpartner, Contract No. 35172 with Cardinal Health, Contract No. 35061 with Bella Vida Pharmacy, Contract No. 36231 with Aviva Pharmacy, and Contract No. 36534 with Bixby Pharmacy, to renew automatically for successive terms until canceled by the City, at the discretion of the City Manager.

City Council approval is also requested to enter into a contract with Walgreens which will renew automatically for successive terms until canceled by the City, at the discretion of the City Manager. Under the terms of the agreement, Walgreens will act as a Contract Pharmacy for the 340B Pharmacy Program.

On September 4, 2018 and February 12, 2019, the City Council authorized contracts with Wellpartner, Cardinal Health, and Bella Vida Pharmacy to launch the 340B Pharmacy Program. The 340B Pharmacy Program allows the Health and Human Services Department (Health Department) to purchase outpatient prescription drugs at preferential, reduced prices to offset deficits in the HIV Clinic and possibly expand services. Under the 340B Pharmacy Program, Wellpartner acts as the Administrator, Cardinal Health acts as the Distributor/Drug Wholesaler, and Bella Vida Pharmacy acts as a Contract Pharmacy. On February 8, 2022, the City Council authorized contracts with Bixby Pharmacy, Aviva Pharmacy, and Walgreens, which added three additional pharmacies to the contract pharmacy list, thereby increasing capacity and access.

The Health Department is requesting execution and amendments for the aforementioned contracts to streamline future renewals and simplify the internal contract request process for multiple vendors within the 340B Pharmacy Program. Upon City Council approval, all 340B Pharmacy Program contracts will be executed as evergreen contracts and will renew automatically for successive terms until canceled by the City, at the discretion of the City Manager. Pharmacies can be added or removed from the 340B Pharmacy Program at any time. Allowing several pharmacies to participate in the 340B Pharmacy Program provides patients with expanded access.

Due to the needs of patients and the unique requirements of the 340B Pharmacy Program, it was not feasible to conduct competitive procurements for these services.

This matter was reviewed by Deputy City Attorney Anita Lakhani on May 22, 2023, Purchasing Agent Michelle Wilson on May 19, 2023, and Budget Analysis Officer Greg Sorensen on May 24, 2023.

TIMING CONSIDERATIONS

City Council action is requested on June 13, 2023, to ensure there is no interruption to services.

FISCAL IMPACT

The City's annual cost is estimated at \$230,000 for prescription medications at the reduced 340B Pharmacy Program cost, offset by an estimated \$350,000 in annual revenue generated by the reimbursement of drugs at the full-market price of the drug by the patient's insurance or Pharmacy Benefits Manager. The net revenue of \$120,000 will be used to offset deficits in the HIV Clinic. There is \$214,900 of appropriation budgeted in the Health Fund Group in the Health and Human Services Department; therefore, an increase in appropriations is requested in the Health Fund Group in the Health and Human Services Department in the amount of \$15,100, offset by program revenue, to better align with annual program costs. Although the financial impact of contracting with additional pharmacies is not yet known, the cost is not expected to surpass the estimated annual expense of \$230,000. Subsequent years' appropriation may be requested through the annual budget process. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KELLY COLOPY
DIRECTOR
HEALTH AND HUMAN SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER