

C-8

February 8, 2022

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt Specifications No. RFQ HE21-102 and award contracts to Aron Pharmacy Corporation, dba Bixby Pharmacy of Long Beach, CA; Good Life Pharmacy Inc., dba Aviva Pharmacy of Long Beach, CA; and Walgreen Co., of Deerfield, IL, to serve as contract pharmacies to dispense eligible drugs to qualifying patients under the 340B Contract Pharmacy Program, in a total annual amount not to exceed \$650,000 for two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager; and,

Increase appropriations in the Health Fund Group in the Health and Human Services Department by \$437,000, offset by 340B Pharmacy Program revenue. (Citywide)

DISCUSSION

City Council approval is requested to enter into contracts with Aron Pharmacy Corporation, dba Bixby Pharmacy (Bixby Pharmacy), Good Life Pharmacy Inc., dba Aviva Pharmacy (Aviva), and Walgreen Co., to dispense eligible drugs to qualifying patients under the 340B Contract Pharmacy Program.

In 1992, Congress enacted Section 340B of the Public Health Service Act. Section 340B requires pharmaceutical manufacturers to enter into an agreement, called a Pharmaceutical Pricing Agreement (PPA), with the Secretary of Health and Human Services. Under the PPA, the manufacturer agrees to provide front-end discounts on covered outpatient drugs purchased by specified providers who are "covered entities," that serve the nation's most vulnerable patient populations. The purpose of the 340B Program is to enable covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.

On September 4, 2018, the City Council authorized contracts with Wellpartner, LLC (Wellpartner) and Bella Vida Pharmacy, Inc. (Bella Vida), for the purpose of launching the 340B Contract Pharmacy Program, to purchase outpatient prescription drugs at preferential, reduced prices to offset deficits in the HIV Clinic, as well as possibly expanding services. Under the terms of the agreements, Bella Vida acts as a contract pharmacy and Wellpartner serves as the administrator of the Program. The requested action will add three pharmacies to the contract pharmacy list increasing capacity and access.

The Request for Qualifications (RFQ) was posted on September 14, 2021 and 361 potential pharmacies were notified of the RFQ opportunity. Of those pharmacies, 19 downloaded the RFQ via the City's electronic bid system. The RFQ document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFQ announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 35 local, minority-owned, and women-owned business groups. There were four proposals received by the RFQ due date of October 21, 2021. Of those four proposers, two were Minority-owned Business Enterprises (MBEs), two were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and two were Long Beach businesses (Local). The selection committee determined that Bixby Pharmacy, Aviva, and Walgreen Co., were the most qualified pharmacies to provide contract pharmacy services for the City's 340B Program.

The selected pharmacies provide numerous services to Health Department HIV Clinic patients, including HIV medication adherence programs, PrEP and PEP dispensing, and Hepatitis C prior authorization, that both improves patient access and overall care. Contracting with these additional pharmacies will allow the Health Department to receive revenue for the prescriptions filled at Bixby Pharmacy, Aviva, and Walgreen Co., thus increasing funds for the HIV Clinic and maximizing the benefits of the 340B Program. Additionally, all pharmacies have at least one location in Long Beach, reasonable dispensing fees, an understanding of the 340B Drug Pricing Program, and availability of key personnel.

Local Business Outreach

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the PlanetBids database to download RFQ specifications. Through outreach, 20 Long Beach vendors were notified to submit proposals, of which 3 downloaded and submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Deputy City Attorney Taylor M. Anderson on January 11, 2022, Business Services Bureau Manager Tara Mortensen on January 10, 2022, and Budget Analysis Officer Greg Sorensen on January 24, 2022.

TIMING CONSIDERATIONS

City Council action is requested on February 8, 2022, to ensure the agreement is in place expeditiously.

FISCAL IMPACT

The total annual amount of the contract will not exceed \$650,000. The Health Department anticipates a cost of \$650,000 per year for prescription medications at the reduced 340B cost, offset by an estimated \$957,000 in annual revenue. The net revenue of \$307,000 will be used to offset deficits in the HIV Clinic. There is \$213,000 of appropriation

budgeted in the Health Fund Group in the Health and Human Services Department. An appropriation increase, offset by program revenue, is requested in the Health Fund Group in the Health and Human Services Department in the amount of \$437,000 to increase budget to match the annual program costs. Due to the pandemic and other outside factors that have been detrimental to the 340B Program, the Health Department has seen significantly fewer encounters in 2021, leading to much lower prescription medication costs and therefore less revenue to the HIV Clinic. Consequentially, although the financial impact of contracting with the additional pharmacies is not yet known, adding additional contract pharmacies will likely not surpass the original estimation of \$650,000 of annual expense and \$957,000 in annual revenue. Subsequent years' appropriation will 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 OF HEALTH AND HUMAN SERVICES

APPROVED:



THOMAS B. MODICA
CITY MANAGER