



## Legislation Text

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**File #:** 19-0108, **Version:** 1

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Recommendation to authorize City Manager, or designee, to execute an agreement, and any subsequent amendments, with Cardinal Health 110, LLC, and Cardinal Health 112, LLC (collectively, Cardinal), to serve as Distributor/Drug Wholesaler, to provide eligible drugs under the 340B Pharmacy Program to the Contract Pharmacy (Bella Vida), for the period beginning on the effective date and continuing through August 31, 2020, with the option to renew for three additional one-year periods, at the discretion of the City Manager;

Authorize City Manager, or designee, to execute a Participation Agreement, and any subsequent amendments, with Apexus LLC, Inc. (Apexus), to manage the 340B Prime Vendor Program, for a period of one year, with the option to renew for three additional one-year periods, at the discretion of the City Manager;

Authorize City Manager, or designee, to amend Contract No. 35066 with Wellpartner, LLC (Wellpartner), Administrator of the 340B Pharmacy Program on behalf of the Health and Human Services Department, a covered entity, providing reduced pricing for eligible prescription drugs, to include the option to renew for three additional one-year periods, at the discretion of the City Manager; and

Authorize City Manager, or designee, to amend Contract No. 35061 with Bella Vida Pharmacy, Inc. (Bella Vida), the Contract Pharmacy, to dispense eligible drugs to qualifying patients under the 340B Pharmacy Program, to include the option to renew for three additional one-year periods, at the discretion of the City Manager. (Citywide)

On September 4, 2018, City Council authorized contracts with Wellpartner, LLC (Wellpartner), and Bella Vida Pharmacy, Inc. (Bella Vida), for the purpose of launching the 340B 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 will act as the Contract Pharmacy and Wellpartner will act as the Administrator.

City Council action is requested to enter into an agreement with Cardinal Health 110, LLC, and Cardinal Health 112, LLC (collectively, Cardinal). Under this agreement, Cardinal will act as the Distributor/Drug Wholesaler. Cardinal is the sole Distributor for Bella Vida (the City's 340B Contract Pharmacy). A bill to/ship to agreement is needed to establish payment terms for the 340B eligible-drugs.

As the Administrator of the 340B Pharmacy Program, Wellpartner will order the prescription drugs from Cardinal on behalf of the Health Department. For each 340B Program eligible

claim, the Health Department then pays Cardinal for the covered drug at the reduced 340B cost. The prescriptions are shipped directly to the Contract Pharmacy, Bella Vida. When a Health Department patient fills their prescription at Bella Vida, Bella Vida will be reimbursed for the drugs at the full market price of the drug by the patient's insurance or Pharmacy Benefits Manager. Wellpartner retains a portion to cover its administrative fee and remits the net proceeds to the Health Department.

To execute a contract with Cardinal, the Health Department must also agree to participate in the 340B Prime Vendor Program, which requires a Participation Agreement between the City and Apexus LLC, Inc. (Apexus). The 340B Prime Vendor contract was awarded by Health Resources and Services Administration (HRSA) to Apexus to manage the 340B Prime Vendor Program. Apexus and Cardinal entered into an agreement (Base Agreement) effective September 1, 2016, under which Cardinal agreed to distribute the 340B-eligible drugs to participants in the 340B Prime Vendor Program, subject to the terms and conditions of the Base Agreement. Therefore, it is necessary for the Health Department to participate in the 340B Prime Vendor Program.

Additionally, City Council action is requested to amend Contract No. 35061 with Bella Vida and Contract No. 35066 with Wellpartner, to include the option to extend the contracts for three additional one-year periods after their expiration date of September 30, 2020. The renewal option will more accurately align all 340B Pharmacy Program contracts.

The Health Department anticipates formally launching this partnership and program on February 2019. To do this, the Health Department must also be enrolled in the Apexus 340B Prime Vendor Program through a Participation Agreement and have a fully executed agreement with Cardinal.

This matter was reviewed by Deputy City Attorney Linda T. Vu on January 7, 2019 and by Budget Analysis Officer Julissa Jose-Murray on January 22, 2019.

City Council action is requested on February 12, 2019, to ensure agreements are in place expeditiously.

The City's annual cost is estimated at \$213,000 for prescription medications at the reduced 340B Program cost, offset by an estimated \$388,000 in annual gross revenue generated by the reimbursement of drugs at the full-market price of the drug by the patients' insurance or Pharmacy Benefits Manager. The estimated net revenue to the City of \$175,000 will be used to offset deficits in the HIV Clinic as well as possibly expanding services. An appropriation increase will be requested as part of the Fiscal Year 2019 First Budget Adjustments. Subsequent years' appropriation will be requested through the annual budget process. There is no local job impact associated with this recommendation.

Approve recommendation.

KELLY COLOPY  
DIRECTOR  
HEALTH AND HUMAN SERVICES

APPROVED:

PATRICK H. WEST  
CITY MANAGER