



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: November 27, 2012
Board Meeting Date: January 8, 2013
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

Subject: Amendment to agreements with Anchor Drugs and Baneth's Pharmacy

RECOMMENDATION:

Adopt a Resolution authorizing amendments to the agreements with Anchor Drugs and Baneth's Pharmacy to provide pharmacy services at four locations, extending the term through June 30, 2013, increasing the maximum aggregate amount of the agreements by \$1,005,000 to \$4,580,000, collectively.

BACKGROUND:

On March 9, 2010, your Board approved agreements with Anchor Drugs to provide pharmacy services to patients of the Daly City Health Center (Daly City) in the amount of \$1,075,000, the South San Francisco Health Center (SSF) in the amount of \$600,000, and the Fair Oaks Family Health Clinic (Fair Oaks) in the amount of \$1,100,000. Also approved at that time was an agreement with Baneth's Pharmacy (Baneth's) to provide pharmacy services to the patients of the Willow Clinic (Willow) for a maximum amount payable of \$800,000. All contracts were for the term April 1, 2010 through March 31, 2013, and collectively these four agreements had a maximum fiscal obligation of \$3,575,000. The agreements were recommended following an Request for Proposals (RFP) published in November 2009.

Separate contracts were written with Anchor Drugs for each clinic serviced in accordance with the requirements of the Federal 340B Program.

DISCUSSION:

Due to the effects of the current economic situation, volume at the four clinics for FY 2011-12 rose more than 29%. During this current fiscal year, the clinics are experiencing a further increase of more than 22% over last fiscal year. An increase in funding is needed to preclude depletion of funds prior to the end of the contracts.

Funding increases being requested are \$260,000 for the Daly City Clinic for a new maximum of \$1,335,000; \$250,000 for SSF for a new maximum of \$850,000; \$250,000 for Fair Oaks for a new maximum of \$1,350,000; and \$245,000 for Willow for a new maximum of \$1,045,000. These increases adequately fund the agreements through their original expiration dates plus an additional three months, allowing new agreements to be negotiated with vendors selected after a Request for Proposals process is conducted.

The Contract Compliance Committee has approved a waiver request to extend the agreement by three months beyond the maximum term of three years.

The amendments and Resolution have been reviewed and approved by County Counsel as to form. The contractor's insurance meets certification requirements.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, non-discrimination and equal benefits.

This Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing access to prescription medication services to residents of San Mateo County. It is anticipated that 95% of refill prescriptions will be accurately provided within 24 hours.

PERFORMANCE MEASURE:

Measure	FY 2011-12 Actual	FY 2012-13 Projected
Refill prescriptions will be accurately provided within 24 hours	95%	95%

FISCAL IMPACT:

The term of these four agreements is April 1, 2010 through June 30, 2013. The aggregate maximum fiscal obligation between the four agreements is \$4,580,000. Funds in the amount of \$1,600,833 are included in the San Mateo Medical Center (SMMC) FY 2012-13 Adopted Budget.

Expenses at SMMC are covered by fees for services or third-party payors whenever possible. The portion of expenses for services provided to the medically indigent or to those covered by programs that do not fully meet the costs of care are covered by the County General Fund contribution to SMMC, and are within the existing annual appropriation.