



**COUNTY OF SAN MATEO**  
Inter-Departmental Correspondence  
Health System



**Date:** December 2, 2015  
**Board Meeting Date:** February 23, 2016  
**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Louise Rogers, Chief, Health System  
Susan Ehrlich, MD, MPP, Chief Executive Officer, San Mateo Medical Center

**Subject:** Amendment to the agreement with S/T Health Group Consulting, Inc. to provide consulting and audit services to San Mateo Medical Center's pharmacy 340B program

**RECOMMENDATION:**

Adopt a resolution authorizing an amendment to the agreement with S/T Health Group Consulting, Inc. to provide consulting and audit services to San Mateo Medical Center's pharmacy 340B program, increasing the amount by \$350,000 to an amount not to exceed \$450,000.

**BACKGROUND:**

In January 2015, the Chief Executive Officer of the San Mateo Medical Center (SMMC) approved an agreement with S/T Health Group Consulting, Inc. (STHGC) to provide consulting and audit services to SMMC's pharmacy 340B program, ensuring compliance with program requirements and prohibitions set forth by the US Department of Health and Human Services.

**DISCUSSION:**

STHGC audits have helped SMMC identify 340B compliance issues within its pharmacy. This amendment will implement STHGC's findings through an audit of the charge description master (CDM) – the comprehensive list of all billable items by a hospital – and ensure accuracy in mapping of data to SMMC's Sentinel RCM software. In addition, the amendment will include a monthly National Drug Code (NDC) monitoring service, which will provide oversight of SMMC's purchasing and billing. Finally, STHGC's audit findings will allow SMMC to compare purchases to the CDM and provide monthly NDC updates to the CDM.

These services as described above will ensure SMMC's compliance with the 340B drug program so that SMMC may continue to receive a significant discount on medication cost. At the time the original agreement was executed, SMMC did not have the expectation that the work would require the use of an outside consultant/provider. To remain a 340B covered entity, SMMC has an urgent need to implement STHGC's recommendations. SMMC believes it is in the best interest of the County for STHGC to provide these services to ensure consistency and timeliness in the implementation of the recommendations. Therefore, SMMC is requesting a waiver of the Request for Proposals process.

The resolution contains the County's standard provisions allowing amendment of the County fiscal obligations by a maximum of \$25,000 (in aggregate).

The amendment and resolution have been reviewed and approved by County Counsel as to form.

This amendment contributes to the Shared Vision 2025 outcome of a Healthy Community by ensuring SMMC's compliance with the Federal 340B pricing program, specifically the proper NDC coding and billing and correct quantities of drugs that have the Healthcare Common Procedure Coding System codes. It is anticipated that at least 95% of the items in the pharmacy CDM will have the correct NDC numbers.

**PERFORMANCE MEASURE:**

Measure	FY 2014-15 Actual	FY 2015-16 Projected
Percentage of items with correct NDC numbers in the pharmacy Charge Description Master	N/A*	95%

\*New Measure

**FISCAL IMPACT:**

The term of the agreement is February 1, 2015, through January 31, 2018. The amount of the agreement is not to exceed \$450,000. Funds in the amount of \$87,000 are included in the SMMC FY 2015-16 Adopted Budget. Similar arrangements will be made for future years.

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