



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



**Date:** May 23, 2013  
**Board Meeting Date:** June 18, 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:** Agreements with JAJCO, Inc. doing business as Anchor Drugs Pharmacy, Safeway, Inc. and Ted's Village Pharmacy, Inc.

**RECOMMENDATION:**

Adopt a Resolution authorizing agreements with JAJCO, Inc. doing business as Anchor Drugs Pharmacy, in an amount not to exceed \$4,582,988; Safeway, Inc., in amount not to exceed \$2,979,000; and Ted's Village Pharmacy, in an amount not to exceed \$500,000, for pharmacy services, each for the term of July 1, 2013 through June 30, 2016, for a combined amount not to exceed \$8,061,988.

**BACKGROUND:**

A Request for Proposals (RFP) for pharmacy services to be provided for patients of San Mateo Medical Center (SMMC) and its clinics was conducted in April 2013. Ten vendors responded to the RFP. SMMC is recommending that the County contract with three of the responders. Two vendors—JAJCO, Inc. doing business as Anchor Drugs Pharmacy (Anchor) and Ted's Village Pharmacy (Ted's)—have previously contracted with the County to provide these services, and a new vendor, Safeway, Inc. (Safeway), has been added to the provider list. Each of these providers will provide discount drugs to eligible SMMC patients through the Federal 340B Drug Discount Program (the 340B Program), a federal program created in 1992 to improve access to medication for uninsured indigent patients by providing drugs to eligible health care organizations at reduced prices. Under the RFP, Safeway is also agreeing to provide services at a new SMMC clinic location at 2700 Middlefield Road in Redwood City, opening Fall 2013. Safeway will separately enter into a lease for the premises at the new SMMC clinic, and said lease will be brought to the Board of Supervisors for its approval.

**DISCUSSION:**

In accordance with the regulations which govern the 340B Program, SMMC must enter into separate agreements with each pharmacy which will provide pharmacy services for the County under the program. SMMC's participation in the 340B Program will help to address SMMC's immediate and long term issues of providing prescription medications to an increasing number of eligible, low-income patients in the County and the increasing costs of such pharmaceuticals. As SMMC's volume continues to grow, quality pharmacy care is a critical component of the effective treatment of San Mateo County residents and prevention of future medical costs through effective maintenance of medical conditions. Cost effective collaboration with community pharmacies allows for increased access and less interventional healthcare. Purchasing medications at a reduced rate permits SMMC to use funds that would otherwise go to medication expenses for other programs.

SMMC is also asking the Board to authorize the Chief of the Health System or designee to execute contract amendments which modify the County's maximum fiscal obligation by no more than \$25,000 (in aggregate) for each agreement and/or modify the contract term and/or services so long as the modified term or services is/are within the current or revised fiscal provisions.

Each agreement and the Resolution have been reviewed and approved by County Counsel as to form. Each Contractor has assured compliance with the County's 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. Each contractor has met insurance certification requirements.

Approval of these agreements contribute to the Shared Vision 2025 outcome of a Healthy Community by improving access to affordable healthcare. It is anticipated that 95% of prescription refills will be accurately provided within 24 hours.

**PERFORMANCE MEASURE:**

Measure	FY 2012-13 Estimate	FY 2013-14 Projected
Refill prescriptions will be accurately provided within 24 hours	95%	95%

**FISCAL IMPACT**

The term of the agreements with Anchor, Safeway, and Ted's is July 1, 2013, through June 30, 2016, in the total amount of \$8,061,988. Funds in the amount of \$2,687,330 will be included in the SMMC FY 2013-14 Recommended Budget to cover those agreements, and funds in the amount of \$2,687,330 will be included in the SMMC FY 2014-15 Recommended Budget. Similar arrangements will be made for future years.

The payment provisions of this agreement are different due to an anticipated 10% increase in the number of prescriptions filled at contract pharmacies per fiscal year.

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 meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.

## Request for Proposals – Matrix

<b>1</b>	Where was the RFP advertised?	San Mateo Medical Center Website San Mateo County Health System Website County of San Mateo Purchasing Website
<b>2</b>	In addition to any advertisement, list others to whom the RFP announcement was sent:	JAJCO, Inc. d/b/a Anchor Drugs Pharmacy MINIMS Apothecary, d/b/a Willow Pharmacy Ted's Village Pharmacy Broadway Pharmacy Raleys / Nob Hill John Chen Mariner Advanced Walgreens A&O Pharmacy PharmaLife RxStrategies, Inc Pharm.D
<b>3</b>	State the total number of RFP's sent to prospective proposers:	12
<b>4</b>	How many proposals did you receive?	10
<b>5</b>	List in alphabetical order the names of the proposers (or finalists, if applicable) and the location:	JAJCO, Inc. d/b/a Anchor Drugs Pharmacy, South San Francisco, CA MINIMS Apothecary, d/b/a Willow Pharmacy, Menlo Park, CA Safeway, Inc. Phoenix, AZ Ted's Village Pharmacy, San Mateo, CA