



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 18-823

Board Meeting Date: 9/4/2018

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, Health System
Chester J. Kunnappilly, MD, Chief Executive Officer, San Mateo Medical Center

Subject: Amendment to the Agreement with Sentry Data Systems, Inc. to Process 340B Pharmacy Claims

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with Sentry Data Systems, Inc. to continue processing 340B claims, extending the term through October 31, 2019 and increasing the amount by \$400,000, in an amount not to exceed \$2,460,000.

BACKGROUND:

In May 2012, San Mateo Medical Center (SMMC) completed a Request for Proposals (RFP) and Sentry Data Systems, Inc. (Sentry) Sentrex software was chosen to process 340B claims for prescriptions filled at third-party pharmacies. In May 2013, SMMC requested a waiver of the RFP process to use Sentry's Sentinel RCM software application. Your Board approved an agreement with Sentry to assist SMMC's pharmacy in complying with the Federal regulations for 340B prescriptions dispensed by the hospital.

DISCUSSION:

SMMC is requesting your Board approve an extension of the agreement through October 31, 2019, with an associated increase in funding for the same level of service. The extension will allow SMMC time to schedule an information technology review, complete an RFP, and execute a new agreement. In the interim, it is imperative that SMMC continues to use Sentry's services to process its 340B claims in order to remain compliant with Federal regulations and allow SMMC's continued participation in the 340B drug program. In addition, this amendment terminates the use of vendor's Sentinel RCM module for an annual cost savings of \$18,000.

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

The Information Services Department has reviewed and approved this agreement.

The County's Contract Compliance Committee has approved a waiver request for an eighteen-month extension beyond the current five-year term.

The agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by providing a tool that allows SMMC to recover pharmacy costs while ensuring that SMMC patients can fill prescriptions at SMMC and/or outpatient pharmacies. It is anticipated that SMMC will realize a 56 percent annual reduction in pharmacy costs.

PERFORMANCE MEASURE:

| Measure | FY 2017-18 Actual | FY 2018-19 Projected |
|---|-------------------|----------------------|
| Percentage of annual reduction in SMMC's pharmacy costs | 54% | 56% |

FISCAL IMPACT:

The term of the revised agreement is May 1, 2013 through October 31, 2019. The amount of the agreement is not to exceed \$2,460,000. The amendment increases the contract amount by \$400,000. Funds in the amount of \$300,000 are included in the SMMC FY 2018-19 Recommended Budget. Funds in the amount of \$100,000 will be included in the SMMC FY 2019-20 Recommended 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 meet the full costs of care are covered by the County's General Fund contribution to SMMC, and are within the existing annual appropriation.