



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** HEALTH

**File #:** 22-1007

Board Meeting Date: 12/13/2022

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

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

**Subject:** Agreement with JAJCO, Inc. dba Anchor Drugs Pharmacy to Provide 340B Contracted Pharmacy Services

### **RECOMMENDATION:**

Adopt a resolution authorizing an agreement with JAJCO, Inc. dba Anchor Drugs Pharmacy to provide 340B contracted pharmacy services for the term of January 1, 2023, through December 31, 2027, in an amount not to exceed \$5,000,000.

### **BACKGROUND:**

The US Health Resources and Services Administration operates the 340B Drug Pricing (340B) Program, which requires drug manufacturers to provide outpatient drugs to eligible health care organizations at significantly reduced prices. Because San Mateo Medical Center (SMMC) participates in the 340B Program, certain SMMC patients can fill medication prescriptions at SMMC or pharmacies that contract with SMMC at a significantly reduced cost to the County.

SMMC currently has agreements with local pharmacies to permit these vendors to dispense lower-cost drugs to qualifying SMMC patients. Pharmacies that contract with the County to provide 340B Program-related prescriptions typically charge SMMC a per-prescription cost for administering and dispensing the medication; these charges exceed the actual reimbursement cost of the medications. However, given the substantial discount for drugs obtained through the 340 Program, using these vendors still save the County money and gives SMMC patients the most flexibility in terms of where and when they can fill qualifying prescriptions.

### **DISCUSSION:**

SMMC's continued participation in the 340B Program will help address SMMC's immediate and long-term issues of providing prescription medications to the County's growing low-income population despite increasing costs. As SMMC's patient volume continues to grow, quality pharmacy care is a critical component of both effective treatment and prevention of future medical costs. A Request for Proposals was completed in October 2021 for 340B Contracted Pharmacy Services; JAJCO, Inc. dba

Anchor Drugs Pharmacy was selected to provide 340B contracted pharmacy services to SMMC's patients.

County Attorney has reviewed and approved the resolution and agreement as to form.

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

The County's Contract Compliance Committee has approved a waiver request for a five-year term for this agreement.

It is anticipated that Anchor Drugs Pharmacy will fill 500 of prescriptions per biweekly billing period.

**PERFORMANCE MEASURE:**

Measure	FY 2021-22 Actual	FY 2022-23 Estimated
Number of prescriptions filled by Anchor Drugs Pharmacy per biweekly billing period	N/A*	500 prescriptions

\*new measure

**FISCAL IMPACT:**

The term of the agreement is January 1, 2023, through December 31, 2027. The amount of the agreement is not to exceed \$5,000,000 for the five-year term. Funds in the amount of \$500,000 are included in the SMMC FY 2022-23 Adopted Budget. Funds in the amount of \$1,000,000 are included in the SMMC FY 2023-24 Recommended Budget. Similar arrangements will be made for future years.

The payment provisions and levels of services in this contract are essentially the same as the previous contract.

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 is covered by the County's General Fund contribution to SMMC and is within the existing annual appropriation.

**ATTACHMENT:**

RFP Matrix