



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 23-44

Board Meeting Date: 1/31/2023

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 Albertsons Companies, Inc. to Provide Contracted Pharmacy Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with Albertsons Companies, Inc. to provide contracted pharmacy services for the term of January 1, 2023, through December 31, 2027, in an amount not to exceed \$10,000,000.

BACKGROUND:

The United States 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 - most notably, patients that are uninsured - can fill medication prescriptions at SMMC or pharmacies that contract with SMMC, at a significantly reduced cost to the County. In October 2021, SMMC completed a Request for Proposals (RFP) for contracted pharmacy services.

Albertsons Companies, Inc. (Albertsons), formerly Safeway, was the only chain pharmacy to respond to the RFP. Albertsons has been an excellent partner in providing SMMC patients with expanded access to 340B medications at designated pharmacy locations in San Mateo County. Most notably, Albertsons work well with SMMC's 340B third party administrator and are prompt in any and all responses. Continuity of care is also important: many of SMMC patients are already using Albertsons pharmacies and will be able to continue using their pharmacies in multiple designated locations.

DISCUSSION:

This agreement will allow SMMC to further its efforts to purchase medication at the reduced 340B Program rates and permits the County to use funds that would otherwise go to medication expenses for other important programs. This agreement is going to this Board late due to prolonged negotiations with Albertsons.

County Counsel 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 95% of prescription refills will be accurately provided within 24 hours.

PERFORMANCE MEASURE:

| Measure | FY 2022-23 Estimated | FY 2023-24 Projected |
|---|----------------------|----------------------|
| Percentage of prescription refills that are accurately provided within 24 hours | 95% | 95% |

FISCAL IMPACT:

The term of the agreement is January 1, 2023, through December 31, 2027. The amount of the agreement is not to exceed \$10,000,000 for the five-year term. Funds in the amount of \$1,000,000 are included in the SMMC FY 2022-23 Adopted Budget. Funds in the amount of \$2,000,000 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 that of 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