



City of San Antonio

Agenda Memorandum

File Number:19-5005

Agenda Item Number: 38A.

Agenda Date: 6/20/2019

In Control: City Council A Session

DEPARTMENT: Health

DEPARTMENT HEAD: Jennifer Herriott, MPH

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorizing agreements associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program for a term commencing July 1, 2019 and terminating on June 30, 2020, with options to renew for two, one-year terms.

SUMMARY:

These Ordinances will authorize the following agreements associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program.

- (A) An ordinance authorizing an agreement with Walgreen Co. for 340B drug dispensing services for a revenue amount up to \$151,401.00 for a term commencing July 1, 2019 and terminating on June 30, 2020 with options to renew for two, one-year terms.
- (B) An ordinance authorizing an agreement with Cardinal Health to serve as the 340B prescription drug wholesale distributor for the San Antonio Metropolitan Health District for an amount up to \$151,401.00 and for a term commencing July 1, 2019 and terminating on June 30, 2020 with options to renew for two, one-year terms.

BACKGROUND INFORMATION:

The 340B Drug Pricing Program is a federal program that enables participating drug manufacturers to provide

discounted prices on covered outpatient drugs to eligible health care organizations known as covered entities. The commonly stated intent of the 340B program is to permit covered entities to stretch scarce resources as far as possible to more eligible patients and provide more comprehensive services. Covered entities participating in the 340B Drug Pricing Program may contract with pharmacies to dispense drugs purchased through the program on their behalf from contracted prescription drug wholesalers/distributors. With these agreements, Walgreen Co. will serve as a contract pharmacy, Cardinal Health will serve as a contract prescription drug wholesaler/distributor for the San Antonio Metropolitan Health District (Metro Health)-a covered entity.

- (A) On April 30, 2018, a Request for Proposals (RFP) was issued to solicit responses from qualified Respondents for prescription drug dispensing services. The RFP was advertised in the San Antonio Express-News, the San Antonio e-Procurement system, City's Bidding and Contracting opportunities website, TVSA, and outreach notices were sent notifying potential respondents of the RFP and how to apply. A pre-submittal conference was held on May 9, 2018 to answer questions from potential Respondents.

The RFP closed on May 30, 2018. One (1) response was received and submitted to the Evaluation Committee for scoring. The four-member evaluation Committee included representatives from Metro Health. The Evaluation Committee recommended award to Walgreen Co.

The Committee reviewed the respondent's Experience, Background, and Qualifications; Proposed Plan and Pricing. By consensus vote, the committee is recommending to enter into an agreement with Walgreen Co. to serve as a contract pharmacy for Metro Health to provide certain low cost prescription drugs for patients seen at Metro Health clinics.

- (B) Metro Health released an RFP for the wholesaler/distributor of the 340B prescription drug on March 25, 2019. The RFP was advertised in the San Antonio Express-News, the San Antonio e-Procurement system, City's Bidding and Contracting opportunities website, TVSA, and outreach notices were sent notifying potential respondents of the RFP and how to apply. A pre-submittal conference was held on April 2, 2019 to answer questions from potential Respondents.

The RFP for a wholesaler closed on May 3, 2019. Two (2) responses were received; one (1) of the (2) responses was deemed unresponsive as it did not meet the requirements of the RFP. Therefore, one (1) proposal was submitted to the Evaluation Committee for scoring. The four-member evaluation Committee included representatives from Metro Health. The Evaluation Committee met and recommended award to Cardinal Health.

By consensus vote, the committee is recommending to enter into an agreement with Cardinal Health to serve as a contract wholesaler/distributor for Metro Health to provide certain low cost prescription drugs for patients seen at Metro Health clinics.

ISSUE:

Metro Health is requesting approval of the agreements with Walgreen Co. and Cardinal Health. Authorization of the agreement with: (A) Walgreen Co. for a revenue amount up to \$151,401.00 to provide 340B drug dispensing services as a contract pharmacy with the San Antonio Metropolitan Health District; and, (B) Cardinal Health for an amount up to \$151,401.00 to provide 340B drug wholesaler/distributor services to the San Antonio Metropolitan Health District. Drugs dispensed under this agreement will provide low cost prescription drugs for eligible patients with a valid prescription treated at a Metro Health clinic.

There were no proposals submitted from local businesses; therefore, the Local Preference Program was not applied.

There were no proposals submitted from veteran-owned small businesses; therefore, the Veteran-Owned Small Business Preference Program was not applied.

ALTERNATIVES:

If the agreements are not authorized, Metro Health will forgo a source of additional revenue, in the form of 340B rebates. The additional revenue would allow it to stretch scarce resources.

FISCAL IMPACT:

The agreements related to Metro Health's participation in the 340B Prescription Drug Pricing Program are for a term commencing July 1, 2019 and terminating on June 30, 2020, include options to renew for two, one-year terms. The agreement with Walgreen Co. to serve as the 340B Prescription Drug contract pharmacy will provide for reimbursement funds in an amount up to \$151,401.00. Revenue earned from the agreement with Walgreen Co. will fund the agreement with Cardinal Health. The agreement with Cardinal Health to serve as the 340B prescription drug wholesale distributor is for an amount up to \$151,401.00. These revenues and expenses will be accounted for in a Donation Fund. There is no impact to the General Fund.

RECOMMENDATION:

Staff recommends approval of agreements with (A) Walgreen Co. and (B) Cardinal Health with options to renew. Authorization of these agreements will allow Metro Health to move forward with participation in the 340B Prescription Drug Pricing Program and make certain low cost prescription drugs available for patients seen at Metro Health clinics.

These contracts were procured by means of Request for Proposals and the Contract Disclosure Forms are attached.