
Setting the Standard in Health Care Excellence

September 10, 2024

Board of Supervisors
County of Ventura
800 S. Victoria Ave.
Ventura, CA 93009

SUBJECT:

Approval of, and Authorization for the Purchasing Agent or Designee to Sign, Amendment 2 to 340B Contract Pharmacy Services Agreement with Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., and Express Scripts Pharmacy, Inc. (Accredo Entities) With Respect to Qualifying Locations of 340B ID CH 098480; Approval of, and Authorization for the Purchasing Agent or Designee to Sign, Amendment 2 to 340B Contract Pharmacy Services Agreement with the Accredo Entities With Respect to 340B ID DSH 050159; and Authorization for the Purchasing Agent or Designee to Issue or Increase, As Applicable, the Purchase Order(s) with Script Care, Ltd. in the Amount of \$293,272 for FY 2024-25.

RECOMMENDATIONS:

1. That your Board approve, and authorize the Purchasing Agent or designee to sign, the attached Amendment 2 to 340B Contract Pharmacy Services Agreement with Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., and Express Scripts Pharmacy, Inc. (Accredo Entities) with respect to qualifying locations of 340B ID CH 098480 (Exhibit 1).
2. That your Board approve, and authorize the Purchasing Agent or designee to sign, the attached Amendment 2 to 340B Contract Pharmacy Services Agreement with the Accredo Entities with respect to 340B ID DSH 050159 (Exhibit 2).
3. That your Board authorize the Purchasing Agent or designee to establish or increase, as applicable, the purchase order(s) with Script Care Ltd. (Script Care), in the amount of \$293,272 for FY 2024-25, pursuant to Amendment 13 of Contract 6826 for Pharmacy Administration Services previously approved by your Board on June 20, 2023 (Exhibit 3).

FISCAL IMPACT:

Mandatory: No
Source of Funding: VCMC – Operating Revenues/Collections/
Funding Match Required: None
Impact on Other Departments: N/A

Summary of Annual Revenues and Costs Under these Contracts:

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2026</u>
Revenue:	\$1,793,272	\$0
Direct Cost:	\$293,272	\$0
Indirect Cost:	\$1,000,000	\$0
Net Revenue (Cost)	\$500,000	\$0

CURRENT FISCAL YEAR BUDGET:

Current FY 2024-25 Budget Projections for Ventura County Medical System #3300				
	Adopted Budget	Adjusted Budget	Projected Actual	Estimated Savings/(Deficit)
Expenditures	\$720,985,484	\$720,985,484	\$720,985,484	\$0
Revenue	\$721,404,225	\$721,404,225	\$721,404,225	\$0
Operational Income/(Loss)	\$418,741	\$418,741	\$418,741	\$0

Sufficient revenue and appropriations are included in the FY 24-25 budget. The operational income includes "Operating Transfers In" that are primarily attributed to County contribution.

Table 1 Below Summarizes the Net Financial Impacts of the Contracts for FY 2024-25:

Provider	Recommendation No.	Exhibit No.	Current FY 2024-25 Encumbrance	FY 2024-25 Inc/<Decr>	FY 2024-25 Total Encumbrances
Accredo	1	1	\$0	\$0	\$0
Accredo	2	2	\$0	\$0	\$0
Script Care	3	3	\$0	\$293,272	\$293,272
Total			\$0	\$293,272	\$293,272

STRATEGIC PLAN PRIORITY:

The items presented in this Board letter support the Healthy, Safe, and Resilient Communities strategic priority of the County Strategic Plan as they are designed to meet the goal of providing access to quality healthcare required for our community to thrive.

DISCUSSION:

Pursuant to Government Code Section 25502.5, approval must be secured from your Board for all services that are expected to exceed the Purchasing Agent's authority (\$200,000 per contractor) during the fiscal year.

The County of Ventura participates in the 340B Drug Pricing Program (340B Program), which is a federal program administered by the Health Resources and Services Administration (HRSA). The 340B Program enables covered entities to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. The County of Ventura is registered with the 340B program as two distinct covered entities: Federally Qualified Health Center (FQHC) and Disproportionate Share Hospital (DSH). 340B covered entities may sign a written contract with one or more pharmacies to provide pharmacy services and 340B drugs to authorized patients. The FQHC and DSH covered entities are seeking to expand the current 340B contract pharmacy network with the addition of the Accredo Entities.

There will be no direct costs with the Accredo Entities. Instead, there will be an increase in costs with the pharmaceutical wholesaler used by Accredo which is McKesson. The Ventura County Medical System included \$1 million in its FY 2024-25 budget for this anticipated increase in wholesale pharmaceutical costs with McKesson. The \$1 million increase in wholesale pharmaceutical costs is expected to be offset by an increase in 340B revenue of \$1,500,000 resulting in a net increase of \$500,000 annually in 340B Program savings.

The FQHC and DSH covered entities also work with third party administrators to manage and oversee certain aspects of the 340B contract pharmacy relationships. The FQHC

item, please contact Jason Arimura, Associate Hospital Administrator-Ancillary Services, at (805) 652-6759.



John Fankhauser, M.D.
Chief Executive Officer, County Hospitals

Theresa Cho, M.D, MHA
Health Care Agency Director

Exhibits:

- Exhibit 1 – Accredo Amendment 2 re 340B ID CH 098480
- Exhibit 2 – Accredo Amendment 2 re 340B ID DSH 050159
- Exhibit 3 – Script Care Amendment 13 to Contract 6826