



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 15

Agenda Date: September 1, 2022

In Control: City Council A Session

DEPARTMENT: Health Department

DEPARTMENT HEAD: Claude Jacob

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Ordinance approving agreements with Walgreen Co. for 340B drug dispensing services for a revenue amount up to \$250,000 and Cardinal Health 110, LLC and Cardinal Health 112, LLC (Cardinal Health) to serve as the 340B prescription drug wholesale distributors for an amount up to \$250,000 associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program for a term commencing October 1, 2022 and ending September 30, 2023, with options to renew for two, one-year terms.

SUMMARY:

This ordinance will authorize agreements associated with the San Antonio Metropolitan Health District's participation in the 340B Prescription Drug Pricing Program with Walgreen Co. for 340B drug dispensing services for a revenue amount up to \$250,000 and Cardinal Health 110, LLC and Cardinal Health 112, LLC (Cardinal Health) to serve as the 340B prescription drug wholesale distributors for an amount up to \$250,000 for a term commencing October 1, 2022 and ending September 30, 2023 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.

Since 2019, the San Antonio Metropolitan Health District (Metro Health) has participated in the 340B Drug Pricing Program as a covered entity to provide low-cost prescription drugs to eligible patients seen at Metro Health clinics. With these agreements, Walgreen Co. will serve as a contract pharmacy and Cardinal Health will serve as a contract prescription drug wholesale distributor for Metro Health relating to the 340B Drug Pricing Program.

On March 11, 2022 and March 22, 2022, two (2) Request for Proposals (RFP) were issued to solicit responses from qualified Respondents for 1) a prescription drug dispensing services and to serve as a contract pharmacy, and 2) to serve as the 340B prescription drug wholesale distributors for Metro Health. The RFPs were advertised in the San Antonio Express-News, the San Antonio e-Procurement system, the City's Bidding and Contracting opportunities website, TVSA, and outreach notices were sent notifying potential respondents of the RFPs and how to apply. Pre-submittal conferences were held on March 21, 2022 and March 30, 2022, respectively to answer questions from potential Respondents.

The RFP for the 340B Drug Pricing Program Contract Pharmacy closed on April 14, 2022 and the RFP for the 340B Drug Pricing Program Vendor Wholesaler closed on April 25, 2022. Two (2) responses were received: one (1) response for the 340B Drug Pricing Program Contract Pharmacy and one (1) response for the 340B Drug Pricing Program Vendor Wholesaler. Both were deemed eligible for evaluation. Both responses were reviewed by a five-member Evaluation Committee which included representatives from Metro Health. The Evaluation Committee recommended awards to Walgreen Co. and Cardinal Health.

The Committee reviewed the respondent's Experience, Background, and Qualifications, Proposed Plan, and Pricing. By consensus vote, the committee is recommending to enter into agreements with Walgreen Co. to serve as a contract pharmacy and Cardinal Health to serve as the 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 for the 340B Prescription Drug Pricing Program. Specifically, Metro Health requests authorization of the agreements with Walgreen Co., a revenue agreement to provide 340B drug dispensing services as a contract pharmacy and Cardinal Health, an expenditure agreement to provide 340B drug wholesale distributor services to Metro Health. Drugs dispensed under this agreement will provide low-cost prescription drugs for eligible patients with a valid prescription treated at a Metro Health Clinic.

The Small Business Economic Development Advocacy (SBEDA) Ordinance requirements were

waived due to the lack of small, minority, and/or women businesses available to provide these goods and services.

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 and makes critical prescription drugs available to eligible clients at a low cost.

FISCAL IMPACT:

The agreements related to Metro Health's participation in the 340B Prescription Drug Pricing Program are for a term commencing October 1, 2022 and ending September 30, 2023, with 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 \$250,000. Revenue earned from the agreement with Walgreen Co. will fund the agreement with Cardinal Health to serve as the 340B prescription drug wholesale distributor for an amount up to \$250,000. The revenue will be recognized as Program Income in the Sexually Transmitted Disease (STD) Staff Support grant and the funding for the Cardinal Health agreement is budgeted and available in the Sexually Transmitted Disease (STD) Staff Support grant. There is no impact to the General Fund.

RECOMMENDATION:

Staff recommends approval of agreements with Walgreen Co. and Cardinal Health with options to renew for the 340B Prescription Drug Pricing Program to provide low-cost prescription drugs to eligible patients seen at Metro Health Clinics for a term beginning October 1, 2022 and ending September 30, 2023, with options to renew for two, one-year terms.

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