

MEMORANDUM
PLACER COUNTY HEALTH AND HUMAN SERVICES
Medical Clinics

TO: Honorable Board of Supervisors

FROM: Richard J. Burton, M.D., M.P.H.
Placer County Health Officer and Director of Health & Human Services
Maureen F. Bauman, Director of Adult System of Care and Medical Clinics

DATE: December 10, 2013

SUBJECT: Amend the Blanket Purchase Order with Rite Aid Pharmacy

ACTION REQUESTED:

1. Approve a change order to Blanket Purchase Order (BPO) BP020391 with Rite Aid Pharmacy increasing the amount \$1.7 million with no additional net County cost for a revised total of \$3,870,000 through December 31, 2013, and authorize the Purchasing Manager to sign the resulting change order to fulfill the County's Health & Safety Code Section 1442.5(b)(1) obligation.

BACKGROUND:

In August 2012 this Board established the Placer Medicaid Coverage Expansion Program (MCE) allowing Placer County to match the County dollars already budgeted for services to the medically indigent with Federal dollars. Placer County was required to establish a Maintenance of Effort (MOE) and was required to continue to spend what had been previously expended for these services. This has allowed this program to be implemented with no increase of County general funds. The program provided health care to this increased population through contracts with WellSpace Health and Chapa De Indian Health as well as 147 specialists. The health services provided to this population are more comprehensive and preventative than previously provided. This program terminates on December 31, 2013, when these 3,700 people will transition to Medi-Cal and no longer be a County responsibility.

The BPO with Rite Aid was based on estimates of usage (anticipating some expansion). The demand for medical services and the subsequent increase in prescriptions has been unprecedented. This is a result of the early implementation of health care reform which has allowed Placer County to provide an expanded health care benefit and services to more than 3,700 people. This represents an 85 percent increase in the number of individuals served compared to utilization of the Medical Care Services Program (MCSP) in the previous year.

The Board approved an increase in the Rite Aid Pharmacy BPO on August 20, 2013. At that time it was believed that the growth of the pharmacy service would continue to escalate at the same rate. However, the growth of the medical service and resulting pharmacy service has escalated at a faster rate since that time. Factors include a larger number of people enrolled in the program, a greater impact than anticipated with the County pharmacy closure, and the elimination of the pharmaceutical assistance program.

This request is to increase the Rite Aid pharmacy BPO \$1.7 million until the contract terminates on December 31, 2013. At that time, Placer County will only be responsible for medications for people who are part of the County's residual indigent responsibilities, currently estimated at less than 20 people.

FISCAL IMPACT:

The increased expenditures in the requested action are included in the FY 2013-14 Final Budget and are fully funded by Federal/State revenues with no General Fund required.

