

# **340B ADVISORY COMMITTEE UPDATE DECEMBER 2019**

## **340B ADVISORY COMMITTEE**

Members: C. Dean Germano (Chair)  
Viola Lujan  
Kathryn Powell  
Amir Khoyi, PharmD  
Dan Santi

PHC Staff: Elizabeth Gibboney, CEO  
Sonja Bjork, COO  
Robert L. Moore, MD, MPH, MBA, CMO  
Patti McFarland, CFO  
Wendi West, Northern Executive Director  
Amy Turnipseed, Senior Director of External and Regulatory Affairs  
Michelle Rollins, Director of Legal Affairs  
Stan Leung, PharmD, Director of Pharmacy Services  
Tony Hightower, Associate Director of Pharmacy Operations  
Dawn R. Cook, Pharmacy Services Program Manager

## **INTRODUCTION:**

The last 340B Advisory Committee Meeting took place on September 25, 2019.

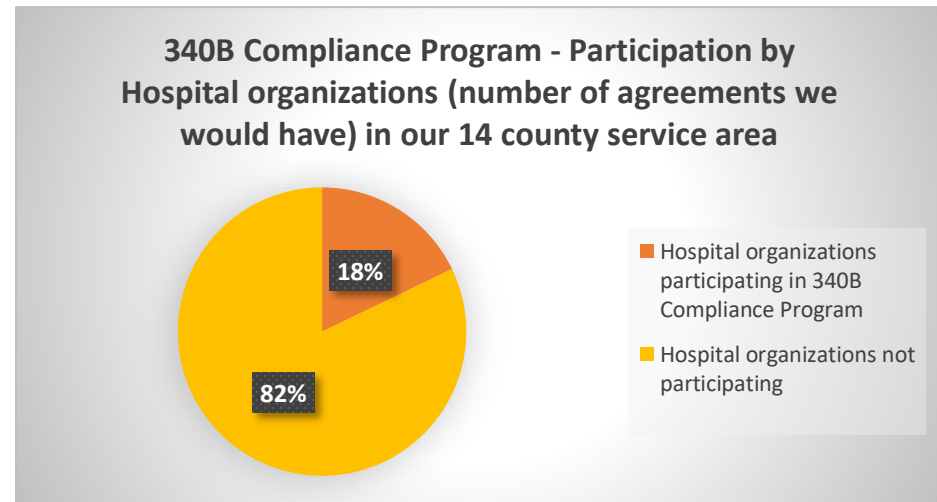
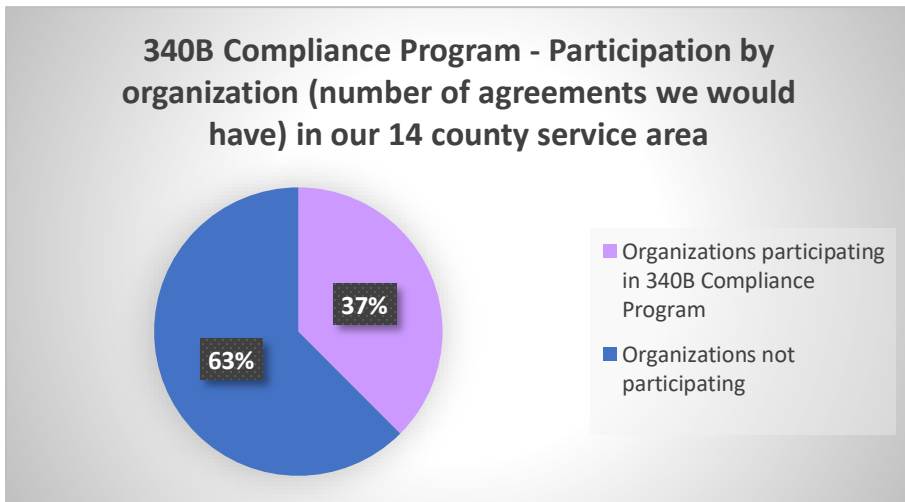
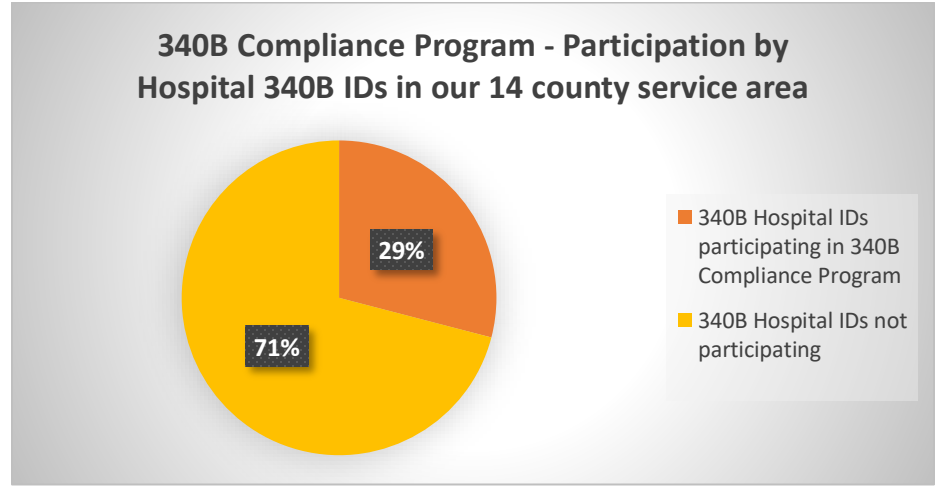
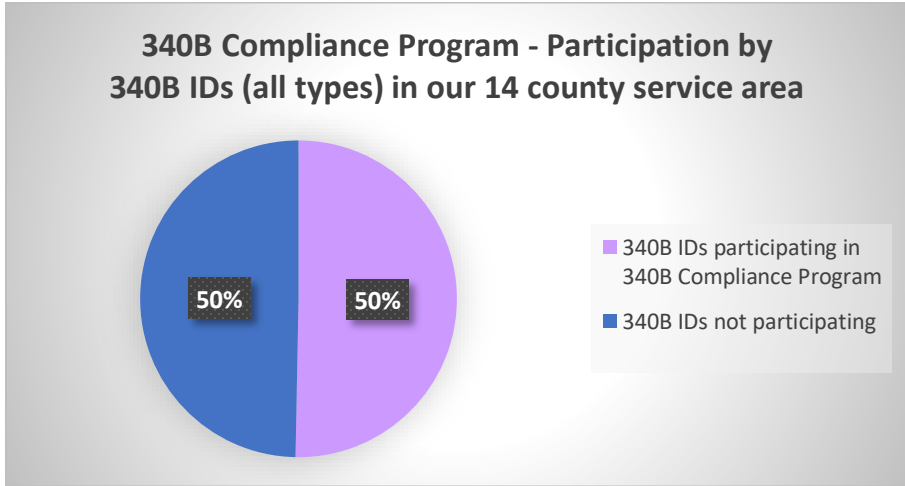
## **UPDATE:**

### **340B Contracting Update:**

**As of December 31, 2019**, there are 328 340B IDs/sites (148 of which are tied to hospitals) in PHC's 14 county service area, which are eligible to participate in the 340B Program. The 328 340B IDs/sites would equate to 80 340B Compliance Program Agreement (of which 28 agreements would be tied to the 148 hospital IDs/sites).

# 340B ADVISORY COMMITTEE UPDATE DECEMBER 2019

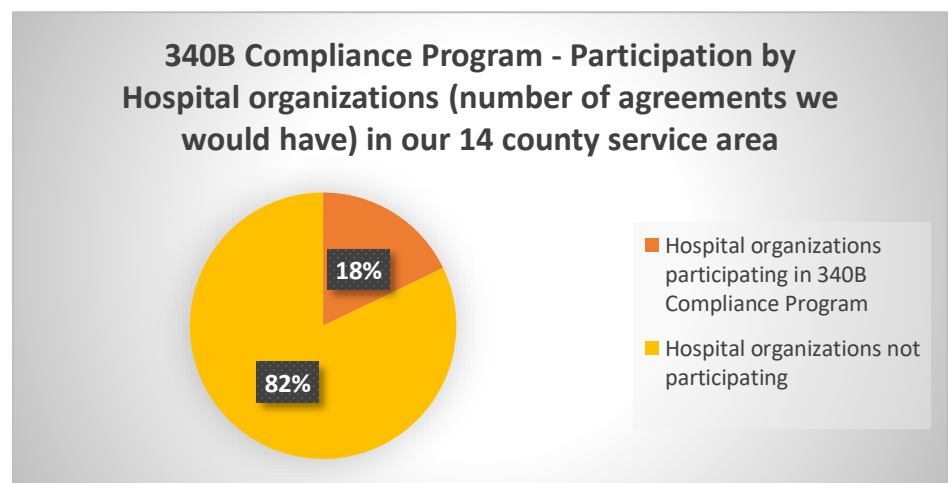
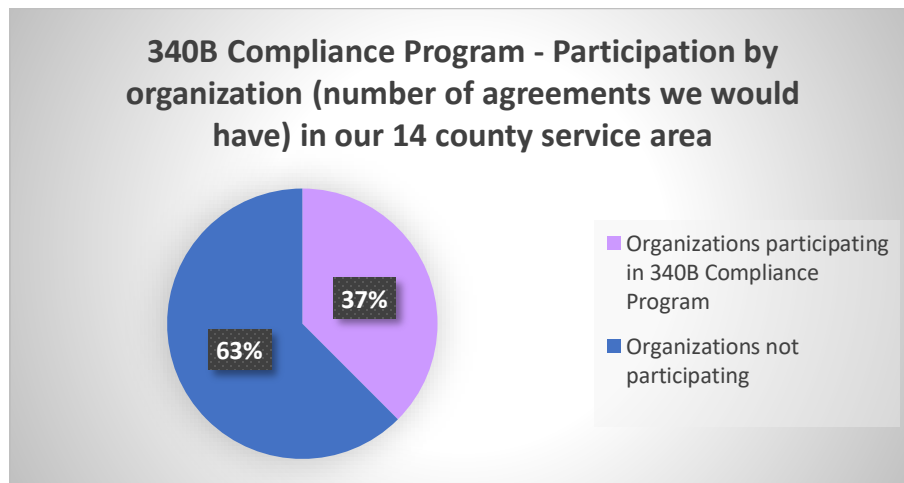
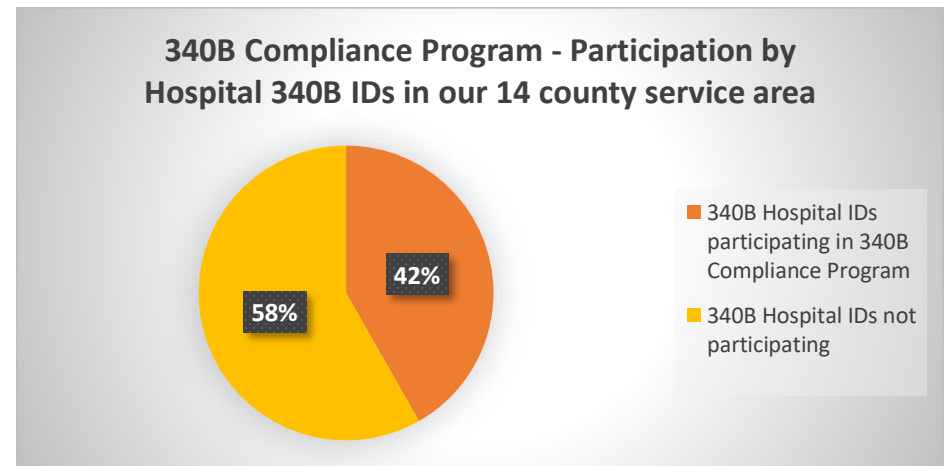
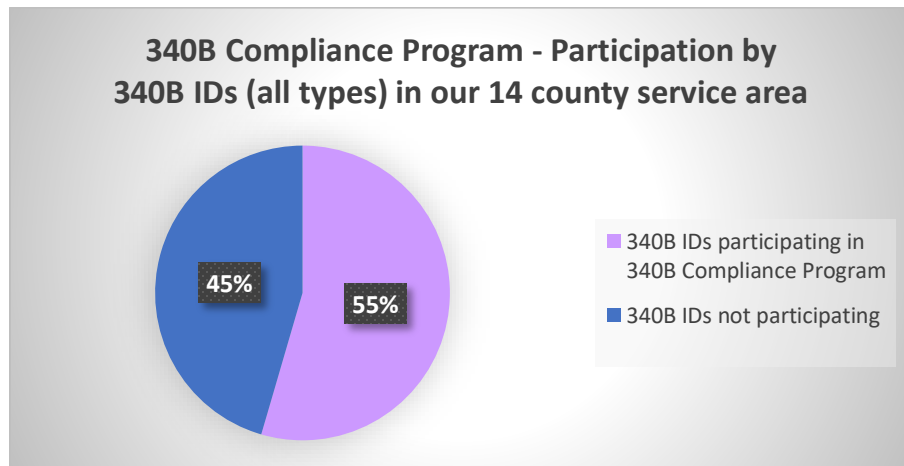
As of December 31, 2019, there are 30 active 340B Compliance Program Agreements, so 30 340B Participating Entities. Those 30 active 340B Compliance Program Agreements cover 165 340B IDs/sites (43 of which are tied to hospitals).



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As of January 1, 2020, there will be 365 340B IDs/sites (182 of which will be tied to hospitals) in PHC's 14 county service area, which will be eligible to participate in the 340B Program. The 365 340B IDs/sites would equate to 80 340B Compliance Program Agreement (of which 28 agreements would be tied to the 182 hospitals IDs/sites).

As of January 1, 2020, there will still be 30 active 340B Compliance Program Agreements, so 30 340B Participating Entities. Those 30 active 340B Compliance Program Agreements will cover 199 340B IDs/sites (76 of which will be tied to hospitals).



## **340B ADVISORY COMMITTEE UPDATE DECEMBER 2019**

There are currently no new 340B Compliance Program Agreements in process or being reviewed.

With regard to 340B Covered Entities with whom PHC had previously been in contact, though Ms. Cook reached out to Adventist Health multiple times regarding their interest in the 340B Compliance Program, there has been no response to date.

In mid-December 2019, Ms. Cook contacted Jerold Phelps Community Hospital, as they were interested in the 340B Compliance Program, but wanted to wait to make a decision for the new year. Jerold Phelps Community Hospital wanted to reconsider participation in the 340B Compliance Program for 2020. To date, Ms. Cook has not received any response.

Additional information tied to the Governor's Executive Order (N-01-19) will help determine the future of PHC's 340B Compliance Program.

### **Financial Summary:**

The information provided in the table below reflects data provided by 340BX Clearinghouse regarding the reclassification process and invoicing tied to the 340B Compliance Program.

# 340B ADVISORY COMMITTEE UPDATE

## DECEMBER 2019

Financial summary for 6/1/19 to 9/30/19

7/1/19 to 9/30/19											
Entity	340B Paid Match Claim Count	340B Reversal Claim Count	Walgreens 340B Paid Match Claim Count	Walgreens 340B Reversal Match Claim Count	Wellpartner 340B Paid Match Claim Count	Wellpartner 340B Reversal Match Claim Count	SunRx 340B Paid Match Claim Count	SunRx 340B Paid Reversal Claim Count	340BX Compliance Fee	PHC 340B Compliance Fee	Total 340B Compliance Fees
Alliance Medical Center	59	0	16	1	0	0	0	0	\$ 187.50	\$ 18.75	\$ 206.25
CommuniCare Health Centers	275	2	0	0	0	0	0	0	\$ 687.50	\$ 68.75	\$ 756.25
Fairchild Medical Center	363	4	0	0	0	0	0	0	\$ 907.50	\$ 90.75	\$ 998.25
Hill Country Community Clinic	235	2	0	0	0	0	0	0	\$ 587.50	\$ 58.75	\$ 646.25
La Clinica De La Raza	0	0	1,831	8	0	0	0	0	\$ 4,577.50	\$ 457.75	\$ 5,035.25
Lake County Tribal Health Consortium, Inc.	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -
Long Valley Health Center	76	1	0	0	0	0	0	0	\$ 190.00	\$ 19.00	\$ 209.00
Marin Community Clinic Inc.	623	11	0	0	0	0	0	0	\$ 1,582.50	\$ 158.25	\$ 1,740.75
McCloud Healthcare Clinic	78	0	0	0	0	0	0	0	\$ 195.00	\$ 19.50	\$ 214.50
Mendocino Coast Clinics, Inc.	208	1	0	0	0	0	0	0	\$ 520.00	\$ 52.00	\$ 572.00
Mendocino Coast District Hospital	75	0	0	0	0	0	0	0	\$ 187.50	\$ 18.75	\$ 206.25
Mendocino Community Health Clinics, Inc.	747	15	348	1	0	0	0	0	\$ 2,737.50	\$ 273.75	\$ 3,011.25
Mountain Valleys Health Centers, Inc.	165	0	0	0	0	0	0	0	\$ 412.50	\$ 41.25	\$ 453.75
NorthBay Healthcare Group	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ 5,486.25
Northeastern Rural Health Clinics, Inc.	141	1	0	0	0	0	0	0	\$ 352.50	\$ 35.25	\$ 387.75
Ole Health	0	0	0	0	0	0	6,200	25	\$ 15,500.00	\$ 1,550.00	\$ 17,050.00
Open Door Community Health Centers	0	0	2,433	6	3,684	37	0	0	\$ 15,292.50	\$ 1,529.25	\$ 16,821.75
Petaluma Health Center	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -
Redwoods Rural Health Center	8	0	0	0	0	0	0	0	\$ 20.00	\$ 2.00	\$ 22.00
Santa Rosa Community Health Centers	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -
Shasta Community Health Centers	1,493	8	1,299	3	0	0	0	0	\$ 7,000.00	\$ 700.00	\$ 7,700.00
Shingletown Medical Center	32	2	21	0	0	0	0	0	\$ 136.50	\$ 13.25	\$ 149.75
Solano, County of	0	0	0	0	0	0	0	0	\$ -	\$ -	\$ -
Sonoma Valley Community Health Center	79	0	0	0	0	0	0	0	\$ 197.50	\$ 19.75	\$ 217.25
Winters Healthcare Foundation	51	1	0	0	0	0	0	0	\$ 127.50	\$ 12.75	\$ 140.25
<b>QUARTER TOTALS:</b>	<b>4,708</b>	<b>48</b>	<b>6,937</b>	<b>22</b>	<b>4,690</b>	<b>41</b>	<b>6,200</b>	<b>25</b>	<b>\$ 56,386.50</b>	<b>\$ 5,638.25</b>	<b>\$ 62,024.75</b>
<b>TOTAL 340B CLAIMS RECLASSIFIED BY 340BX CLEARINGHOUSE THIS QUARTER:</b>									<b>22,535</b>		

## 340B ADVISORY COMMITTEE UPDATE DECEMBER 2019

Month	CRX 340B Paid Match Claim Count	CRX 340B Reversal Claim Count	Walgreens 340B Paid Match Claim Count	Walgreens 340B Reversal Match Claim Count	Wellpartner 340B Paid Match Claim Count	Wellpartner 340B Reversal Match Claim Count	SunRx 340B Paid Match Claim Count	SunRx 340B Paid Reversal Claim Count	340BX Compliance Fee	PHC 340B Compliance Fee	Total 340B Compliance Fees
July-19	1824	15	1281	8	594	9	1952	4	\$14,127.50	\$1,412.75	\$15,540.25
August-19	1535	18	2979	5	2595	6	2027	13	\$22,862.50	\$2,286.25	\$25,148.75
September-19	1349	15	2677	9	1501	26	2221	8	\$19,396.50	\$1,939.25	\$21,335.75
<b>TOTAL:</b>	<b>4,708</b>	<b>48</b>	<b>6,937</b>	<b>22</b>	<b>4,690</b>	<b>41</b>	<b>6,200</b>	<b>25</b>	<b>\$56,386.50</b>	<b>\$ 5,638.25</b>	<b>\$ 62,024.75</b>
<b>TOTAL 340B CLAIMS RECLASSIFIED BY 340BX CLEARINGHOUSE THIS QUARTER:</b>									<b>22,535</b>		

### 340B Compliance Program Agreement and DHCS:

As discussed at the 340B Advisory Committee Meeting on September 25, 2019, PHC submitted the updated 340B Compliance Program Agreement to DHCS for review and approval on April 25, 2019.

On June 25, 2019, PHC received a response from Paul Nguyen, PharmD, MBA, Pharmaceutical Consultant II, for the Pharmacy Operations Branch at DHCS. Dr. Nguyen provided “findings” from his review and requested a response no later than close of business (COB) on July 2, 2019.

After internal discussions, on June 28, 2019, PHC requested a 60-day extension in order to submit a draft of the updated 340B Compliance Program Policy and compile the data element list requested in the “findings.”

On July 3, 2019, Dr. Nguyen indicated that PHC was granted the 60-day extension and submission of requested information would be due by close of business (COB) on September 5, 2019.

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On September 5, 2019, PHC submitted the draft of the updated 340B Compliance Program Policy, as well as the list of Contract Pharmacies which included all data fields requested by DHCS which were available to the public.

On September 12, 2019, Dr. Nguyen spoke with Stan Leung, PharmD, Director of Pharmacy Services at PHC. Per that call and a follow-up e-mail outlining that call, Dr. Nguyen indicated DHCS required additional information. PHC was asked to provide the physical location/address for all contracted pharmacies and their associated covered entities within PHC's network, as well as, the contract pharmacy inventory type (virtual or physical). Dr. Nguyen indicated PHC should inform DHCS as to how much time will be needed to gather the additional information.

PHC requested additional time from DHCS to complete their request. On September 20, 2019, PHC was granted a 120-day extension to complete the request, which made the due date approximately January 17, 2020. PHC submitted the information requested by DHCS on December 20, 2019. On December 24, 2019, Dr. Nguyen e-mailed Dr. Leung indicating his team had completed review of PHC's policy and procedures and found them to be in compliance with 42 U.S. Code § 256b and the requirements in the proposed 340B All Plan Letter (APL). PHC could anticipate receipt of a formal approval from its Contract Manager.

### **Governor's Executive Order:**

On January 7, 2019, Governor Gavin Newsom issued an Executive Order (N-01-19) ordering that DHCS take all necessary steps to transition all pharmacy services from Medi-Cal Managed Care to a Fee-For Service (FFS) benefit by January 2021 in order to create significant negotiating leverage on behalf of over 13 million Californians and generate substantial annual savings.

The DHCS was to complete a review of all State purchasing initiatives and consider additional options to maximize the State's bargaining power, including the Medi-Cal program by July 12, 2019.

On August 22, 2019, DHCS released the Request for Proposal (RFP) #19-96125 Medi-Cal Rx in response to Executive Order N-01-19.

[https://www.dhcs.ca.gov/provgovpart/rfa\\_rfp/Pages/CSBmcrxHome.aspx](https://www.dhcs.ca.gov/provgovpart/rfa_rfp/Pages/CSBmcrxHome.aspx)

- The RFP solicited proposals for the takeover, operation and eventual turnover of the administration of the Medi-Cal FFS pharmacy services from firms that would be able to provide administrative services for managing the FFS pharmacy benefit to Medi-Cal beneficiaries.
- DHCS intends to make a single contract award for Medi-Cal Rx services to the most responsive and responsible firm earning the highest score.
- RFP #19-96125 included a time schedule for the various stages of the process.
  - Proposal Due Date: October 1, 2019
  - Notice of Intent to Award Posted: November 7, 2019

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- Appeal Deadline: November 15, 2019
- Contract Award Date: November 18, 2019
- Proposed Start Date Agreement: November 18, 2019 or when approved by DHCS, whichever is later

On November 7, 2019, a Notice of Intent to Award (NOIA) was released. Per that NOIA, DHCS announced its intent to award the contract to Magellan Medicaid Administration, Inc., based in San Diego, CA. The last day to appeal the award was November 15, 2019 by 4:00 PM PST.

On December 12, 2019, the contract was officially awarded to Magellan Medicaid Administration, Inc.

PHC is waiting on formal documentation outlining what its responsibilities will be following the go live date for the carve-out of the pharmacy benefit (still set for January 1, 2021).

### **340B Coalition Conferences:**

Ms. Cook will not be attending the 340B Coalition Winter Conference 2020 in San Diego, CA from February 10, 2020 through February 13, 2020. There will be a California Roundtable discussion held at the conference addressing the 340B-related concerns tied to the Governor's Executive Order (N-01-19).

### **NEXT 340B ADVISORY COMMITTEE MEETING:**

The next 340B Advisory Committee Meeting is scheduled for Monday, March 23, 2020, from 1:00 PM to 2:25 PM.

### **QUESTIONS/COMMENTS:**

If you have any questions or comments, please forward them to the Pharmacy Services Program Manager at [340BQIP@partnershiphp.org](mailto:340BQIP@partnershiphp.org).