



San Joaquin County Clinics (SJCC)

**Minutes of April 1, 2020
Emergency Board Meeting**

**San Joaquin General Hospital
Web Conference Meeting**

ATTENDEES: Rod Place (Chairman); Luz Maria Sandoval (Treasurer); Brian Heck (Board Member); Mary Mills (Board Member); Melanie Toutai (Board Member); Dr. Farhan Fadoo (SJCC Executive Director); Alice Soulligne (SJCC COO); Kristopher Zuniga (SJCC Interim CFO); Adelé Gribble (ACS OTC)

ABSENT: Alicia Yonemoto (Vice-Chair); Ismael Cortez (Secretary); Mike Baskett (Board Member); Alvin Maldonado (Board Member); Esgardo Medina (Board Member)

AGENDA ITEM	ATTACHMENTS	ACTION
<p>1. <u>Introduction & Establish Quorum (Rod Place, Board Chair)</u></p> <p>a. Call to Order & Establish Quorum Rod Place called the meeting to order at 4:04 p.m.</p> <p>b. SJCC Board Members accounted for by roll call and a quorum was established for today's meeting.</p> <p>c. Introductions Due to this being a web conference, each attendee identified themselves over the phone.</p>		
<p>2. <u>Walgreens Agreement (Kris Zuniga)</u></p> <p>Kris Zuniga presented the proposed agreement for board review and approval. Walgreens agrees to fill prescriptions of San Joaquin County Clinic eligible patients at specific Walgreens locations based on SJCC patient zip codes. They have already taken a look at our patient volumes. They have selected eight stores that our patients most visit. All of our patients are eligible for us to benefit from, except for our straight MediCal patients. This is true across all states. Straight Medicaid fee for service population is excluded from 340B program contracts. Our payer mix is only 10% straight Medicaid, straight MediCal. The other 90% allows us to benefit from a 340B program. The bulk of that 90% comes from our Managed Care MediCal patients.</p> <p>The State of California via the state plan amendment that will be effective as of January 1st, 2021 eliminated the benefit that we can take advantage of for our Managed Care MediCal patients. That is a big piece of our population. What it means is we will be able to see revenues from July 1st, 2020 through December 31st, 2020 for those patients. Because of the developments with COVID-19, FQHCs, all healthcare providers, need as much resources as they can to service the public in general, so it would not be surprising for that to be lifted and not enforced. Therefore, the covered entities would be able to continue to see the benefit from their Managed Care MediCal population.</p>	<p>Walgreens 340B Contract Pharmacy Services Agreement</p> <p>Walgreens Revenue Estimate</p>	<p>Brian Heck made a motion to approve the Walgreens Agreement, Luz Maria Sandoval seconded the motion and the board unanimously approved.</p>

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<p>Walgreens will provide inventory management services which will utilize and replenish drugs at 340B pricing. Inventory will be reconciled monthly.</p> <p>Why is this advantageous for Walgreens to engage in this? Under this program, we buy the drugs at our discounted rate. Without a 340B situation, that pharmacy buys drugs on the open market. We are servicing as their supplier and they don't have those drug costs anymore. They are receiving a dispensing fee and not realizing any of the cost of the drugs anymore. This is their incentive for participating in a program like this. There are rules, regulations, audits and lots of compliance that need to be adhere to when conducting a 340B program. The inventory that belongs to our patients gets dispensed to our patients only, not to other customers of Walgreens. Their inventory will be reconciled monthly. They have developed a proprietary tracking system (340B Complete) that will ensure the avoidance of diversion of 340B drugs to individuals who are not 340B eligible patients. Because it is a high compliance/high audit environment, Walgreens agrees to furnish and keep records for the purposes of compliance and audit and whenever we undergo audit, we will notify Walgreens.</p> <p>Which locations will be a part of this program? There are eight locations, mostly in Stockton but also in Manteca and Lathrop. These were the highest volume locations that showed up in Walgreens' analysis. Our responsibility is to provide all eligible patients with a valid prescription. Further, SJCC will provide a relationship with a drug supplier for which Walgreens will approve.</p> <p>Finally, our responsibility is to pay any outstanding amounts due to Walgreens within thirty days of them issuing an invoice. They have the same stipulation on their end as well. Any amounts outstanding due to SJCC will be paid within thirty days of invoicing as well.</p> <p>On a monthly basis, Walgreens will issue an invoice which will detail an amount due to Walgreens and a simultaneous amount due to San Joaquin. The two amounts will be netted and the difference will be sent to SJCC via electronic funds transfer.</p> <p>This is a three-year contract which goes under auto-renew for one-year periods after the first initial three-year period. We do have the ability to terminate the contract for cause or without cause with a thirty-day written notice.</p> <p>What will we be paying Walgreens? There is a fifty-cent administrative fee for the inventory management services and a thirteen-dollar dispensing fee for the purposes of dispensing the drugs to our patients. Both of these are per prescription prices. Annually this pricing will adjust in alignment with the consumer price index; as it goes up, so do these fees.</p> <p>Monthly Revenue Estimate for Walgreens Contract</p> <table border="1" data-bbox="178 1214 611 1498"> <thead> <tr> <th>3-month scripts (from volume analysis)</th> <th>Per Month</th> <th>@ \$15 net to SJCC per script (conservative estimate)</th> </tr> </thead> <tbody> <tr> <td>566</td> <td>188.67</td> <td>2,830</td> </tr> <tr> <td>555</td> <td>185.00</td> <td>2,775</td> </tr> <tr> <td>434</td> <td>144.67</td> <td>2,170</td> </tr> <tr> <td>426</td> <td>142.00</td> <td>2,130</td> </tr> <tr> <td>242</td> <td>80.67</td> <td>1,210</td> </tr> <tr> <td>235</td> <td>78.33</td> <td>1,175</td> </tr> <tr> <td>219</td> <td>73.00</td> <td>1,095</td> </tr> <tr> <td>190</td> <td>63.33</td> <td>950</td> </tr> <tr> <td>2867</td> <td>955.67</td> <td>14,335</td> </tr> </tbody> </table> <p>Kris advised this is a conservative example of what we can possibly estimate. He does not wish to overstate the benefits and have us realize financials that don't measure up to the estimates that we've talked about.</p> <p>Walgreens took three months volume from our patients; how many prescriptions are being filled at their locations. These are the actuals for our patients at the eight locations mentioned. This is an estimate of what we would realize, with no changes in the State plan amendment. The idea is we should take advantage of this program for as long as we can.</p>	3-month scripts (from volume analysis)	Per Month	@ \$15 net to SJCC per script (conservative estimate)	566	188.67	2,830	555	185.00	2,775	434	144.67	2,170	426	142.00	2,130	242	80.67	1,210	235	78.33	1,175	219	73.00	1,095	190	63.33	950	2867	955.67	14,335		
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<p>Brian Heck made a motion to approve the contract and move forward with the Walgreens relationship. Luz Maria Sandoval seconded the motion and the board unanimously approved the agreement.</p>		
<p>3. <u>Adjournment</u></p> <p>There being no further topics to discuss, Rod Place adjourned the meeting at 4:25 p.m.</p>		

Signed by:

RESPECTFULLY SUBMITTED ON BEHALF OF SJCC BOARD BY:
ADELÉ R. GRIBBLE, OFFICE TECHNICIAN COORDINATOR
ACS ADMINISTRATION, SAN JOAQUIN COUNTY CLINICS

Date