



AGENCY: City Council
MEETING DATE: September 25, 2023
DEPARTMENT: City Manager/Administration
PRESENTED BY: Peggy Ducey

AGENDA ITEM SUMMARY

TITLE:

Authorize City Manager to Execute Memorandum of Agreement with Mendocino Coast Adventist Hospital to Allow Participation in 340B Program, a Charitable Drug Discount Program

ISSUE:

On September 28, 2020, the City Council approved a Memorandum of Agreement (MOA) with Adventist Health Mendocino Coast (AHMC) authorizing Adventist Health to apply and enroll in the Section 340B of the Public Health Services Act program (340B program). The 340B program is a US federal government program created in 1992 that requires drug manufacturers to provide outpatient drugs to eligible health care organizations and covered entities in order to stretch scarce resources by lowering medication costs and reaching more patients. The action now is to consider adopting a new Memorandum of Understanding with Adventist Hospital Mendocino Coast so they may continue participating in the 340B Program.

ANALYSIS:

The Medicaid Drug Rebate Program was created in 1990, requiring that pharmaceutical manufacturers provide rebates for medication purchases to Medicaid beneficiaries as a condition of having their products covered by Medicaid. In response, Congress created the 340B program in 1992. The law protects specific clinics and hospitals (covered entities) from drug price increases and give access to price reductions. Pharmaceutical manufacturers participating in Medicaid and Medicare Part B are required to enter into the pharmaceutical pricing agreement to provide discounts on covered outpatient drugs purchased by government-supported facilities, who are expected to serve the nation's most vulnerable patient populations. In cases where the covered entity treats an insured patient with discounted medication, the federal government or the patient's private insurance usually reimburses the entity for the full price of the medication, and the entity is able to retain the difference. That difference is used to fund indigent care.

To help support these services, AHMC desires to participate in the drug discount program established under Section 340B of the Public Health Services Act (the "340B Program"), which provides discounts on outpatient drugs to certain safety net health providers, including Title X agencies. However, the MOA approved in 2020 has changed. AHMC now asks that the City extend the formalized commitment for at least another year by executing an MOA that is substantially similar to the previous memorandum of understanding (MOU), save for the addition of a required dispute resolution process that is to the benefit of both the City and AHMC. As AHMC wishes to continue participation in the 340B Program, it is now requesting the execution of the attached Memorandum of Agreement (MOA).

The City's role in this MOA is to accept AHMC's commitment, acknowledge that these health care services provided by AHMC are in the public interest, and acknowledge that AHMC is providing these services at no reimbursement or considerably less than full reimbursement from the patients. ***There is no financial or administrative responsibility for the City.***

RECOMMENDED ACTION:

Adopt resolution authorizing the City Manager to execute the MOA authorizing Adventist Health Mendocino Coast to submit the certification and application to enroll in the 340B program.

ALTERNATIVE ACTION(S):

Do not adopt the resolution and direct staff to explore other alternatives.

FISCAL IMPACT:

There is no financial impact to the City of Fort Bragg, but the 340B program provides funding to stretch scarce health care resources further in treatment of local indigent patients.

GREENHOUSE GAS EMISSIONS IMPACT:

The agreement by does not impact greenhouse gas emissions.

CONSISTENCY:

The MOU is consistent with the City Council's support of Measure C in 2018, which established an additional parcel tax to support the Mendocino Coast District Hospital operations and support of Measure C in 2019, which approved the lease and management agreement with Adventist Health.

IMPLEMENTATION/TIMEFRAMES:

N/A

ATTACHMENTS:

1. MOA Resolution
2. Memorandum of Agreement with authorizing Adventist Health Mendocino Coast

NOTIFICATION:

1. Judy Leach, AHMC, leachjl@ah.org
2. Michelle Norvell, AHMC, norvellm@ah.org