

SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor	<u>Mello & Ponaman Enterprises, LLC dba</u>	Division/Section:	<u>SFHN/SFGH/PC</u>
	<u>Ponaman Healthcare Consulting</u>	Director SFHN	<u>Roland Pickens</u> <i>Roland Pickens</i>
Address	<u>4130 E. Van Buren Street, Suite 350</u>	DPH Administrator:	<u>David Woods</u> <i>David Woods</i>
	<u>Phoenix, AZ 850008</u>	Program Manager:	<u>Swati Patel</u> Phone <u>206-8462</u>
Contact	<u>Sandi Einbinder</u>	Contract Analyst:	<u>Florence Kyaun</u> Phone <u>554-2694</u>

Request for approval of a new contract with Ponaman Healthcare Consulting for Comprehensive 340B Program Opportunity and Compliance Assessments, Outpatient Purchasing (Split-Billing) and Contract Pharmacy Audits in the amount of \$401,035 for San Francisco General Hospital and the SF Community Clinic Consortium for the term of November 1, 2015, to October 31, 2018 (36 months).

Profit Non-Profit LBE RFQ – Number: 19-2015 Date: 7/2/2015

New Renewal Mod Sole Source – Approval Date: _____

Number of years DPH has been doing business with this organization: 0

<u>CONTRACT INFORMATION:</u>	<u>Prior Transaction</u>	<u>Proposed Transaction</u>	<u>Annualized Difference</u>
	(new)	11/1/2015 – 10/31/2018	
Funding Sources:			
General Fund		\$358,068	\$358,068
TOTAL DPH REVENUES		\$358,068	\$358,068
12% Contingency Amount		\$42,967	\$42,967
CONTRACT TOTAL		\$401,035	\$401,035
<i>ANNUAL AMOUNT OF CONTRACT (estimate)</i>		\$119,355	\$119,355
Agency Funds		-\$0-	-\$0-
Contract FTE		N/A	N/A

<u>PROPOSED:</u>	<u>No. of Clients</u>	<u>Number</u>	<u>Unit Cost</u>
<u>Mode(s) of Service & Unit of Service Definition</u>	<u>Duplicated</u>	<u>of</u>	<u>(avg.)</u>
	<u>Unduplicated</u>	<u>Units</u>	
Comprehensive 340B Program Opportunity and Compliance Assessment – Hospital	N/A	3	\$18,054.35
Comprehensive 340B Program Opportunity and Compliance Assessment – CHC Consortium		3	\$18,054.35
Outpatient Purchasing (Split-Billing) & Contract Pharmacy Audits - Hospital		3	\$11,110.37
Outpatient Purchasing & Contract Pharmacy Audits – CHC Consortium		3	\$11,110.37
Quarterly Review of Covered Entity Prescribing Records with Contract Pharmacy's 340B Dispensing Records – Hospital		12	\$4,166.39
Quarterly Review of Covered Entity Prescribing Records with Contract Pharmacy's 340B Dispensing Records – CHC Consortium		12	\$4,166.39
Ongoing Technical Support for 340B Operations, Compliance, Program Development Efforts, and HRSA Audit Responses		270 hours	\$277.76/hr
Travel (three year)			\$8,091
<i>Unit costs include a 1% annual increase beginning in year 2.</i>			

Explanation of Service Change and Variances:

This is a new contracts.

Monitoring Report/Program Review & follow-up:

The contracts will be monitored in accordance with all applicable Departmental procedures.

Nondiscrimination and Cultural Competency:

The Contractor will participate in applicable cultural competency requirements for the upcoming year.

Other Significant Issues:

SFDPH requires a comprehensive program review by an independent program auditor for all aspects of the SFGH and SFCCC 340B programs, including all child sites and contract pharmacy arrangements, to ensure compliance with current 340B and Medicaid program requirements. In addition the independent program auditor will help SFDPH optimize the current 340B program to potentially expand access to patients and decrease drug spending. Specifically the auditor will evaluate and validate current processes for patient eligibility; procurement, distribution, dispensing, and billing of 340B medications; compliance with the GPO prohibition; proper 340B database registration with Health Resources and Service Administration (HRSA); accurate 340B inventory and record keeping; drug diversion, and duplicate discount compliance.

Health Resources and Service Administration (HRSA) expects covered entities to conduct annual independent audits to ensure contract pharmacies are following program compliance requirements. If non-compliance with program requirements are found, Health Resources and Service Administration (HRSA) of the US Department of Health and Human Services can revoke the covered entity's participation in the program. Without the 340B program, DPH will incur a large increase in drug spend, estimated to be 3-4 million of dollars per year.

Mello & Ponaman Enterprises, LLC dba Ponaman Healthcare Consulting (PHC) is a limited liability company comprised of consultants, analysts, administrators and an extended team of medical specialists. PHC was formed in 2001 by Scott Ponaman specifically to help safety net health care organizations and has transformed over the years to concentrate on preparing for and implementing 340B Pharmacy Programs and Solutions as well as other government programs. By analyzing data gathered from hospitals that are involved in the Health Resources and Services Administration (HRSA) audits, PHC has developed templates to prepare clients for all aspects of the HRSA audit. In addition, PHC assesses clinical environments to help organizations qualify for 340B Program inclusion, ensure compliance and help clients meet efficiency and revenue objectives. Ponaman Healthcare Consulting was a successful respondent to RFQ 19-2015.

Listing of Board of Directors, Owners of 10% or More of the Firm, and Executive Director:

Board of Directors

None

Owners:

Scott L. Ponaman and Judith Mello, MD

Recommendations:

The Department recommends approval of this contract.

