

SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor	<u>PSG 340B Solutions</u>	Division/Section:	<u>SFHN – ZSFG</u>
		SFHN Director:	<u>Roland Pickens</u>
Address	<u>2901 N. Dallas Parkway, Suite 420</u>	DPH Administrator:	<u>David Woods, Chief Pharmacy Officer</u>
	<u>Plano, TX 75093</u>	Program Manager:	<u>Jessica Galens</u> Phone <u>206-8860</u>
Contact	<u>Anita Anderson, Sales Director</u>	Contract Analyst:	<u>Arlene Lee</u> Phone <u>554-2938</u>

Request for approval of a new contract for a 340B Split Billing Software Solution for the San Francisco Department of Public Health in the amount of \$622,720 for the term of February 1, 2017 through January 31, 2022 (60 months).

Profit Non-Profit LBE RFP – Number: 10-2016 Date: 8/1/2016
 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</u>
	<u>(new)</u>	<u>2/1/17 – 1/31/2022</u>	<u>Difference</u>
Funding Sources:			
General Fund		\$556,000	\$556,000
TOTAL DPH REVENUES		\$556,000	\$556,000
12% Contingency Amount		\$66,720	\$66,720
CONTRACT TOTAL		\$622,720	\$622,720
<i>ANNUAL AMOUNT OF CONTRACT (estimate)</i>		\$124,544	\$124,544
Agency Funds		\$0	\$0
Contract FTE		N/A	N/A

<u>PROPOSED:</u>	<u>No. Of Clients</u>	<u>Number</u>	<u>Unit</u>
<u>Mode(s) of Service & Unit of Service Definition</u>	<u>N/A</u> <u>Duplicated</u>	<u>Of</u>	<u>Cost</u>
	<u>N/A</u> <u>Unduplicated</u>	<u>Units</u>	
• <u>Split Billing Implementation (One-time Cost)</u>			
○ <u>Outpatient pharmacy site (1 UOS = 1 pharmacy site)</u>		<u>1</u>	<u>\$1,000</u>
○ <u>Inpatient mixed-use site (1 UOS = 1 inpatient mixed-use site)</u>		<u>1</u>	<u>\$1,500</u>
• <u>Split Billing Monthly Services</u>			
○ <u>Mixed use site (1 UOS = 1 month)</u>		<u>60</u>	<u>\$6,000</u>
○ <u>Outpatient “owned” pharmacy site (1 UOS = 1 month)</u>		<u>60</u>	<u>\$3,000</u>

Explanation of Service Change and Variances:

This is a new contract.

Monitoring Report/Program Review & follow-up:

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

Nondiscrimination and Cultural Competency:

If required, the Contractor will participate in the cultural competency requirements for the upcoming year.

Other Significant Issues:

SFDPH is engaging PSG 340B Solutions (PSG) to provide a 340B Split Billing Software Solution for the San Francisco Department of Public Health. Zuckerberg San Francisco General Hospital and Trauma Center (ZSFG) is a disproportionate share hospital that has been a participant of the 340B Drug Pricing Program since 1993.

340B drugs are used in "mixed-use" settings such as the Emergency Department and the Post-Anesthesia Care Unit, on-campus clinics, and the hospital's Outpatient Pharmacy. In order to continue compliance efforts with HRSA regulations, ZSFG is seeking a split-billing software to operate the replenishment model to manage the drug inventory for the hospital and the Outpatient Pharmacy, which serves multiple covered entities as well as non-340B entities.

PSG is a LLC (treated as a partnership for tax purposes) headquartered in Plano, Texas. PSG is a holding company of seven operating subsidiaries focused on providing technological, consultative, analytic and administrative solutions to clients to help them, their members, their employees and/or their patients to save money on their pharmaceutical spend. PSG has been in business for over 20 years.

PSG 340B Solutions was selected under RFQ 10-2016.

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

Charles Miller (Chairman)
David Borden
Kevin Host
Jeremy Kogler

David Borden owns more than 10% of the Firm.

There are four board members, no vacancies, and no term limits.

Recommendation:

The Department recommends approval of this contract.