




Office of the City Manager

CONSENT CALENDAR
July 13, 2010

To: Honorable Mayor and Members of the City Council
From:  Phil Kamlarz, City Manager
Submitted by: Peggy Gibbons, Interim Director, Health Services
Subject: Contract Amendment: Prescription Psychiatric Medications

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 6841 with United Pharmacy for the provision of prescription psychiatric medications to increase the amount by \$207,959 for a total contract amount not to exceed \$1,172,877, and to extend the expiration date to June 30, 2011.

FISCAL IMPACTS OF RECOMMENDATION

Approval of the recommended action will require an expenditure of \$207,959 from the FY 2011 budget for the provision of prescription psychiatric medications to clients with mental disabilities who either have no prescription medication insurance coverage or are underinsured, in order to continue the uninterrupted provision of such medications while the Department of Health Services, Mental Health Division completes the Request for Proposals (RFP) process for a new vendor.

Funds are available in the FY 2011 budget to cover these expenditures from Mental Health Services Act (MHSA) and State Realignment revenues received from the State of California. The expenditure codes to be charged are 063-4406-440.30-37 (\$20,959), 065-4426-440.30-37 (\$52,000), 065-4445-440.30-37 (\$90,000), and 065-4455-440.30-37 (\$45,000). This contract amendment has been entered into the City contract management database, and assigned Contact Management System No. M46L6.

CURRENT SITUATION AND ITS EFFECTS

The authorized spending limit for Contract No. 6841 has been reached, and Council approval is required to increase that spending authority pursuant to Article XI, Sections 67 and 67.5 of the Charter of the City of Berkeley. Failure to obtain Council approval for the recommended action will interrupt the provision of prescription psychiatric medications to clients with mental disabilities who either have no prescription medication insurance coverage or are underinsured.

Further, Contract No. 6841 was award to United Pharmacy pursuant to an RFP issued in February 2005. Approval of the recommended action will provide a one-year period for the Mental Health Division to solicit written proposals from qualified firms to determine if new service models are available to secure medications at a substantially discounted cost. The key objectives of the Mental Health Division in issuing this RFP are to obtain bids that a) provide for the uninterrupted provision of prescription medications to meet the ongoing pharmaceutical needs of clients/mental health consumers both on a walk-in pharmacy basis and by way of delivery to clinic-based sites; b) provide such medications on the most discounted, cost-effective basis; c) employ cost containment strategies to limit the Mental Health Division's pharmaceutical related expenditures as the payor of last resort through diligent pursuit of available external and/or third party payment opportunities; d) adherence to best practices relating to the dispensing of pharmaceutical medications and in conformity with all external and/or third party payor entity rules and regulations; and e) provide regular, itemized accounting that enables Mental Health Divisional fiscal, administrative and clinical staff to monitor expenditures, ascertain utilization trends, identify cost containment and/or cost reduction strategies and improve the overall administration of pharmaceutical procurement and distribution by the Mental Health Division.

BACKGROUND

Pursuant to an RFP originally issued in 1990 and a subsequent RFP issued in February 2005, prescription medications have been continuously provided to clients receiving services at Berkeley Mental Health. The resulting contracts that were awarded to United Pharmacy provide competitive, discounted pricing on prescription psychiatric medications. This vendor offers a net discount of 14% less than Average Wholesale Price. Additionally, United provides consistently high quality and personalized services to mental health clients. As a result, staff is recommending that the current contract with United be amended to increase the amount and to extend the term.

Past Council Action

On July 19, 2005 by Resolution No. 63,001-N.S., the City Council authorized Contract No. 6841 with United Pharmacy for the provision of prescription psychiatric medications in an amount not to exceed \$276,000 for the period July 1, 2005 through June 30, 2006.

On March 26, 2006 in accordance with section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to June 30, 2008.

On April 24, 2007 by Resolution No. 63,644-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$270,000 for a total contract amount not to exceed \$546,000 and extend the expiration date to June 30, 2008.

On June 16, 2008 in accordance with section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to June 30, 2009.

On September 16, 2008 by Resolution No. 64,178-N.S., Council ratified the action taken by the City Manager during recess to authorize an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$75,000 for a total contract amount not to exceed \$621,000 and extend the expiration date to June 30, 2009.

On September 23, 2008 by Resolution No. 64,201-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$135,959 for a total contract amount not to exceed \$756,959.

On June 18, 2009 in accordance with section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to June 30, 2010.

On September 22, 2009, Council ratified the action taken by the City Manager during recess to authorize an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$75,000 for a total contract amount not to exceed \$831,959 and extend the expiration date to June 30, 2010.

On October 13, 2009 by Resolution No. 64,649-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$132,959 for a total contract amount not to exceed \$964,918.

On June 30, 2010 in accordance with Section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to July 31, 2010 pending City Council approval of an amendment to Contract No. 6841 to increase the amount by \$207,959 and extend the expiration date to June 30, 2011.

RATIONALE FOR RECOMMENDATION

In order to ensure the uninterrupted provision of prescription psychiatric medications to Berkeley Mental Health clients, it is recommended that Council authorize the execution of an amendment to Contract No. 6841 with United Pharmacy to increase the contract amount and to extend the expiration date.

ALTERNATIVE ACTIONS CONSIDERED

Based on the initial award of this contract pursuant to an RFP issued in 2005 and the need to maintain uninterrupted client access to prescription psychiatric medications, no other alternatives were considered.

CONTACT PERSON

Jo Ruffin, Interim Mental Health Manager, 981-5213

Manuel Hector Jr., Health Administrative Financial Specialist, 981-5110

Attachment:

1. Resolution

RESOLUTION NO. -N.S.

AMENDMENT TO CONTRACT NO. 6841 WITH UNITED PHARMACY

WHEREAS, the Department of Health and Human Services, Mental Health Division serves the needs of the community via clinical services and the dispensing of prescription psychiatric medications; and

WHEREAS, in February 2005, the contract for the provision of prescription psychiatric medications was advertised for bids and United Pharmacy was determined to be the best responsible bidder; and

WHEREAS, on July 19, 2005 by Resolution No. 63,0001-N.S., the City Council authorized Contract No. 6841 with United Pharmacy for the provision of prescription psychiatric medications in an amount not to exceed \$276,000 for the period July 1, 2005 through June 30, 2006; and

WHEREAS, on March 26, 2006 in accordance with section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to June 30, 2007; and

WHEREAS, on April 24, 2007 by Resolution No. 63,644-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$270,000 for a total contract amount not to exceed \$546,000 and extend the expiration date to June 30, 2008; and

WHEREAS, on June 16, 2008 in accordance with section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to June 30, 2009; and

WHEREAS, on September 16, 2008 by Resolution No. 64,178-N.S., Council ratified the action taken by the City Manager during recess to authorize an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$75,000 for a total contract amount not to exceed \$621,000 and extend the expiration date to June 30, 2009; and

WHEREAS, on September 23, 2008 by Resolution No. 64,201-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$135,959 for a total contract amount not to exceed \$756,959; and

WHEREAS, on September 22, 2009, Council ratified the action taken by the City Manager during recess to authorize an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$75,000 for a total contract amount not to exceed \$831,959 and extend the expiration date to June 30, 2010; and

WHEREAS, on October 13, 2009 by Resolution No. 64,649-N.S., Council authorized an amendment to Contract No. 6841 with United Pharmacy to increase the amount by \$132,959 for a total contract amount not to exceed \$964,918; and

WHEREAS, on June 30, 2010 in accordance with Section 3, paragraph a of Contract No. 6841, a letter was sent to United Pharmacy providing official notification of the City's intent to extend the contract to July 31, 2010 pending City Council approval of an amendment to Contract No. 6841 to increase the amount by \$207,959 and extend the expiration date to June 30, 2011; and

WHEREAS, funds are available to perform this work in the FY 2011 budget, Mental Health Services Act Fund and State Realignment Fund, 063-4406-440.30-37 (\$10,000), 065-4426-440.30-37 (\$25,000), 065-4445-440.30-37 (\$47,600), and 065-4426-440.30-37 (\$25,000), and this contract amendment has been entered into the Citywide contracts database, and assigned Contact Management System No. M46L6.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to Contract No. 6841 with United Pharmacy for the provision of prescription psychiatric medications to increase the amount by \$207,959 for a total contract amount not to exceed \$1,172,877, and to extend the expiration date to June 30, 2011. A record signature copy of said contract to be on file in the Office of the City Clerk.