



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

35 July 9, 2019


CELIA ZAVALA
EXECUTIVE OFFICER

Los Angeles County
Board of Supervisors

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

July 09, 2019

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Dear Supervisors:

**APPROVAL OF AMENDMENT TO SOLE SOURCE AGREEMENT WITH
CARDINAL HEALTH PHARMACY SERVICES, LLC FOR THE CENTRAL
FILL PHARMACY AND AUTOMATION SYSTEM
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 288-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

SUBJECT

*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

Request approval of Amendment No. 6 to extend the term of an existing sole source Agreement with Cardinal Health Pharmacy Services, LLC for a Central Fill Pharmacy and Automation System, including a direct patient mail delivery option, for the Department of Health Services outpatient pharmacies.

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Director of Health Services (Director), or designee, to execute Amendment No. 6 to the sole source Agreement H-705406 (Agreement) with Cardinal Health Pharmacy Services, LLC (Cardinal), a subsidiary of Cardinal Health, Inc., to extend the term of the Agreement effective upon execution until and through April 30, 2020, with two one-year automatic extensions until and through April 30, 2022, with no increase in the contract sum, for the continued provision of a Central Fill Pharmacy and Automation System (CFPAS) and a direct patient mail delivery option for the Department of Health Services (DHS) outpatient pharmacies.

2. Delegate authority to the Director, or designee, to negotiate and execute future Amendments to extend the term of the Agreement to be co-terminus with any future DHS successor agreement with Cardinal Health 110, LLC and



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Cardinal Health 411, Inc. (collectively and individually, Cardinal Distributor), subsidiaries of Cardinal Health, Inc., for the pharmacy distribution agreement (s), with an annual maximum obligation not to exceed \$4.5 million, subject to the availability of adequate funding and review and approval by County Counsel and notice to the Board of Supervisors (Board).

3. Delegate authority to the Director, or designee, to: (1) execute Amendments to the Agreement to add, delete, and/or change certain terms and conditions as required under federal or State law or regulation, County policy, Board requirement, and/or Chief Executive Office (CEO) requirement; (2) make non substantive changes to the statement of work and pricing terms, including changes to operations workflow and shipping and handling fees; and (3) increase the total contract sum by no more than 10 percent for additional expenses related to any unanticipated work, including unexpected increases in the volume of medication refills, direct patient mail delivery costs, next day delivery option, and non-substantive changes to the statement of work and/or pricing terms, with all Amendments subject to prior review and approval by County Counsel.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Background

The CFPAS Agreement has enabled DHS pharmacies to allocate pharmacy resources more efficiently by sending refill prescriptions to Cardinal's central fill site in Valencia, California. The prescriptions sent to Cardinal are verified for accuracy, labeled, filled, packaged, and shipped back to the originating DHS pharmacy, where the prescription can then be picked up by the patient 24-36 hours later or delivered to a patient's home address within 3-5 business days after the patient's request. Consideration is given to any specialized packaging that a particular drug requires, and prescriptions not appropriate to send via mail are provided at DHS pharmacy sites to ensure appropriate handling conditions. The CFPAS and direct patient mail delivery service have improved customer service and enabled DHS outpatient pharmacy staff additional time to focus on first-time prescription patient care activities, including medication therapy management and other services that help improve medication compliance, patient satisfaction, and quality measures. Central fill services is a widely accepted industry solution designed to enable outpatient pharmacies to streamline their operations by reducing inventory holding costs, optimizing supply chain management, improving pharmacist accessibility, reducing the use of registry staff, and lowering patient waiting times.

Additionally, the direct patient mail delivery option has provided DHS patients, especially those with transportation issues, with convenience and improved access to refill prescriptions. Currently, 2,500 refill prescriptions per week are being mailed directly to patients. This number has increased since the direct patient mail delivery option was implemented, as DHS pharmacy staff is continuing to advise patients of this available option.

Recommendations

Approval of the first recommendation will allow the Director, or designee, to execute the Amendment, substantially similar to Exhibit I, for the continued provision of the CFPAS and direct patient mail delivery option for DHS outpatient pharmacies until and through April 30, 2020, with two one-year automatic extensions until and through April 30, 2022, to align with the current Cardinal Distributor agreement term.

Approval of the second recommendation will allow the Director, or designee, to extend the term of the Agreement to be co-terminus with any future DHS successor agreement(s) with the current Cardinal Distributor (or any other distributor subsidiaries of Cardinal Health, Inc.) as DHS' drug wholesaler. The current Cardinal Distributor agreement expires on April 30, 2022. In the event a different drug wholesaler is selected, DHS will not extend the CFPAS Agreement, since it is contingent on accessing drugs from the same company. Meanwhile, it would be in the best interest of DHS to continue with the same drug wholesaler, as switching would create a substantial impact on DHS pharmacy operations and patient care, particularly with obtaining 340B drugs, which have strict inventory tracking requirements. In addition to losing the CFPAS and direct patient mail delivery option, should DHS contract with a new drug wholesaler vendor, the historical relationship would also be lost, and DHS would lose priority on drugs that have shortages. DHS currently faces fewer problems when drug shortages occur because of its historical data with Cardinal Distributor, which enables DHS to still receive a high allocation supply of drugs with shortages.

Approval of the third recommendation will allow the Director, or designee, to make expedited changes to the Agreement as necessary and increase the total contract sum by no more than 10 percent, with all Amendments subject to prior review and approval by County Counsel.

Given the significant positive impact the Agreement has on DHS pharmacy operations and patient care, it is vital that DHS extend the Agreement to ensure that patient services are not disrupted. Furthermore, DHS does not have the capability to provide the services provided for in the Agreement, since it does not have a central fill pharmacy license, a high capacity and volume automated dispensing system, or the infrastructure to operate a central fill pharmacy and mail order service for its 18 pharmacies.

Implementation of Strategic Plan Goals

The recommended actions support Strategy II.2 "Support the Wellness of Our Communities," and III.3 "Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability," of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

There will be no increase in the current contract sum of \$25,402,791. Funding is included in the DHS Fiscal Year 2019 - 20 Final Budget, and if the Agreement is extended beyond April 30, 2022, funding will be requested in future years as needed.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On August 7, 2012, the Board approved the original Agreement for the provision of the CFPAS for all DHS outpatient pharmacies and the direct patient mail delivery option for only High Desert Regional Health Center (HDRHC) as part of a pilot program. HDRHC was selected given the limited number of pharmacy sites in its area, requiring patients to travel significant distances to obtain prescription refills. Once the Agreement was executed, Cardinal began the construction and development of its Valencia central fill site, and in 2013, DHS pharmacies began converting to a new outpatient pharmacy information system (Cerner Etreby), that interfaces with DHS' electronic health record system Online Realtime Centralized Health Information System, which is the same system used

at the Cardinal central fill site. The Agreement was later amended, with approval from the Board on May 27, 2014, to expand the direct patient mail delivery option to all DHS outpatient pharmacy sites. The CFPAS and direct patient mail delivery option officially began services once all 18 pharmacies went live on Cerner Etreby, which was in October 2014.

The Amendment includes all Board required provisions, including the most recent provision – Compliance with the County Policy of Equity.

The County may terminate this Agreement upon a 60-day notice. County Counsel has approved Exhibit I as to form.

CONTRACTING PROCESS

In accordance with Board Policy No. 5.100, on January 18, 2019, DHS notified the Board of its intent to enter into sole source negotiations for the extension of the Agreement (Attachment A). Attachment B is the sole source checklist.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of the recommendations is necessary for uninterrupted patient services and to maintain operational efficiency of the CFPAS.

Respectfully submitted,



Christina R. Ghaly, M.D.

Director

CRG:sa

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors



Health Services
LOS ANGELES COUNTY

January 18, 2019

**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

TO: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Kathryn Barger

FROM: Christina R. Ghaly, M.D.
Director

**SUBJECT: ADVANCE NOTIFICATION OF INTENT TO EXTEND
SOLE SOURCE AGREEMENT WITH CARDINAL
HEALTH PHARMACY, INC., FOR THE CENTRAL FILL
PHARMACY AND AUTOMATION SYSTEM**

Christina R. Ghaly, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 288-8101
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*To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*

This is to advise the Board of Supervisors (Board) that the Department of Health Services (DHS) intends to request Board approval of an amendment to extend the sole source Agreement (Agreement) with Cardinal Health Pharmacy, Inc. (Cardinal), for the provision of the Central Fill Pharmacy and Automation System (CFPAS).

Board Policy 5.100 requires written notice of a department's intent to enter into sole source negotiations for extension of a Board approved agreement at least six months prior to the agreement's expiration date. The Agreement expires on August 6, 2019.

Background

The Board initially approved the Cardinal Agreement on August 7, 2012, for the provision of CFPAS for automated, individualized patient dispensing, through a central pharmacy facility for refill prescriptions for all DHS outpatient pharmacies. The Agreement also provided for implementation of a direct patient mail delivery option for High Desert Regional Health Center as a pilot program. As a result of high patient satisfaction rates of the pilot program, the Agreement was later amended with approval from the Board on May 27, 2014, to expand the direct patient mail delivery option for the remaining DHS facilities.

Cardinal's CFPAS enables DHS pharmacies to have refill prescription medications prepared at an off-site location in Valencia. Refill requests are sent to Cardinal's central fill pharmacy, verified for accuracy, packaged and processed, and then shipped back to the



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originating DHS pharmacy where the prescription can be picked up by the patient 24-36 hours later, or it can be delivered directly to the patient's home address within 3-5 business days of the patient's request. As a licensed pharmacy, Cardinal is regulated by the California State Board of Pharmacy when preparing and packaging medications for shipment. Consideration is given to any specialized packaging that a particular medication needs. Additionally, medications not appropriate to send via mail will be provided at a DHS pharmacy to ensure appropriate handling conditions.

The direct patient mail delivery option has provided convenience and improved access to refill prescription medications for DHS patients, especially those that have transportation-related issues. CFPAS currently mails out over 2,500 prescriptions per week, which represents over 15% of all refill prescriptions processed. The direct patient mail delivery option has also reduced patient wait times and congestion at the local DHS pharmacies.

When the CFPAS was initially implemented in 2012, DHS had to make projections on the volume of prescriptions that would be sent to Cardinal since the fees were based on per prescription refill. There was an initial ramp up period as each pharmacy site went live and it was estimated that the annual cost would be \$4,023,716 for the CFPAS and \$862,225 for the direct patient mail delivery fees once all sites went live. The volume for CFPAS and direct patient mail delivery was initially lower than anticipated but has been trending upward each year. The current average amount spent is approximately three million per year for both the CFPAS and direct patient mail delivery fees. The total amount that has been spent for this Agreement since inception is \$10,400,984.

Justification

To maintain operational efficiency and patient satisfaction, it is critical that DHS continues to have the CFPAS services, including the direct patient mail delivery option. DHS does not have a central fill pharmacy license, nor the staffing, resources, and infrastructure to operate a central fill pharmacy and mail order service for its 18 pharmacies. Cardinal is also in a unique position as they are DHS' drug wholesaler for over 98% of its medications dispensed for patient care. Furthermore, DHS' current Outpatient Pharmacy Information System provided by Cerner Healthcare Solutions, Inc., already has an established interface to the pharmacy system used at Cardinal's central fill pharmacy.

Each Supervisor
January 18, 2019
Page 3

Conclusion

Consistent with the Sole Source Board policy, I am informing the Board of my intention to proceed with negotiations with Cardinal to extend its Agreement. If no objection is received within two weeks upon receipt of this Board notification, DHS will proceed with negotiations for the contract extension and return to the Board for approval of the Amendment.

If you have any questions or require additional information, please let me know or your staff may contact Kathy Hanks, Director, Contracts and Grants, at (213) 288-7819.

CRG:sa

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

SOLE SOURCE CHECKLIST

Check (✓)	JUSTIFICATION FOR SOLE SOURCE CONTRACTS Identify applicable justification and provide documentation for each checked item.
	➤ Only one bona fide source (monopoly) for the service exists; performance and price competition are not available. Monopoly is an <i>“Exclusive control of the supply of any service in a given market. If more than one source in a given market exists, a monopoly does not exist.”</i>
	➤ Compliance with applicable statutory and/or regulatory provisions.
	➤ Compliance with State and/or federal programmatic requirements.
	➤ Services provided by other public or County-related entities.
	➤ Services are needed to address an emergent or related time-sensitive need.
	➤ The service provider(s) is required under the provisions of a grant or regulatory requirement.
	➤ Additional services are needed to complete an ongoing task and it would be prohibitively costly in time and money to seek a new service provider.
	➤ Maintenance service agreements exist on equipment which must be serviced by the original equipment manufacturer or an authorized service representative.
	➤ It is more cost-effective to obtain services by exercising an option under an existing contract.
✓	<p>➤ It is in the best economic interest of the County (e.g., significant costs to replace an existing system or infrastructure, administrative cost savings and excessive learning curve for a new service provider, etc.) In such cases, departments must demonstrate due diligence in qualifying the cost-savings or cost-avoidance associated with the best economic interest of the County.</p> <p>Cardinal Health, Inc., (Cardinal) is the Department of Health Services’ (DHS) drug wholesaler for over 98% of its medications through an existing drug wholesaler agreement. It would not be logistically feasible to have another central fill pharmacy vendor that is different from the drug wholesaler vendor, especially with the strict 340B Drug Discount Program tracking requirements. There is also cost-savings as the medications under the Central Fill Pharmacy and Automation System (CFPAS) Agreement that are being delivered back to the originating DHS pharmacies, are being delivered at no additional cost since Cardinal already delivers medications to those sites through its drug wholesaler agreement.</p> <p>DHS also lacks the infrastructure necessary to provide a CFPAS, including a temperature-controlled pharmacy warehouse, a fleet of delivery vans to transport</p>

medications daily, and a high-volume medication automation necessary to provide the individual refills. Obtaining these start-up resources would be a significant financial impact on DHS' budget. Additionally, DHS is not in the central fill business and does not have a central fill pharmacy license.



Chief Executive Office



Date

Agreement No. H-705406

AGREEMENT BY AND BETWEEN COUNTY OF LOS ANGELES AND CARDINAL HEALTH PHARMACY SERVICES, LLC FOR CENTRAL FILL PHARMACY AND AUTOMATION SYSTEM (CFPAS)

Amendment No. 6

THIS AMENDMENT is made and entered into this ___ day of _____ 2019,

By and between COUNTY OF LOS ANGELES (hereafter "County")

And CARDINAL HEALTH PHARMACY SERVICES, LLC (hereafter "Contractor")

Business Address: 7000 Cardinal Place Dublin, OH 43017

WHEREAS, reference is made to that certain document entitled "Agreement by and Between County of Los Angeles and Cardinal Health Pharmacy Services, LLC for Central Fill Pharmacy and Automation System (CFAS)," dated August 7, 2012 and further identified as Agreement No. H-705406, including any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, on July 9, 2019, the Board of Supervisors delegated authority to the Director of Health Services, or designee, to, among others, extend the term of the Agreement through April 30, 2020, with two one-year automatic extensions through April 30, 2022, to be coterminus with DHS' Cardinal Health's Pharmacy Distribution Agreement; and

WHEREAS, it is the intent of the parties hereto to amend the Agreement to extend the term of the Agreement, update certain terms and conditions to the Agreement, and to provide for the other changes set forth herein; and

WHEREAS, Paragraph 8.3 (Amendments) of the Agreement provides that such changes may be made in the form of a written Amendment, which is formally approved and executed by the parties; and

WHEREAS, Contractor warrants that it continues to possess the competence, expertise and personnel necessary to provide services consistent with the requirements of this Agreement and consistent with the professional standard of care for these services.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

1. This Amendment shall be effective upon execution.

2. The Agreement is hereby incorporated by reference, and all of its terms and conditions, including capitalized terms defined herein, shall be given full force and effect as it fully set for herein.

3. Paragraph 5.1 (Term) of the Agreement is deleted in its entirety and replaced to read as follows:

"5.1 INITIAL TERM

The term of this Agreement shall commence upon the Effective Date and shall expire on April 30, 2020, unless sooner terminated or extended, in whole or in part, as provided in this Agreement (hereinafter "Initial Term")."

4. Paragraph 5.2 (Extended Term) of the Agreement is deleted in its entirety and replaced to read as follows:

"5.2 EXTENDED TERM

At the end of the Initial Term, County may, at its sole option, extend this Agreement for up to two (2) additional consecutive one (1) year terms (hereinafter "Extended Term"); provided that if County elects not to exercise its option to extend at the end of the Initial Term, or the Extended Term, the remaining option(s) shall automatically lapse. County shall be deemed to have exercised its extension option(s) automatically, without further act, unless, no later than thirty (30) days prior to the expiration of the Initial Term or the Extended Term, as applicable, County notifies Contractor in writing that it elects not to extend the Agreement pursuant to this Paragraph 5.2."

5. Paragraph 7.3 (Payments) of the Agreement is deleted in its entirety and replaced to read as follows:

"7.3 PAYMENTS

Provided that Contractor is not in material default under any provision of this Agreement, County will pay all invoice amounts to Contractor within forty-five (45) days of receipt of any invoice that has not been disputed in good faith in accordance with Paragraph 7.1.3 (Approval of Invoices) above and Exhibit B-3 (Payment Schedule).

Notwithstanding the foregoing, County's failure to pay an invoice within forty-five (45) days shall not be deemed as automatic invoice approval or Acceptance by County of any deliverable for which payment is sought."

6. The Agreement is modified to add Paragraph 7.5 (Default Method of Payment: Direct Deposit or Electronic Funds Transfer (EFT)) to read as follows:

"7.5 DEFAULT METHOD OF PAYMENT: DIRECT DEPOSIT OR ELECTRONIC FUNDS TRANSFER (EFT)

7.5.1 The County, at its sole discretion, has determined that the most efficient and secure default form of payment for goods and/or services provided under an agreement/contract with the County shall be Electronic Funds Transfer (EFT) or direct deposit, unless an alternative method of payment is deemed appropriate by the Auditor-Controller (A-C).

7.5.2 Upon contract award or at the request of the A-C and/or the contracting department, the Contractor shall submit a direct deposit authorization request with banking and vendor information, and any other information that the A-C determines is reasonably necessary to process the payment and comply with all accounting, record keeping, and tax reporting requirements.

7.5.3 Any provision of law, grant, or funding agreement requiring a specific form or method of payment other than EFT or direct deposit shall supersede this requirement with respect to those payments.

7.5.4 Upon contract award or at any time during the duration of the agreement/ contract, a Contractor may submit a written request for an exemption to this requirement. The A-C, in consultation with the contracting department(s), shall decide whether to approve exemption requests."

7. Paragraph 8.7 (Facsimile) of the Agreement is deleted in its entirety and replaced to read as follows:

"8.7 FACSIMILE

The County and the Contractor hereby agree to regard facsimile representations of original signatures of authorized officers of each party, when appearing in appropriate places on the Amendments prepared pursuant to Paragraph 8 (Changes to Agreement) and received via a facsimile communicative, as legally sufficient

evidence that such original signatures have been affixed to Amendments to this Agreement, such that the parties need not follow up facsimile transmissions of such documents with subsequent (non-facsimile) transmission of “original” versions of such documents.”

8. Paragraph 12.4.2 under Paragraph 12.4 (Termination for Improper Consideration) of the Agreement is deleted in its entirety and replaced to read as follows:

“12.4.2 The Contractor shall immediately report any attempt by a County officer or employee to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Fraud Hotline at (800) 544-6861 or <http://fraud.lacounty.gov/>. County shall report to Contractor any attempt by a Contractor employee to provide an improper consideration to a County employee to the Cardinal Health Business Hot Line (800) 926-0834.”

9. Paragraph 13.1 (Prohibition against Assignment and Delegation) has been modified to add the following at the beginning of the Paragraph:

“The Contractor shall notify the County of any pending acquisitions/mergers of its company unless otherwise legally prohibited from doing so. If the Contractor is restricted from legally notifying the County of pending acquisitions/mergers, then it should notify the County of the actual acquisitions/mergers as soon as the law allows and provide to the County the legal framework that restricted it from notifying the County prior to the actual acquisitions/mergers.”

10. Paragraph 13.54 (Contractor’s Acknowledgement of County’s Commitment to the Safely Surrendered Baby Law) of the Agreement is deleted in its entirety and replaced to read as follows:

“13.54 CONTRACTOR’S ACKNOWLEDGEMENT OF COUNTY’S COMMITMENT TO THE SAFELY SURRENDERED BABY LAW

The Contractor acknowledges that the County places a high priority on the implementation of the Safely Surrendered Baby Law. The Contractor understands that it is the County’s policy to encourage all County Contractors to voluntarily post the County’s “Safely Surrendered Baby Law” poster in a prominent position at the Contractor’s place of business. The Contractor will also encourage its subcontractors, if any, to post this poster in a prominent position in the subcontractor’s place of business. The Contractor, and its subcontractors, can access posters and other campaign material at www.babysafela.org.”

11. Paragraph 13.60 (Compliance with the County Policy of Equity) is added to the Agreement to read as follows:

“13.60 COMPLIANCE WITH THE COUNTY POLICY OF EQUITY

The Contractor acknowledges that the County takes its commitment to preserving the dignity and professionalism of the workplace very seriously, as set forth in the County Policy of Equity (CPOE) (<https://ceop.lacounty.gov/>.) The Contractor further acknowledges that the County strives to provide a workplace free from discrimination, harassment, retaliation and inappropriate conduct based on a protected characteristic, and which may violate the CPOE. The Contractor, including its employees and subcontractors, acknowledges and certifies receipt and understanding of the CPOE. Failure of the Contractor, its employees or its subcontractors to uphold the County's expectations of a workplace free from harassment and discrimination, including inappropriate conduct based on a protected characteristic, may subject the Contractor to termination of contractual agreements as well as civil liability.”

12. Attachment A.1-1 (County Pharmacies) to the Agreement is deleted and replaced in its entirety by Attachment A.1-2 (County Pharmacies), attached hereto and incorporated herein by reference. All references to Attachment A.1-1 in the Agreement shall hereafter be replaced with Attachment A.1-2.

13. Exhibit B-2 (Payment Schedule) to the Agreement is deleted in its entirety and replaced by Exhibit B-3 (Payment Schedule), attached hereto and incorporated herein by reference. Any references to Exhibit B-2 in the Agreement shall hereafter be replaced with Exhibit B-3.

14. Exhibit D-2 (Administration of Agreement) to the Agreement is deleted in its entirety and replaced with Exhibit D-3 (Administration of Agreement), attached hereto and incorporated herein by reference. All references to Exhibit D-2 in the Agreement shall hereafter be replaced with Exhibit D-3.

15. Except for the changes set forth hereinabove, the Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be executed by the County's Director of Health Services, or authorized designee, and Contractor has caused this Amendment to be executed on its behalf by its duly authorized officer(s), on the day, month, and year first above written.

COUNTY OF LOS ANGELES

By: _____ for
Christina R. Ghaly, M.D.
Director of Health Services

CONTRACTOR

CARDINAL HEALTH PHARMACY
SERVICES, LLC

By: _____
Signature

Printed Name

Title

APPROVED AS TO FORM:
MARY C. WICKHAM
County Counsel

By _____
Victoria Mansourian
Principal Deputy County Counsel

ATTACHMENT A.1-2

**COUNTY PHARMACIES
FOR CENTRAL FILL PHARMACY AND AUTOMATION SYSTEM
(CFPAS)**

JUNE 2019

Contractor shall provide Central Fill Pharmacy and Automation System (“CFPAS”) according to Exhibit A (Statement of Work) and other work under the Agreement for the following County Pharmacies:

HIGH DESERT REGIONAL HEALTH CENTER, FORMERLY HIGH DESERT MULTI-SERVICE AMBULATORY CARE CENTER (HD MACC)

1. LOS ANGELES COUNTY HIGH DESERT REGIONAL HEALTH CENTER PHARMACY
335 E Avenue I RM 1A14
Lancaster, CA 93535

MARTIN LUTHER KING JR. OUTPATIENT CENTER, FORMERLY MULTI-SERVICE AMBULATORY CARE CENTER (MLK MACC)

1. MARTIN LUTHER KING, JR OUTPATIENT CENTER PHARMACY
1670 East 120th St
Los Angeles, CA 90059

RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER (RLANRC)

1. RANCHO LOS AMIGOS NATIONAL REHABILITATION CENTER
7601 E Imperial Hwy Outpatient Building OP 1065
Downey, CA 90242

LOS ANGELES COUNTY + UNIVERSITY OF SOUTHERN CALIFORNIA MEDICAL CENTER (LAC+USC MC)

1. LAC-USC MEDICAL CENTER PHARMACY
2010 Zonal Avenue
Los Angeles, CA 90033
2. LOS ANGELES COUNTY/USC MEDICAL CENTER
1200 North State St RM A1C109
Los Angeles, CA 90033

HARBOR – UNIVERSITY OF CALIFORNIA, LOS ANGELES MEDICAL CENTER (H-UCLA MC)

1. OUTPATIENT PHY HARBOR UCLA MED CTR
1000 West Carson Street
Torrance, CA 90502
2. LOS ANGELES CNTY HARBOR-UCLA FMC PHY
1403 Lomita Blvd
Harbor City, CA 90710
3. LOS ANGELES CO HARBOR UCLA N 22 PHY
1000 West Carson Street
Torrance, CA 90502

OLIVE VIEW – UNIVERSITY OF CALIFORNIA AT LOS ANGELES MEDICAL CENTER (OV-UCLA MC)

1. OLIVE VIEW MED CTR PHCY II
14445 Olive View Dr RM #2A-219
Sylmar, CA 91342

AMBULATORY CARE NETWORK (ACN)

1. HUBERT H HUMPHREY COMP HEALTH CTR
5850 South Main Street 1102
Los Angeles, CA 90003
2. EDWARD ROYBAL COMP HEALTH CENTER
245 South Fetterly Avenue Room 1401
Los Angeles, CA 90022
3. H CLAUDE HUDSON COMPREHENSIVE HEALTH CENTER
2829 S Grand Ave
Los Angeles, CA 90007
4. EL MONTE COMP HEALTH CTR PHARMACY
10953 Ramona Boulevard
El Monte, CA 91731
5. LOS ANGELES CO WILMINGTON HLTH CTR PHY
1325 Broad Avenue
Wilmington, CA 90744
6. LONG BEACH COMP HEALTH CTR PHY
1333 Chestnut Ave
Long Beach, CA 90813
7. LOS ANGELES COUNTY MID-VALLEY COMPREHENSIVE HEALTH CENTER
7555 Van Nuys Blvd. RM. 1071
Van Nuys, CA 91405
8. LOS ANGELES CO SAN FERNANDO PHY
1212 Pico Street
San Fernando, CA 91340

HEALTH SERVICES ADMINISTRATION (HSA)

1. LOS ANGELES COUNTY HEALTH SERVICES CENTRAL PHARMACY
313 N. Figueroa Street, Suite 1225
Los Angeles, CA 90012

Contractor also shall provide CFPAS according to Exhibit A (Statement of Work), at County's request to any additional County Pharmacies that may be established during the term of this Agreement. The addition of any such pharmacies to this Agreement shall be memorialized through a Change Notice or Amendment, as applicable, as set forth in Paragraph 8 (Changes to Agreement) of the Agreement. Nothing in the foregoing shall be construed to obligate County to pay any additional fees, costs or expenses as the result of the addition of pharmacy sites, other than those resulting from additional CFPAS Fees or Maintenance Fees.

EXHIBIT B-3

PAYMENT SCHEDULE

FOR

**CENTRAL FILL PHARMACY
AND
AUTOMATION SYSTEM
(CFPAS)**

JUNE 2019

PAYMENT SCHEDULE

This Exhibit B-3 sets forth the pricing and payment terms for the work to be provided under the Agreement, including Central Fill Pharmacy and Automation System (CFPAS) Implementation and CFPAS functions whether by Contractor itself or by utilizing subcontractor(s).

1A. CFPAS FEES

County shall pay Contractor for the provision of CFPAS functions at the maximum CFPAS Fee of [REDACTED] per a successfully completed prescription refill pursuant to the terms of Exhibit A (Statement of Work), subject to the provisions of Paragraph 6 (Pricing Terms and Fees) of the Agreement. The CFPAS Fees shall not increase during the term of the Agreement.

Contractor shall be reimbursed based on the volume scripts filled annually under this Agreement, as provided in the table below.

Central Fill Pharmacy and Automation System*	
Volume/Description	CFPAS Fee
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
* The CFPAS Fees shall include all processing and delivery costs related to prescription fulfillment services back to the originating pharmacy. Prescriptions mailed to patient homes will be subject to additional pass-through shipping and packaging costs to the County as described in Section 1B (All DHS Pharmacy Outpatient Mail-Order Fees).	

1B. All DHS Pharmacy Outpatient Mail-Order Fees

County shall reimburse Contractor for Outpatient Mail-Order Fees at the maximum flat package and handling rate of [REDACTED] per package, plus the actual shipping costs set forth below, as specified in Section 3.2.2 (Direct Patient Delivery Option) of Exhibit A (Statement of Work). Should the cost of packaging materials increase, the parties agree, upon Contractor's request, to meet sixty (60) days prior to the contract year following such increase in order to discuss in good faith the flat package and handling rate increase for the following contract year. Any increases to the cost of package and handling rate specified herein shall be implemented by an Amendment to the Agreement executed by both parties.

Contractor shall be reimbursed based on the volume packages mailed under this Agreement, as provided in the table below.

Outpatient Mail-Order Fees*	
Description	Fee
Flat Package and Handling Rate	[REDACTED]
Shipping Type	Estimated Shipping Cost
USPS First-Class Rate	[REDACTED]
FedEx Priority Overnight	[REDACTED]
<p>* The Outpatient Mail-Order Fees are considered pass-through costs to the County for packaging and shipping costs. Excluding the flat rate fee of [REDACTED], the determination of the shipping fees will be based on the weight of the package and delivery method. Shipping rates are as of May 2019 and are subject to increases by the United States Postal Service (USPS) and FedEx.</p>	

2. **CONTRACT SUM**

Contract Sum shall be County's obligation under the Agreement and shall include the total CFPAS and Outpatient Mail-Order Fees for CFPAS services. The Contract Sum allocated for the term of the Agreement, including sales tax amounts, if any, is Twenty-Five Million Four Hundred and Two Thousand and Seven Hundred Ninety-One Dollars (\$25,402,791).

Total Contract Sum for Seven (7) Years and Ten (10) Years

Contract Year	Total
Year 1	\$0
Year 2	\$0
Year 3	\$1,283,204
Year 4	\$2,810,953
Year 5	\$2,202,867
Year 6	\$2,936,815
Year 7	\$2,805,730
Seven-Year (7) Total	\$12,039,569
Year 8	\$4,437,128
Year 9	\$4,437,128
Year 10	\$4,437,128
Estimated Ten-Year (10) Total	\$25,402,791

EXHIBIT D-3

ADMINISTRATION OF AGREEMENT

FOR

**CENTRAL FILL PHARMACY AND AUTOMATION SYSTEM
(CFPAS)**

JUNE 2019

I. COUNTY'S KEY PERSONNEL

A. County's Project Director

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____

B. County's Project Manager

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____

C. Director's Designee

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____

II. CONTRACTOR'S KEY PERSONNEL

A. Contractor's Project Director

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____

B. Contractor's Project Manager

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____

C. Contractor's Office

Name: _____

Title: _____

Address: _____

Telephone: _____

E-Mail Address: _____