

# County of Santa Clara

## Santa Clara Valley Health & Hospital System

### Public Health



HHS05 062409


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DATE: June 24, 2009

TO: Board of Supervisors

FROM:   
Kim Roberts  
SCVHHS - Chief Executive Officer

SUBJECT: Agreement with Ramsell Corporation for Fiscal Intermediary Services Related to the AIDS Drug Assistance Program

### **RECOMMENDED ACTION**

Approve delegation of authority to SCVHHS Chief Executive Officer, or designee, to execute agreement and subsequent amendments with Ramsell Corporation relating to Ramsell Corporation acting as the fiscal intermediary between the County of Santa Clara and the California Department of Public Health AIDS Drug Assistance Program for period July 1, 2009 through June 30, 2014, following approval by County Counsel as to form and legality, and approval by the Office of the County Executive. Delegation of authority shall expire on June 30, 2014.

### **FISCAL IMPLICATIONS**

There is no impact to the General Fund as a result of this action. Ramsell Corporation

processes our claims for reimbursement of AIDS drugs given to patients. The AIDS Drug Assistance Program (ADAP) pays Ramsell a transaction fee per prescription. The County is reimbursed by Ramsell for prescription costs based on the State Office of AIDS fee schedule. There is no limit to the number of qualified claims that can be submitted for reimbursement.

Revenue and expenses associated with these medications are included in the FY10 recommended budget. The Ramsell contract generates about \$2.3 million in gross pharmacy revenue annually.

The Governor's May Revision proposes to reduce FY10 funding for the State Office of AIDS AIDS Drug Assistance Program which could result in a combined loss of \$130,000 - \$675,000 to Santa Clara Valley Medical Center and the Public Health Department.

## **CONTRACT HISTORY**

The California Department of Public Health AIDS Drug Assistance Program (ADAP) Program was created in 1987 to provide expensive drugs for the treatment of AIDS to low income clients not otherwise able to purchase these drugs.

From the program's inception until 1997, the local health departments were responsible for the program's operation including client eligibility certification, program oversight, and monthly preparation of detailed invoices sent to the State Office of AIDS for services provided by County pharmacies.

In 1997, the State Office of AIDS contracted with Professional Management Development Corporation (PMDC) as the sole contractor handling all billing transactions between local pharmacies and the ADAP Program instead of the local health departments. The County entered into a contract with PMDC in September of 1997 to provided fiscal intermediary services between the County and ADAP.

Effective July 1, 2000, PMDC assigned and transferred to Ramsell Corporation all of its interest in the pharmacy provider contract. Ramsell assumed the rights and obligations of PMDC and is the State of California's fiscal intermediary for ADAP.

This is a Type I Contract as defined by the Resolution of the Contracting Principles adopted by the Board of Supervisors on October 29, 1997.

## **REASONS FOR RECOMMENDATION**

Approval of this recommendation will allow Ramsell Corporation to continue to act as fiscal intermediary for all County pharmacy generated ADAP claims. Under the terms of this agreement, Ramsell adjudicates claims and facilitates the payment of client Medi-Cal share of cost and insurance claims with ADAP funds. This will allow the County to receive payment for pharmacy services provided to AIDS patients and will not delay budgeted revenues for this program.

## **CONSEQUENCES OF NEGATIVE ACTION**

Failure to approve this action may exclude all County pharmacies from providing ADAP covered services to eligible clients.

## **ATTACHMENTS**

- Draft Ramsell Agreement