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**BOARD OF
SUPERVISORS**County Administration
Building105 East Anapamu Street
Santa Barbara, CA 93101

Telephone: (805) 568-2190

www.countyofsb.org**COUNTY OF SANTA BARBARA**

October 29, 2020

Will Lightbourne

Director

California Department of Health Care Services

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

RE: 340B Program Backfill

Dear Director Lightbourne:

It was a pleasure speaking with you and your team on October 13th, unfortunately we remain concerned that the formula developed by the Department for calculating the backfill will not adequately reimburse Santa Barbara County for the amounts it will lose. Although we have not been given the results of any formal financial modeling by the State of this alternative, we have been given some informal figures that could possibly amount to a \$500,000 backfill of the approximate \$4.2 Million that we reported as a loss in the survey that we submitted to the Department of Health Care Services (Department) last fall. Our local legislators also wrote to urge the Department to institute an equitable and representative formula to backfill the losses. We believe that this remains the intent of the 340B Supplemental Payment Pool.

Santa Barbara County is a non-hospital county with Federally Qualified Health Centers and a robust 340B pharmacy program, consisting of both in-house and contract pharmacies. As mentioned, it is our understanding that the distribution model for the Supplemental Payment Pool would result in a distribution to Santa Barbara County of only about 12% of the \$4.2 million Santa Barbara will lose. Such a reduction will significantly impact access to care for Medi-Cal members in Santa Barbara County and will result in the reduction or elimination of important pharmaceutical, specialty health care, outreach, and case management services, which our residents, our Medi-Cal Managed Care Plan, and our entire health care provider network have come to rely upon.

We encourage the Department to consider either a formula that corrects the disparity that Santa Barbara County is facing or look for a solution that could assist Santa Barbara County in getting closer to its reported loss. This could possibly take the form of a carve-

out of those funds reported in the State's survey by 340B eligible entities that are run by governmental entities versus those that are private, non-profit entities. Perhaps the backfill amount for the governmental entities could be allocated to their respective Medi-Cal Managed Care Plans for distribution? We would be interested in hearing if this solution could bring down the available federal match or whether it could be a transfer of just the State funds. We would offer that by looking at an option involving our plans, governmental entities may be able to get closer to a backfill that will approximate the size and volume of the losses of savings share as demonstrated by the surveys that were provided by the participating 340B entities to the State.

Again, with the information that we have, Santa Barbara County will stand to lose approximately \$3.5 Million in 340B savings share funds that have been used to support the important specialty medical services staffing and case-management services provided to Medi-Cal eligible residents. These 340B dollars were used to help sustain these important services when 1991 Health Realignment dollars were redirected to the Department of Social Services with the passage of AB 85 and the State's implementation of the Affordable Care Act. Thus, we would ask the Department to devise a backfill formula for governmental entities that more accurately represents the revenue losses to 340B participant entities to create a more fair and equitable result, particularly for hard hit governmental entities.

We thank you for your guidance on this matter. If you have questions about the Board's request, please contact the County's Legislative Coordinator, Nancy Anderson at 805-568-3403 or NAnderson@countyofsb.org.

Sincerely,



Cliff Berg
Governmental Advocates, Inc.

cc: The Honorable Governor Gavin Newsom
Richard Figueroa, Deputy Cabinet Secretary, Office of the Governor
Tam Ma, Deputy Legislative Secretary, Office of the Governor
The Honorable Senator Hannah-Beth Jackson, 19th Senate District
The Honorable Assemblymember Monique Limon, 37th Assembly District
The Honorable Assemblymember Jordan Cunningham, 35th Assembly District
Mr. Steve Bennett, 37th Assembly District Candidate
Members, County of Santa Barbara Board of Supervisors
Mona Miyasato, County Executive Officer
Nancy Anderson, Legislative Coordinator, County of Santa Barbara Board of Supervisors