

1 [Authorizing Department of Public Health to Pursue Less Costly Pharmaceuticals.]

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3 **Resolution authorizing the Department of Public Health to participate in the State**
4 **Department of General Services pharmaceutical purchasing program to explore the**
5 **cost benefits of participation, and further approving its participation in State**
6 **Department of General Services pharmaceutical purchasing contracts that provide**
7 **favorable cost benefits for the Department.**

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9 WHEREAS, SB 1315, approved in September of 2002, authorizes the California
10 Department of General Services (DGS) to enter into contracts with manufacturers and
11 suppliers of drugs and to obtain from them discounts, rebates, or refunds as permissible
12 under federal law; and

13 WHEREAS, SB 1315 requires the state departments of Mental Health, Corrections,
14 Youth Authority, and Developmental Services to participate in the program, and also
15 authorizes similar local and public agency governmental entities to elect to participate in the
16 program, making them eligible to receive the discounts, rebates or refunds negotiated by
17 DGS; and,

18 WHEREAS, The Department of Public Health currently purchases pharmaceuticals
19 through contracts negotiated by it's group purchasing organization, Novation, but DGS will not
20 release their contract information unless the City agrees to participate in the DGS program;
21 and,

22 WHEREAS, Based on the statute, it is impossible to estimate cost differences between
23 DGS contract pricing and Novation contract pricing without opting into the program; and,
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1 WHEREAS, Other details of participation, such as the use and identity of a prime
2 vendor and drug formulary issues, are also disclosed only to local governmental agencies that
3 agree to participate in the program.; and,

4 WHEREAS, Agreement to participate in the DGS program requires a resolution from
5 the Board of Supervisors and would not obligate the City or its agencies to any purchasing or
6 further action; and,

7 WHEREAS, Investigation of possible cost benefits to participating in the DGS program
8 is a priority for the Department of Public Health; now, therefore, be it

9 RESOLVED, That the Board of Supervisors authorizes the Department of Public
10 Health to join the State Department of General Services pharmaceutical purchasing program
11 to explore the cost benefits of participation; and, be it

12 FURTHER RESOLVED, That the Board of Supervisors supports Department of Public
13 Health participation in State Department of General Services pharmaceutical purchasing
14 contracts that provide favorable cost benefits for the City of San Francisco.

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