

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 6, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: ALEXANDRIA HEALTH DEPARTMENT PHARMACY SERVICES

ISSUE: Restructuring of Pharmacy Services at the Alexandria Health Department.

RECOMMENDATION: That City Council approve the Alexandria Health department restructured pharmacy program to take effect on March 31, 2010, (FY 2010) which includes maintaining one full-time pharmacist position funded by budgeted City monies which are part of the Health Department cooperative budget.

BACKGROUND: The Virginia Department of Health (VDH) will eliminate the existing Alexandria Health Department pharmacy program effective March 30, 2010. This action was the result of the last round of budget reduction initiatives taken in August 2009 by the governor whereby full service pharmacies in the five remaining Health Districts are to be eliminated.

The existing pharmacy operates as a full-service operation with four full-time employees for Alexandria Health Department clients. The pharmacy provides full support (ordering, storing and dispensing) to State-mandated programs and to non-mandated safety-net clinics. The pharmacy directly served more than 7600 clients and filled 26,000 prescriptions in FY 2009. As a safety-net provider, the focus of service is approximately 650 uninsured low income adults with multiple chronic medical conditions and 220 clients with HIV, for whom the inability to obtain critical medications through the VDH pharmacy would be highly detrimental to their health.

Pharmacy staff also provides patient education and consultation to providers and staff. In addition to traditional pharmacy services, the current pharmacy supports VDH, City and regional emergency planning and response activities by providing valuable pharmacy expertise and logistical support to maintain emergency response pharmaceuticals. The Pharmacy Director serves on the Health Department Executive Management Team and performs vital management oversight at the Casey Health Center.

As a result of the state reductions the four (4.0 FTE) full-time pharmacy positions are being eliminated; 2 pharmacists and 2 pharmacist assistants. This action will take effect on March 30,

2010 with each individual entitled to a severance package based on years of service along with 12 months of health insurance coverage.

DISCUSSION: In order to maintain adequate delivery of critical services, the Health Department proposes restructuring its pharmacy program. As opposed to being the direct provider of the existing pharmacy services, the primary function of the proposed pharmacy program is to ensure access to needed pharmaceuticals for Health Department clients and provide pharmacy related consultation services. The restructured program will support Health Department and City programs by:

1. Developing and managing procedures to help clients obtain medications from retail and other pharmacies at the lowest cost possible to clients (This will ensure clients can still obtain their medications, albeit in a less timely manner and with co-pays);
2. Purchasing, storing and dispensing select high-cost, critical medications that Health Department clients cannot get through other sources;
3. Providing pharmacy consultation to the Alexandria Health Department;
4. Providing patient education services during limited pharmacy window hours;
5. Managing the AIDS Drug Assistance Program (ADAP) which procures high-cost medications for Alexandria HIV clients;
6. Serving as an adviser for pharmacy issues for the Alexandria Health Department and City emergency planning and response activities; and
7. Advising the Health Director as a member of the Executive Management Team.

This restructuring will enable the City to maintain one (1.0 FTE) full-time pharmacist to provide a minimum service level and support emergency planning and response initiatives. The Alexandria Health Department proposes to implement this restructured program effective March 31, 2010.

FISCAL IMPACT: The elimination of this state pharmacy program reduces the City match (3.5 % of the cooperative program total City cost) and supplemental City funding that provides Commonwealth Health Department employees with compensation equivalent to City employees. The restructured pharmacy program will cost \$33,071 for three months of services in FY 2010 and \$129,826 for a full year of services in FY 2011. Offsetting these expenses is a series of State implemented reductions that have the net effect of reducing the City's budget by \$101,039 in FY 2010 and \$27,652 in FY 2011. Below is a summary of the net City reductions and savings by fiscal year.

The source of these reductions are from the cumulative decreases to the already budgeted City Commitment for its share of the State match and City salary supplement that resulted from the State's elimination of cooperative positions and decreases to operating expenses.

FY 2010 Fiscal Impact:

- City Match Reduction (due to State reductions): \$(134,110)
- Restructured Pharmacy City cost effective March 31: \$ 33,071
- Net City Savings \$(101,039)

FY 2011 Fiscal Impact:

- City Match Reduction (due to State reductions): \$(157,478)
- Restructured Pharmacy City cost: \$ 129,826
- Net City Savings \$ (27,652)

ATTACHMENT: Restructured Pharmacy City Expenditure Detail

STAFF:

Lisa Kaplowitz, MD, MHSA, Health Director
Bruce Johnson, Chief Financial Officer, Office of Management and Budget
Kelly Woodward, DO, Deputy Health Director
Jeff Levine, Health Department Administrator
Derek Schultz, Budget Analyst, Office of Management and Budget
Michele Evans, Deputy City Manager

**Alexandria Health Department Request to Restructure Pharmacy Services
Pharmacy Conversion Costs
Effective 03/31/2010**

Personnel			Total Salar	7.65% FICA	12.07% VRS	5.47% Supp Ret	0.52% Choice	Hosp.	0.22% Long Term	Annual	FY10	FY11	
Name	Title	G/S	1101	1200	1201		1202	1203	1211	Cost w/ FB	6.5 PP	Full Year	
Alan Whitehead	Pharmacist	22 /O	\$91,831	\$7,025	\$11,084	\$5,023	\$478	\$12,140	\$202	\$127,783			
		FY 2010	\$22,958	\$1,756	\$2,771	\$1,256	\$119	\$0	\$51		\$28,911		
		FY 2011	\$91,831	\$7,025	\$11,084	\$5,023	\$478	\$3,783	\$202			\$119,426	
SUBTOTAL											\$28,911	\$119,426	
Operating													
Temp Services	Temporary backup coverage for leave										\$4,160	\$10,400	
SUBTOTAL											\$4,160	\$10,400	
FY 2010 COST											\$33,071		
FY 2011 COST												\$129,826	

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Attachment