

COUNTY OF SISKIYOU
CONTRACT FOR SERVICES

This Contract made this 7 day of January 2020 between:

COUNTY: Siskiyou County Health and Human Services Agency
Public Health Division
810 South Main Street
Yreka, CA 96097
(530) 841-2134
(530) 841-4094 Fax

And

CONTRACTOR: Diamond Drugs, Inc. dba Diamond Pharmacy Services
645 Kolter Drive
Indiana, Pennsylvania 15701-3570
PH: (800) 882-6337 x1003
FAX: (724) 349-2604

PHARMACY SERVICES AGREEMENT

1. **THIS AGREEMENT** is effective the 1st day of January 2020 by and between Siskiyou County Health and Human Services Agency Public Health Division, located at 810 South Main Street Yreka, CA 96097, (hereinafter referred to as "FACILITY") and Diamond Drugs, Inc., aka Diamond Pharmacy Services, and/or Diamond Medical Supply, RemedyRepack, SapphireHealth, and InnovaScript, a Pennsylvania Corporation having principal offices at 645 Kolter Drive, Indiana, PA 15701-3570 (hereinafter referred to as "DIAMOND").

WHEREAS, FACILITY is obligated to provide healthcare services for its correctional patients;

WHEREAS, DIAMOND contracts to provide services to correctional healthcare services companies and correctional facilities;

WHEREAS, FACILITY wishes to engage DIAMOND to provide services to their correctional patients;

WHEREAS, DIAMOND wishes to provide such services to FACILITY as agreed to between the Parties;

WHEREAS, in consideration of the mutual agreements and covenants contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the Parties hereto, intending to be legally bound, hereby agree as follows:

2. DIAMOND RESPONSIBILITIES:

- a. DIAMOND agrees to provide prescription dispensing services, pharmacy benefit management services, software services, and medical supplies to FACILITY and to furnish all qualified personnel, equipment, materials and services as offered in DIAMOND'S response that FACILITY requires to ensure compliance with state and federal law as well as the terms of this Agreement.
- b. DIAMOND shall provide Services in a prompt and timely manner, in accordance with the terms and conditions of this Agreement, in accordance with all applicable laws, rules and regulations, community standards of practice, and in accordance with all policies and procedures of FACILITY.
- c. DIAMOND shall dispense medications to the Residents with scheduled deliveries during normal business hours. Scheduled deliveries will be made at least once daily Monday thru Saturday, if Saturday deliveries are permitted/accepted by FACILITY and as long as common carrier such as FedEx or UPS provides service to local area.
- d. DIAMOND shall provide emergency deliveries 24 hours per day 7 days per week any time an emergency occurs. DIAMOND shall provide emergency deliveries within 4 hours of receipt of FACILITY'S emergency request in all cases except: (i) if the emergency request is for a medication that is not in stock at DIAMOND and is not readily available from DIAMOND's back-up pharmacies or a proximate acute care provider, then DIAMOND shall deliver the medication no later than the end of the business day following the date it receives the emergency request as long as the medication is available from DIAMOND's primary wholesaler; and (ii) if the emergency request is for a compounded product, DIAMOND shall deliver the product as soon as practically possible but in any event no later than 72 hours from DIAMOND's receipt of FACILITY's request for the product. Diamond will utilize Rite Aid Pharmacy #06104 at 807 S. Main Street, Yreka, CA 96097 as their back-up pharmacy.
- e. DIAMOND shall immediately notify FACILITY if an emergency delivery will not be made within 4 hours of the emergency request as provided for by subsection (a) or (b) above. DIAMOND shall not charge FACILITY an additional fee, above and beyond what is invoiced to DIAMOND by the local pharmacy or courier for any emergency delivery. Backup pharmacy services will be billed as a pass-through charge at the contracted backup pharmacy's rate, as billed through a pharmacy benefit management (PBM) company, plus the backup pharmacy's delivery charge or on-call charge, or the taxi or courier charge, if applicable.

3. FACILITY RESPONSIBILITIES:

- a. To pay to DIAMOND all fees for services rendered outlined in Attachment "A" to this Agreement. Invoicing will occur monthly. Payment shall be made by check or EFT (Electronic Funds Transfer in the form of ACH or Wire) from Siskiyou County to Diamond within thirty days of receipt of invoice by Siskiyou County. A finance charge of one and one quarter percent per month will be charged on all amounts received thirty days past the end of the billing cycle. Diamond's dispensing fee will remain fixed and

firm for an initial 2-year term and will be increased annually thereafter by the annual U.S. growth rate in CPI for medical care services. Payment by credit card or purchase card will be assessed a three percent convenience fee.

- b. To furnish all legally required medication and product order information to DIAMOND on any Formulary and Non-Formulary Medications prescribed for inmates of the FACILITY.
- c. FACILITY acknowledges that some Pharmacy Services may be billable to separate agencies including but not limited to: Federal Bureau of Prison, U.S. Marshal Service, ICE, other counties, or other "outside source", depending on patient eligibility. If requested in writing by FACILITY, DIAMOND will submit eligible bills to such outside sources, and prescriptions will be billed at the California Medicaid rate. In the event that any amounts billed to an outside source remain unpaid after sixty (60) days, FACILITY remains responsible for payment to DIAMOND. Such responsibility is independent of whether or not FACILITY has received payment from outside sources for any such charges. Diamond will serve as the pharmacy benefit manager of record and will maintain a drug formulary, will manage pharmaceutical expenditures, be in control of these claims, and may benefit through any subsequent remunerations generated due to these services.
- d. It is FACILITY's responsibility to provide DIAMOND all appropriate and accurate patient and billing information prior to submitting orders. Billing other agencies is provided by DIAMOND as a courtesy and DIAMOND will not be responsible for any third-Party claims which are not invoiced accurately due to FACILITY's failure to provide the correct patient billing information.
- e. It is FACILITY's responsibility to verify its invoices and credit statements monthly to assure claims were billed to the proper agency on a monthly basis and inform DIAMOND of any discrepancies within fifteen (15) days of receipt of invoices. Any items not in dispute are required to be paid and are not to be withheld.
- f. FACILITY is responsible for all applicable sales, use, lease, and valorem, and any other tax that may be levied or assessed by reason of this transaction, unless FACILITY provides a tax exemption certificate (blanket or transaction specific) to DIAMOND in a timely manner.
- g. In the event that local, state, or federal laws, rules, or regulations change that affect the services offered either operationally or financially, the parties shall work together in good faith to negotiate new rates
- h. Services and programs outside the specifications of this document, based on the unique needs of FACILITY, will have any additional costs, management fees, or dispensing fees, negotiated in good faith between FACILITY and DIAMOND for the provision of those unique services that are not listed herein.
- i. Pay all invoices and other payments due to DIAMOND via EFT or to:

Diamond Drugs, Inc.
Diamond Pharmacy Services
P.O. Box 200796
Pittsburgh, PA 15251-0796

4. **EQUIPMENT** – In the event that a RFP or bid and bidding procedures require such, DIAMOND shall provide an adequate number of medication carts for each facility serviced to accommodate their respective needs, and one (1) fax machine that will be dedicated solely for use with operations related to DIAMOND's services as determined by DIAMOND's pharmacist account manager. This equipment will remain the property of DIAMOND throughout performance of the terms of this Agreement. Upon termination or expiration of this Agreement, FACILITY agrees to return such equipment to DIAMOND within fifteen (15) days of service termination or expiration. FACILITY will be charged for any damages of said equipment while in FACILITY's possession up through DIAMOND's receipt of the returned equipment. If FACILITY fails to return the equipment within fifteen (15) days, FACILITY will be responsible for paying DIAMOND an amount equal the replacement cost for new equipment equivalent to the equipment retained by FACILITY. FACILITY can purchase replacement fax toner from DIAMOND or fax machine toner can be purchased elsewhere at FACILITY's expense
5. **INTELLECTUAL PROPERTY** – FACILITY agrees that DIAMOND and its affiliated company SapphireHealth, LLC retains all rights, title, interest in and ownership, and reserves the right to use and control the use of its intellectual property rights in its assets including, but not limited to, its software, reporting packages and user documentation; operations, procedures and strategies; formulary and clinical services; manufacturer, wholesaler, group purchase, vendor contracts and resultant data and information; patient, drug dispensing claims and drug utilization information; trademarks and service marks. This Agreement creates no express or implied license for FACILITY to use such intellectual property for any purpose other than carrying out its responsibilities under this Agreement.
6. **TERM AND TERMINATION** – The initial term of this Agreement shall commence on January 1, 2020 and continue for a period of 3 years and 6 months, with a termination date of June 30, 2023.

Either Party may terminate This Agreement for significant breach of the terms and conditions of this Agreement by the other party by using the following procedure provided that the non-breaching party shall deliver a detailed, written notice of such breach that allows the breaching Party forty-five (45) days to cure said breach. If the Breach is not cured to the reasonable satisfaction of the non-breaching Party within forty-five (45) days, this Agreement shall terminate upon delivery, by the non-breaching Party, of a final written notice that the Breach has not been cured to the reasonable satisfaction of the non-breaching Party. DIAMOND has the right to terminate this Agreement immediately for payment delays of more than thirty (30) days past any invoice date. The Parties may, by mutual consent, terminate this Agreement at any time only under circumstances and terms mutually agreed upon. Terminations for convenience will not be permitted.

In the event that any subsequent State or Federal statute, regulation, or agency interpretation makes either party's right or obligations under this Agreement illegal or impractical, all other rights and obligations shall remain in force.

7. MEDICATIONS RETURNED TO DIAMOND FOR CREDIT:

In accordance with the terms outlined in Attachment "A", DIAMOND will provide FACILITY credit for "Eligible Oral Solid Drugs" returned to DIAMOND from FACILITY at 100% of the actual acquisition cost of the medication at the time of dispensing less a one dollar and forty-five cent processing fee per returned card.

As used herein, the term "Eligible Oral Solid Drug" means, (i) a non-controlled substance oral solid medication; (ii) that was originally dispensed by DIAMOND to a patient/inmate at the FACILITY (iii) is sealed in unopened tamper-evident packaging and either individually packaged or packaged in unit-dose packaging; (iv) has not been compounded; (v) does not require refrigeration; (vi) returned with more than 90 days until the expiration date; (vii) was under the control of the FACILITY's medical personnel at all time and has not been released to the inmate population or labeled as "Keep on Person"; (ix) was properly stored at the FACILITY; (x) upon reasonable inspection by a DIAMOND pharmacist, the package does not appear to have been defaced or adulterated; (xi) has been packed as one full unit per blister; (xii) are not specialty, REMs, or limited distribution medications; (xiii) and has not been billed to a private insurance, third party, USM, ICE, 340B, or Medicaid.

8. INSURANCE, INDEMNIFICATION, AND FINES:

a. **Insurance** – Both DIAMOND and FACILITY shall maintain professional and general liability insurance coverage at a minimum in the amount of one million dollars per occurrence, and five million dollars aggregate, naming the other as an additional insured. This insurance will be fully applicable to all services rendered by Party under this Agreement subject to the normal terms and exclusions of the policy. Each Party will provide the other with a certificate evidencing that the insurance is in place upon this execution of this Agreement. Each policy will provide for at least thirty (30) days written notice before any cancellation or alteration in policy terms before any term can be changed, or the policy cancelled. Each Party agrees to send the other copies of any notices of cancellation or alteration, and that they will do so within ten (10) days of the receipt of any notice.

b. **Indemnification** – Negligent Acts of Either Party – FACILITY agrees to indemnify, defend, and hold harmless DIAMOND, its agents, officers, and independent DIAMOND subcontractors individually or collectively, from any and all claims, demands, liabilities, loss, costs or expenses for any loss, damage or injury, caused by the negligent acts or omissions of FACILITY or any of its employees, subcontractors, and agents.

DIAMOND agrees to indemnify, defend, and hold harmless FACILITY, its agents, officers, and independent DIAMOND s individually or collectively, from any and all claims, demands, liabilities, loss, costs or expenses for any loss, damage or injury, caused by the negligent acts or omissions of DIAMOND or any of its employees, subcontractors and agents. This indemnification includes all costs and expenses, including reasonable attorney fees.

Either Party or any Party affected by this contract shall be entitled, at their own expense, to participate or have their agents or attorneys participate in the defense of any suit against the other where the Party wishing to participate has, or may have, an indemnification obligation to the other Party. Each understands and agrees that any settlement, compromise or consent judgment of any claim, loss or damage asserted against either Party, or anyone contracting under either Party who provided services under this Agreement, shall not be binding against the other, unless that Party has expressly approved the settlement, compromise or consent judgment in writing.

The indemnification and hold harmless provisions of this Agreement shall survive the termination of this Agreement for a period not to exceed that period upon which a claim for loss or damages could be brought against either DIAMOND or FACILITY under the statute of limitation applicable to any act or acts by either Party. If any complaint or litigation arising out of the terms and conditions of this Agreement is filed against either Party, the Party served will notify the other Party in writing by providing the other Party with a copy of the complaint or notice of claim at which point the indemnification provisions of this Agreement will become enforceable.

- c. **Indemnification for Civil Fines, Penalties or other Monetary Assessments** – Any fine, penalty or other monetary assessment ("Fines") issued against either Party by any State Board of Pharmacy, DEA, FDA, Facility, State, County or any other federal or state entity with jurisdiction over FACILITY shall be the responsibility of the Party whose conduct is the subject of such Fines, regardless of which Party to this Contract is named and against whom the Fine is actually assessed. Thus, FACILITY will indemnify DIAMOND with respect to any Fines assessed by the State Board of Pharmacy or other agency against DIAMOND based on the acts or omissions of the FACILITY; and DIAMOND will indemnify FACILITY with respect to any fines assessed by the State Board of Pharmacy or other agency against FACILITY based on the acts or omissions of DIAMOND for non-compliance or arising from the failure of DIAMOND to provide services in accordance with this Agreement.

9. **NOTICE** – All notices, designations, consents, offers, acceptance or any other communication provided for herein required to be in writing will be given by registered, certified mail, return receipt requested, overnight courier addressed to the Parties as shown below:

FACILITY: Siskiyou County Health and Human Services Agency
Public Health Division
810 South Main Street
Yreka, CA 96097

DIAMOND: Diamond Drugs, Inc.
Attn: Mark J. Zilner
645 Kolter Drive
Indiana, PA 15701

10. **GOVERNING LAW AND VENUE** – The laws of the California shall govern this Agreement as to the interpretation, construction and performance of the Parties. Any dispute that should arise between the Parties as related to performance of this Agreement or in any way relating to this Agreement shall be resolved in the courts of Siskiyou County, California.

11. **AMENDMENTS** – This Agreement may be amended, changed or modified only in writing, signed by authorized representatives of each of the Parties hereto.
12. **REPRESENTATIONS** – BOTH PARTIES will comply will all applicable laws and regulations related to providing services under this Agreement, including ensuring that Both Parties and all employees of BOTH PARTIES comply with any and all licensing requirements, any and all applicable environmental laws and regulations, any and all federal, state, and local regulations and all state non-discrimination requirements.
13. **CONFIDENTIALITY** – The Parties acknowledge that in carrying out their obligations under this Agreement, the Parties may have to exchange or otherwise divulge Confidential Business information, including, but not limited to, FACILITY lists, vendor lists, pricing, proprietary procedures, software programs, and business processes, the formulary, etc. Confidential Information does not include: (i) information which, at the time of disclosure to the receiving party, is in the public domain; (ii) information which, after disclosure, becomes part of the public domain by publication or otherwise, except by breach of this Agreement; (iii) information which was in the receiving party's possession at the time of disclosure by the disclosing party, and which was not acquired, directly or indirectly, from the disclosing party; (iv) information which he receiving party can demonstrate resulted from its own research and development, independent of disclosure from the disclosing party; (v) information which the receiving party receives from third parties, provided such information was not obtained by such third parties from the disclosing party on a confidential basis; or (vi) information which is produced in compliance with applicable law or a court order, provided the other party is given reasonable notice of such law or order and an opportunity to attempt to preclude or limit such production.

The Party receiving such proprietary information SHALL NOT DISCLOSE such information to any third-Party individual organization or entity without the prior, express, written approval from the original Disclosing Party. Each Party certifies that they have policies and procedures in place that will protect the Disclosing Party from the re-Disclosure of any such Confidential Information.

DIAMOND and FACILITY each agree to maintain and ensure the confidentiality, privacy, and security of patient information to the extent required by law and each Party's policy. Without limiting the generality of the foregoing. The Parties agree to comply with the Health Insurance Portability and Accountability Act of 1996 with respect to the privacy and security of "protected health information" (as defined by HIPAA) created, transmitted, maintained or received pursuant to, or in connection with, the performance of DIAMOND obligations under this Agreement.

The parties acknowledge that federal regulations relating to the confidentiality of individually identifiable health information require covered entities to comply with the privacy standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time (codified at 45 C.F.R. Parts 160 and 164) ("Privacy Standards"). The Privacy Standards require covered entities to ensure that business associates who receive confidential information in the course of providing services comply with certain obligations regarding the confidentiality of health information.

This Confidentiality section shall survive termination of this Agreement.

- 14. SEVERABILITY** – If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed and enforced as so limited.
- 15. WAIVER OF CONTRACTUAL RIGHT** – The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.
- 16. SCOPE OF AGREEMENT** – By execution of this Agreement, Both Parties agree to the terms and conditions set forth herein and in Attachment A. This Agreement supersedes any and all other agreements, either oral or in writing, between the contracting Parties with respect to the subject matter covered by this Agreement, and no other agreement, statement, or promise relating to the subject matter of this Agreement that is not contained in this Agreement shall be valid or binding unless in writing as an amendment and signed by Both Parties.
- 17. COOPERATION** – Both Parties agree to use their best efforts to cooperate with each other in providing all information pertaining to all legal and regulatory compliance requirements when providing services under this Agreement, and will duly investigate and comply with any complaints brought to the other's attention by the other Party immediately. DIAMOND and FACILITY agree to work with each other in good faith to rectify any problems that may arise between Parties.
- 18. STATUS OF PARTIES** – Neither DIAMOND nor FACILITY is for any purpose an agent, partner, or employee of the other. This Agreement does not constitute a joint venture between the Parties. It is agreed that in performing pharmacy services pursuant to this Agreement, DIAMOND and its employees will, at all times, be an independent contractor of FACILITY.
- 19. FORCE MAJEURE** – Neither Party shall be in breach of this Agreement if the failure to perform arises out of causes beyond the control and without the fault of that Party. Such causes may include, but are not restricted to strikes or labor disputes, inmate disturbances, acts of God, acts of civil and military authority, acts of public enemy, fires, explosions, earthquakes, supplies, manufacturers, and floods. Such non-performing Party shall immediately notify the other Party in writing of its inability to perform by specifying all reasons constituting the cause or causes beyond its control and without its fault.

SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, County and Contractor have executed this contract on the dates set forth below, each signatory represents that he/she has the authority to execute this agreement and to bind the Party on whose behalf his/her execution is made.

Date: 1/7/2020

ATTEST:
LAURA BYNUM
Clerk, Board of Supervisors

By: Wendy H. [Signature]
Deputy

COUNTY OF SISKIYOU
[Signature]
Michael N. Kobseff, CHAIR
Board of Supervisors
County of Siskiyou
State of California

Date: 1/14/2020

Date: 1/14/2020

CONTRACTOR

[Signature]
Joan Zilner, R. Ph.
Owner & President
Diamond Pharmacy Services

[Signature]
Mark J. Zilner, RPh
Owner, Chief Operating Officer, & Secretary
Diamond Pharmacy Services

License No: Non-Resident Pharmacy – NRP 2002 Non-Resident Wholesaler – OSD 5362
(Licensed in accordance with an act providing for the registration of contractors)

Note to Contractor: For corporations, the contract must be signed by two officers. The first signature must be that of the chairman of the board, president or vice-president; the second signature must be that of the secretary, assistant secretary, chief financial officer or assistant treasurer. (Civ. Code, Sec. 1189 & 1190 and Corps. Code, Sec. 313.)

TAXPAYER I.D. 25-1378278

ACCOUNTING:

Fund	Organization	Account	FY 19/20 NTE	FY 20/21 NTE	FY 21/22 NTE	FY 22/23 NTE
2111	401081	740000	\$42,500	\$92,000	\$92,000	\$92,000

If not to exceed, include amount not to exceed: \$318,500.00 (plus applicable taxes).

Attachment A

1. Scope of Services

Contractor will provide the following services at the Siskiyou County Jail ("Facility):

a. Fill and Deliver Prescriptions

Contractor will fill all new and refill prescription items daily, Monday through Friday, and ship for next business day delivery to Facility. All prescription items transmitted by the order cut-off time of 2:00 PM Pacific Standard Time on the business day before the scheduled delivery days, will be delivered the next business day (holidays excluded), with the exception of Saturday. If Monday is a regular (non-holiday) delivery day, all prescriptions ordered before 11:00 AM Pacific Standard Time on Saturday, will be included in this shipment for the next working day (usually Monday) unless the Facility is notified otherwise. Shipping costs are included as part of our bid rate. Diamond utilizes a preferred shipping partner, if a common carrier other than our preferred shipping partner is requested, those costs for shipping will be billed as a pass-through charge. If medications are shipped to correctional institutions other than to Siskiyou County, those shipping costs will be a pass-through charge.

Diamond Drugs, Inc will be closed on six (6) holidays per year, as listed below:

New Year's Day
 Memorial Day
 Independence Day
 Labor Day
 Thanksgiving Day
 Christmas Day

Contractor will notify County in advance of any changes in the schedule for ordering and/or delivery due to holidays. Facility should utilize onsite stock and/or the emergency pharmacy service during holiday closings.

b. Emergency Service

Contractor will provide Facility medical staff with an emergency phone number to contract the "on call" pharmacist in the event that the medical staff needs to consult with a pharmacist after normal business hours. The "on call" pharmacist will answer medication related questions and assist the medical staff in procedural issues.

c. Dispensing System

Contractor will dispense all prescriptions via a "blister card" medication dispensing system. Patient specific medications are dispensed in 30-count blister cards with one unit per bubble. Stock and OTC stock medications can be dispensed in original manufacturer bottles, if requested. Non-oral solid stock medications are distributed as the individual purchase quantity.

d. Medication Quantities

Contractor shall dispense prescription items in quantities sufficient to provide medication for 30 doses initially and will adjust the quantity upward depending on the incarceration period of the inmate-patient. This is subject to the California Board of Pharmacy regulations and instructions of the prescribing practitioner. Maintenance medications will not be dispensed in a quantity to exceed a 30-day supply per dispensing.

e. Controlled Substances

Contractor shall provide all prescribed controlled substance medications in "blister pack" for easy accountability and will dispose of unused controlled substance medications, at no expense to County, if and when permitted by the local DEA field office, and in accordance with applicable State and Federal regulations. If the services of a reverse distributor become necessary for the disposition of controlled substance medications or other medications or drug devices, those charges will be that of the Facility at Facility's expense through direct contract with the reverse distributor. If destruction is permitted by facility staff, charcoal activated disposal containers can be purchased from Contractor.

f. Starter Stock

If allowed by State regulations, Facility shall maintain a starter stock system at Facility. Items will be determined in consultation with the Facility's Public Health Director and/or Director of Nursing, and/or Health Officer.

g. Emergency Medications

Facility shall maintain an emergency kit located at Facility if permitted by State regulations. Items in the emergency kit will be determined in consultation with the Facility's Public Health Director, and/or Director of Nursing, and/or Health Officer.

h. Generic Medications

Contractor shall dispense all prescriptions generically, unless there is no generic substitute. All drugs will be obtained from manufacturers with an AB rating or better by the Federal Drug Administration.

i. Meetings & Inspections

Contractor shall conduct quarterly pharmaceutical and therapeutic committee meetings with medical staff at Facility via teleconference or webinar. An annual inspection of Facility's medication room will be performed by Contractor at no cost to County or Facility. All other inspections will be billed as a pass-through cost for time and travel to the Facility or County and Facility or County will be provided original itemized receipts. These meetings and inspections meet the current standards for NCCHC, ACA, and AJA accreditation.

j. Medication Carts

Contractor will provide Facility with a sufficient number of medication carts to store and administer medications at Facility. Medication carts will be maintained by Contractor in good working condition and are expected to last at least three (3) years under normal circumstances. Current medication carts will be replaced if unsafe or have fallen into a state of disrepair as determined by your Diamond pharmacy account executive. Contractor requests the assistance of Facility medical staff in making sure the carts are maintained. The carts are the property of Contractor and will be returned by the Facility in the event the contract is terminated.

k. Ordering

Contractor will maintain and provide software access to Facility medical staff an electronic ordering and eMAR system. The system will eliminate the need for nursing staff to transcribe physicians' orders. Facility will provide a broadband connection, as well as a computer, laptop, EPCS tokens, or appropriate hardware, at its expense, for the operation of the system. For any pharmacy interfaces, including those for prescription transmission, with EMRs/EHRs other than Sapphire, or third-party vendors, Diamond will be responsible only for interface charges and programming required on Diamond's end of the interface. Interfacing costs with automated dispensing machines are outside the scope of this agreement and those costs will be a pass-through charge. Any transmission fees or submission fees or other fees and charges which are charged by another EHR/EMR, JMS company, switch company, or any other company not specific to the above will be billed as a pass-through charge.

l. Reports

Contractor will provide County with monthly reports on pharmaceutical usage.

m. Medication Administration Records (MARs)

Contractor will provide County with computer generated Medication Administration Records, to be delivered no later than the 27th day of each month for the following month on all inmate-patients who have prescribed medications if not utilizing an eMAR. Additionally, the electronic ordering system will enable Facility medical staff to print MARs onsite. If Siskiyou County implements a distribution model where greater than seventy-five percent of medications are distributed as stock, and if Diamond is required to provide monthly paper MARs, there will be a charge of one dollar and sixty-five cents per profiled order.

2. Compensation

- a. County agrees to pay any and all costs associated with the care of County inmates at Siskiyou County Jail as detailed in Attachment B.
Not to exceed a total cost of Three Hundred Eighteen Thousand Five Hundred Dollars (\$318,500.00) for the term of the contract and specified per FY 19/20 NTE Forty Two

Thousand Five Hundred Dollars (\$42,500.00); per FY 20/21 NTE Ninety Two Thousand Dollars (\$92,000.00); per FY 21/22 NTE Ninety Two Thousand Dollars (\$92,000.00) and FY 22/23 Ninety Two Thousand Dollars (\$92,000.00)

1. Contractor offers credit on oral solid medications in full and partial blister cards returned at 100% of the actual acquisition cost of the medication at the time of dispensing, less a one dollar and forty-five cent processing fee per returned card, provided the medications:
 - Remain in their original sealed blister packs
 - Have been stored under proper conditions
 - Are not defaced and have not been adulterated
 - Are not within 3 months of expiration
 - Are packaged with one full unit per bubble
 - Have not been released to the inmate population or labeled/dispensed as "keep on person"
 - Are not controlled substances
 - Are not refrigerated items
 - Are not specialty, REMs, or limited distribution medications
 - Have not been billed to a private insurance, Medicaid, U.S. Marshals Service (USMS), U.S. Immigration and Customs Enforcement (ICE), 340b, or other third party
 - Were originally dispensed by Contractor

Contractor is responsible for once monthly shipping costs for all returned medications and provides County with prepaid preaddressed FedEx Package Returns Program (PRP) or UPS Authorized Return Service (ARS) labels. These labels are affixed to the return box, which is handed to express delivery personnel during their normal pickup/delivery to County.

Controlled-substance medications and open partial stock medications cannot be credited in accordance with federal regulations. Credit is issued on medications based upon the professional judgment of a Diamond pharmacist less a one dollar and forty-five cent processing fee per returned card. Credit will not exceed the current market value per dose of medication eligible for return. Liquids, injectables, topicals, medications dispensed in vials, medications dispensed in strip packaging, and inhalers will not be eligible for credit. Oral solid medications returned in a sealed manufacturer's bottles will be eligible for credit in accordance with the aforementioned policy. Credit is provided on medications that Contractor keeps in stock and that can be redispensed prior to the returned medication expiring. Blister cards that are dispensed with half tablets or with more than one single unit per individual bubble of the blister card are not eligible for return. Oral solid medications dispensed as brand Medically Necessary or Dispense as Written will be credited at the acquisition cost of the generic equivalent. Returns received at Diamond during the term of the contract by the 15th day of each calendar month will be credited on the next invoice for that calendar month. Credit memos will be deducted from payment of the oldest outstanding invoices. Medications ineligible for credit will not be returned.

2. Contractor will invoice County at the end of each calendar month. Detailed invoices will be sent to County by the 5th working day of each month for services provided in the

previous month. County shall pay within 30 days of receipt of invoices from the Contractor to the County, and approval and acceptance of the work by the County.

3. If contract is continued, Shelly Davis, as the Public Health Division Director will be auditing all Pharmaceutical rates for the interim contract by and between Diamond Pharmacy Services and HHSA Public Health Division so as not to exceed the Three Hundred Eighteen Thousand Five Hundred Dollars (\$318,500.00) (plus applicable taxes) allotment for medication pricing.

Attachment B

Diamond Pharmacy Services Bid

to the

Siskiyou County Jail

October 30, 2019

Each prescription and stock piece will be billed as follows

The lower of Diamond's Usual & Customary Price

or the following bid rate of

Brand-name and Single-source Medications = AWP less 22%

Generic Multi-source Medications = AWP less 85%

Regarding the Above Price

- ◆ Diamond's Usual and Customary pricing is a more aggressive price over our proposed bid rate, as we can offer exceptionally low pricing on several commonly utilized medications due to our volume purchasing power that can be as low as AWP less 97%.
- ◆ AWP is defined as Average Wholesale Price at the time of dispensing, as updated by Medi-Span®.
- ◆ Since AWP is a published rate, it may fluctuate (increase and decrease); however, our proposed discount to AWP will remain fixed and firm throughout the term of the contract.
- ◆ Single-source medications are generic entities that are provided from a single manufacturer.
- ◆ Maintenance medications are dispensed in a routine 30-day supply.
- ◆ Acute medications are dispensed in the quantity as written by the prescriber
- ◆ Patient specific medications are dispensed in 30-count blister cards with one unit per bubble. Stock and OTC stock medications can be dispensed in original manufacturer bottles, if requested. Non-oral solid stock medications are distributed as the individual purchase quantity
- ◆ All rates are based on Diamond being Siskiyou County's exclusive pharmacy provider for medication dispensing and pharmacy program management

The Above Bid Rate Includes

- ◆ Patient specific prescription dispensing, pharmacy benefit management, stock distribution services, and standard medication delivery to a single location at your facility from Diamond
- ◆ A pharmacist serving as the primary contact and account manager
- ◆ A pharmacist for an annual on-site inspection, if requested. All other inspections will be billed as a pass-through cost for time and travel

- ◆ Pharmacist participation in P&T meetings via teleconference or webinar
- ◆ 24-hour a day, 7-day a week, and 365-day a year (24/7/365) telephone consulting
- ◆ Medication cart(s) on loan for the duration of the contract if current carts are unsafe or have fallen into a state of disrepair as determined by your Diamond pharmacy account executive
- ◆ Fax machine on loan for the duration of the contract unless using an online ordering program.
- ◆ Siskiyou County can purchase replacement toner from Diamond or fax machine toner can be purchased elsewhere at Siskiyou County's expense
- ◆ Accurate and meaningful monthly, routine, and ad hoc reports
- ◆ No additional software charges for electronic ordering and electronic medication administration records (eMARs) if you choose our Sapphire computerized physician order entry (CPOE) and eMAR solution when all orders are submitted via Sapphire and all medications are purchased from Diamond.
- ◆ No additional charges for Sapphire CPOE/eMAR routine software updates, initial training, initial jail management system (JMS) interfacing, and 24/7 IT support. Siskiyou County will be responsible for charges related to appropriate hardware, EPCS prescriber tokens (if required), and internet access.
- ◆ Access to Diamond's free web-based electronic reconciliation program
- ◆ Access to Diamond's free web-based Online Reporting Program (ORP) and utilization dashboard

Additionally

- ◆ If Siskiyou County is seeking a comprehensive electronic health record (EHR)/electronic medical record (EMR) solution, Diamond offers Sapphire EMR/EHR at a separate price to be negotiated.
- ◆ For any pharmacy interfaces, including those for prescription transmission, with EMRs/EHRs other than Sapphire, or third-party vendors, Diamond will be responsible only for interface charges and programming required on Diamond's end of the interface. Interfacing costs with automated dispensing machines are outside the scope of this agreement and those costs will be a pass-through charge.
- ◆ Any transmission fees or submission fees or other fees and charges which are charged by another EHR/EMR, JMS company, switch company, or any other company not specific to the above will be billed as a pass-through charge.
- ◆ Diamond will retain and reserves all rights, title, use, control, interest in and ownership of its assets including, but not limited to, its software, reporting, packages, and user documentation; operations, procedures, and strategies; formulary and clinical services; manufacturer, wholesaler, group purchase, and vendor contracts and resultant data and information; patient, drug dispensing claims, and drug utilization information; trademarks and service marks.
- ◆ Backup pharmacy services will be billed as a pass-through charge at the contracted backup pharmacy's rate, as billed through a pharmacy benefit management (PBM) company, plus the backup pharmacy's delivery charge or on-call charge, or the taxi or courier charge, if applicable.
- ◆ If your facility requires fewer days in your routine supply of maintenance medications, or if you require packaging other than blister cards, a higher rate will be negotiated.
- ◆ Durable medical equipment (DME) and medical supplies are billed at Diamond's correctional pricing, and prices will be quoted on a case-by-case basis, when requested.

- ◆ Specialty pharmaceutical items - those items that are not available through primary wholesalers that must be ordered through specialty channels, drop shipped, and/or that require pharmacist or other intervention to procure, such as, but not limited to plasma products, factor products, specialty vaccines, medications with REMS requirements, limited distribution medications, and chemotherapy agents are invoiced at the price charged to Diamond by our wholesaler or from the specialty pharmacy plus eight percent.
- ◆ Compounded IV Medications are billed at the Average Wholesale Price (AWP) per ingredient as published by Medi-Span, plus five dollars per piece.
- ◆ Total Parenteral Nutrition (TPN) Products will be billed at the AAC per ingredient plus a dispensing fee of seventy-five dollars per bag.
- ◆ Non-sterile compounded medications will be billed at Diamond's Actual Acquisition Cost per ingredient plus compounding labor plus twenty dollars per piece.
- ◆ Medications will not be discounted and sold below cost. If the proposed discounts cause a medication to fall below Diamond's actual acquisition cost, the prescription will be billed at Diamond's actual acquisition cost of the medication at the time of dispensing plus a three dollar and ninety-five cent dispensing fee per prescription and stock piece.
- ◆ If Siskiyou County implements a distribution model where greater than seventy-five percent of medications are distributed as stock, and if Diamond is required to provide monthly paper MARs, there will be a charge of one dollar and sixty-five cents per profiled order.
- ◆ Medications dispensed under a 340B program will be billed under a separately negotiated rate
- ◆ If the services of a reverse distributor become necessary for the disposition of controlled substances or other medications or drug devices, those charges will be that of Siskiyou County at County's expense through direct contract with the reverse distributor.
- ◆ If the services of a waste company become necessary for the disposition of hazardous and non-hazardous pharmaceutical waste, those charges will be that of Siskiyou County at County's expense through direct contract with the waste company.
- ◆ Shipping costs are included as part of our bid rate. Diamond utilizes a preferred shipping partner, if a common carrier other than our preferred shipping partner is requested, those costs for shipping will be billed as a pass-through charge. If medications are shipped to correctional institutions other than to Siskiyou County, those shipping costs will be a pass-through charge
- ◆ There will be a minimum cost per prescription and stock piece of three dollars and ninety-five cents
- ◆ Siskiyou County will be responsible for damaged or lost equipment provided on loan by Diamond
- ◆ Diamond will serve as the pharmacy benefit manager of record and will maintain a drug formulary, will manage pharmaceutical expenditures, be in control of these claims, and may benefit through any subsequent remunerations generated due to these services.
- ◆ Payment by credit card or purchase card will be assessed a three percent convenience fee.
- ◆ Invoicing will occur monthly. Payment shall be made by check or EFT (Electronic Funds Transfer in the form of ACH or Wire) from Siskiyou County to Diamond within thirty days of receipt of invoice by Siskiyou County. A finance charge of one and one quarter percent per month will be charged on all amounts received thirty days past the end of the billing cycle.

- ◆ Siskiyou County is responsible for all applicable sales, use, lease, ad valorem, and any other tax that may be levied or assessed by reason of this transaction, unless your facility provides a tax exemption certificate (blanket or transaction specific) to Diamond in a timely manner.
- ◆ Diamond's dispensing fee will remain fixed and firm for an initial 2-year term and will be increased annually thereafter by the annual U.S. growth rate in CPI for medical care services
- ◆ Billing disputes must be requested within thirty days from the time invoiced was received by Siskiyou County. Any items not in dispute are required to be paid and are not to be withheld.
- ◆ In the event that local, state, or federal laws, rules, or regulations change that affect the services offered either operationally or financially, the parties shall work together in good faith to negotiate new rates
- ◆ Services and programs outside the specifications of this document, based on the unique needs of Siskiyou County, will have any additional costs, management fees, or dispensing fees, negotiated in good faith between Siskiyou County and Diamond for the provision of those unique services that are not listed herein.

Credit on Returns

Due to the costs resulting from inmate turnover and medication changes and due to the rising price of medications, Diamond realizes the importance of issuing credit on returned medications. We are offering credit on oral solid medications in full and partial blister cards at 100% of the actual acquisition cost of the medication at the time of dispensing less a one dollar and fifteen cent processing fee per returned card.

Acting as your partner in helping reduce waste and costs, when and where permitted by the State Board of Pharmacy and the U.S. Food and Drug Administration (FDA), Diamond offers credit on oral solid medications in full and partial blister cards returned to us, provided the medications:

- ◆ Remain in their original sealed blister packs
- ◆ Have been stored under proper conditions
- ◆ Are not defaced or have been adulterated
- ◆ Are not within 3 months of expiration
- ◆ Are packed as one full unit per blister
- ◆ Have not been released to the inmate population or labeled/dispensed as keep on person
- ◆ Are not controlled substances
- ◆ Are not refrigerated items
- ◆ Are not specialty, REM's, or limited distribution medications
- ◆ Have not been billed to a private insurance, third party, USM, ICE, 340B, or Medicaid
- ◆ Were originally purchased from Diamond

Diamond offers credit on full and partial blister cards.

Diamond is responsible for once-a-month shipping costs for all returned medications and provides your facility with prepaid preaddressed FedEx Package Returns Program (PRP) or UPS Authorized Return Service (ARS) labels. These labels are simply affixed to the return box, which is handed to express delivery personnel during their normal pickup/delivery to your facility.

In 2018, Diamond provided \$18 million in credit to our customers.

Controlled substance medications and opened partial stock medications cannot be credited per federal regulations. Credits are issued on medications based upon the professional judgment of a Diamond pharmacist and not exceeding the current market value of the medication. Liquids, injections, topicals, medications dispensed in vials, medications dispensed in strip packaging, and inhalers are not eligible for credit. Blister cards that are dispensed with half tablets or with more than one single unit per individual bubble of the blister card are not eligible for return. Oral solid medications dispensed as Brand Medically Necessary or Dispense as Written will be credited at the actual acquisition cost of the generic equivalent. Oral solid medications returned in sealed manufacturer bottles will be eligible for credit in accordance with the policy above. Credit will only be issued on medications that Diamond currently stocks and can be redistributed to other clients for administration prior to expiring. Diamond will abide by all current and future Board of Pharmacy and Federal provisions regarding medication reuse and will only credit medications that are permitted per reuse, these regulations will automatically amend what is proposed in this agreement. Returns received at Diamond, during the term of the contract, by the 15th of each month will be credited on the next invoice for that calendar month. Credit memos will be deducted from payment of the oldest outstanding invoices. Medications ineligible for credit will not be returned.

Note

Diamond is the nation's largest provider of correctional pharmacy services and has the largest purchasing power in the industry. Diamond purchases our medications from Cardinal Distribution—a nationally recognized distributor—and from several manufacturers and generic distributors. We also participate in national group purchasing organizations (GPOs) that further negotiate favorable drug pricing for Diamond. These contract prices are seen in the low medication costs that we subsequently offer to our customers.

With Diamond's unprecedented growth, we increased our customer base by 35% over the last couple of years, and this has allowed us to negotiate even lower rates with our suppliers on both brand name and generic medications. We then pass the additional savings on to you. Your pharmacist account manager also receives a daily price file that allows us to swiftly notify you of significant price changes. We will continue to maximize cost avoidance to your facility while maintaining the highest clinical standards with available alternative therapies that maintain positive patient outcomes.

Diamond believes in an honest approach to business and fair pricing for our clients. Over 1,700 correctional institutions put their trust in Diamond every day for their medication dispensing and pharmacy program management needs. We are hopeful that we can continue a sincere and mutually beneficial relationship with the Siskiyou County Sheriff's Office as well.

Thank you again for your time and consideration of Diamond.