



City of Austin

Recommendation for Action

File #: 26-1201, **Agenda Item #:** 34.

3/26/2026

Posting Language

Authorize negotiation and execution of an agreement with Avita Drugs, LLC for pharmacy services for qualified residents to receive certain outpatient drugs at reduced prices under the 340B Drug Pricing Program for an initial six-month term beginning on April 1, 2026, through September 30, 2026, with up to four twelve-month extension options ending on September 30, 2030. Funding: This item is projected to result in additional revenue of \$10,527 in the Operating Budget of Austin Public Health.

Lead Department

Austin Public Health.

Fiscal Note

This item is projected to result in additional revenue of \$10,527 in the Fiscal Year 2025-2026 Operating Budget of Austin Public Health.

Prior Council Action:

October 29, 2020 - Council approved item No. 20201029-21 for negotiation and execution of an agreement with Avita Drugs, LLC for pharmacy services, approved on a 10-0 vote.

For More Information:

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Additional Backup Information:

This agreement authorizes Austin Public Health to partner with Avita Drugs, LLC (Avita), an outpatient contract pharmacy for eligible clients, to receive certain outpatient drugs at reduced prices pursuant to the 340B Drug Pricing Program. Avita has unique expertise in developing, operating, and maximizing the benefits of the 340B Drug Purchasing Program. Actual revenue is based on participation at the Austin Public Health Sexual Health Clinic. Revenues generated from this program must be utilized to support public health sexual health programming.

Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients. The program allows 340B entities to stretch limited federal resources and expand health services to the patients and communities they serve. Entities use 340B savings to provide free care for uninsured patients, offer free vaccines, provide services in mental health clinics, and implement medication management and community health programs. Austin Public Health participates as an entity to provide preventive HIV medications, i.e. Pre-exposure Prophylaxis (PrEP) and Post Exposure Prophylaxis (PEP) prescriptions to high-risk clients.