

June 3, 2014

Dear Manufacturers,

I am writing on behalf of Methodist Hospital of Southern California, 340B ID #DSH050238 (MHSC) to inform manufactures that MHSC recently underwent an audit by the Health Resources and Services Administration (HRSA) of MHSC's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, MHSC qualified for the 340B Program as a Disproportionate Share Hospital in Arcadia, California and has participated in the 340B Program since October 1, 2006.

Through the audit process, MHSC was found to have non-compliance within their 340B Program as a result of the following finding:

"MHSC does not have adequate controls to prevent duplicate discounts as prohibited by 42 USC 256b(a)(5)(A)."

Specifically, although MHSC's 340B database record accurately reflected that MHSC would bill the California Medicaid program (Medi-Cal) for 340B drugs, for the period from October 1, 2009 through April 22, 2012, MHSC did not apply the state-required "UD" modifier to claims with 340B drugs.

Medi-Cal has assumed responsibility for identification of duplicate discounts related to MHSC's billing practices, as well as notification and, as necessary, repayment to manufacturers. It is the understanding of MHSC that Medi-Cal has begun the identification and notification process and anticipates completion by late 2014. If you have any questions regarding the status of the identification, notification and repayment process, please address such inquiries to your contact in the Medi-Cal Drug Rebate Branch.

If you have any questions or comments regarding the violations described in this letter, please contact Cari Toneck, Chief Compliance & Risk Officer at (626) 574-3744 or [cari.toneck@methodisthospital.org](mailto:cari.toneck@methodisthospital.org).

Sincerely,

Bill Griggs  
SVP & CFO