



**STATE OF TENNESSEE
DEPARTMENT OF HEALTH
5th FLOOR, ANDREW JOHNSON TOWER
710 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243**

November 5, 2014

Dear Manufacturers,

I am writing on behalf of the Hamblen County Health Department (HCHD), 340B ID STD378146, to inform manufacturers that HCHD recently underwent an audit by the Health Resources and Services Administration (HRSA) of HCHD's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, HCHD qualified for the 340B Program as an STD Clinic at the Hamblen County Health Department, 331 West Main Street, Morristown, TN, and has participated in the 340B Program since October 1, 2001.

Through the audit process, HCHD was found to have non-compliance within its 340B Program and could be responsible for repayment as a result of the following finding(s):

Finding:

HCHD was billing Medicaid contrary to information contained in the HRSA Medicaid Exclusion File. This action may have resulted in duplicate discounts as prohibited by 42 USC 256b(a)(5)(A).

In the course of investigating, HCHD discovered this finding resulted from an administrative misunderstanding. Within the Medicaid Exclusion File, response to the question "Will you bill Medicaid for drugs purchased at 340B price?" was marked "No." The Medicaid Exclusion file contradicted HCHD's billing practices as medications purchased at 340B pricing are billed to TennCare, the State-operated version of Medicaid; however, the then and current policy of TennCare (Policy No: PRO 13-002) prevents the submission of rebate claims for medications associated with 340B pricing. Therefore, rebate claims were not submitted for HCHD. HCHD has corrected the administrative misunderstanding to more transparently show that duplicate discounts have not and do not occur.

Because duplicate discounts were not received, no manufactures are owed repayment. If you have any questions or comments regarding the violation described in this letter please contact Calita Richards, PharmD, MPH, Director of Pharmacy, Tennessee Department of Health, 7th Floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243 or call 615-253-2311.

Sincerely,

Eugene Neubert
Deputy Commissioner, Operations