

# Castle Medical Center



640 Ulukahiki Street  
Kailua, Hawaii 96734-4498  
Tel (808) 263-5500  
Castlemcd.org

Dear Manufacturers,

October 31, 2014

I am writing on behalf of Castle Medical Center, 340B ID# DSH120006, to inform manufacturers that Castle Medical Center recently underwent an audit by the Health Resources and Services Administration (HRSA) of Castle Medical Center's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, Castle Medical Center qualified for the 340B Program as a disproportionate share hospital in Kailua, Hawaii and has participated in the 340B Program since April 1, 2006.

Through the audit process, Castle Medical Center was found to have non-compliance within their 340B Program and responsible for repayment as a result of the following finding:

**"Finding 3: CMC 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)."**

Castle Medical Center has identified all affected manufacturers and has contacted each to notify them of these violations to begin a dialogue on a method for repayment to affected manufacturers. If manufacturers have not received notification from Castle Medical Center and believe repayment may be owed for the violation described in this letter or if you have any questions or comments regarding the violation described in this letter please contact Laura Westphal at 808 263-5142, 640 Ulukahiki Street, Kailua, HI 96734.

*It is important to note that the state of Hawaii does not use the HRSA Medicaid Exclusion File to assess whether 340B covered entities carve in or carve out Medicaid claims. Instead, the State relies on its own internal process whereby 340B entities must report only their non-340B drug purchases on a quarterly basis. If this report is not submitted, the State assumes that all medications billed are purchased and billed at the 340B price. Castle Medical Center never submitted a quarterly report to the state indicating that they had purchased non-340B drug for treatment of Medicaid patients, thus the state would not have requested manufacturer rebates. The Hawaii state Medicaid administrator was contacted and they verified that they did not request rebates under the NPI numbers for Castle Medical Center.*

Sincerely,

A handwritten signature in cursive script that reads "Laura Westphal".

Laura Westphal RN, MBA, CPHQ  
VP Patient Care Services/CNE