Dear Manufacturers,

I am writing on behalf of ARcare, Inc. ("ARcare") (340B ID: CH060940) to inform manufacturers that ARcare recently underwent an audit by the Health Resources and Services Administration (HRSA) of ARcare's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, ARcare qualifies for the 340B Program as a community health center grantee with locations in Arkansas and Kentucky. ARcare has participated in the 340B Program since April 1, 2006, although prior to August 2010 the program operated under the name White River Rural Health Center, Inc.

Through the audit process, HRSA determined that ARcare likely had non-compliance within their 340B Program and could be responsible for repayment as a result of the following finding(s):

Finding: ARcare was billing Medicaid contrary to information contained in the 340B Medicaid Exclusion File. This action may have resulted in duplicate discounts as prohibited by section 340B(a)(5)(A) of the PHSA.

ARcare has disputed this finding throughout the audit process. In an attempt to resolve the finding, ARcare reached out to Arkansas Medicaid to investigate whether any of the 340B drugs administered by ARcare in the course of an FQHC visit (and billed to Medicaid through the FQHC per visit rate) were included in a drug rebate claim. On Wednesday, March 9, 2016, Mr. Jason Derden, Pharmacy Administrator for the Arkansas Medicaid Pharmacy Program, confirmed that the drugs administered by ARcare during an FQHC visit were not billed to Medicaid and that there were no double discounts. Therefore, there is no repayment owed to manufacturers as a result of this finding.

Finding: ARcare dispensed 340B drugs to ineligible individuals.

HRSA identified two instances that it determined to constitute diversion of 340B drugs. Both cases involved drugs dispensed by a contract pharmacy.

At present, ARcare does not believe there are any affected manufacturers. As explained above, ARcare has received confirmation from the Arkansas Medicaid agency that there were no duplicate discounts given by a manufacturer. In the one instance of diversion, ARcare re-purchased the drug at retail and replenished the pharmacy's stock, such that the manufacturer was made whole. As to the second instance of alleged diversion, ARcare has identified the manufacturer and will contact that manufacturer to begin a dialogue regarding repayment. If manufacturers have not received notification from ARcare and believe repayment may be owed for the non-compliances described in this letter, or if you have any questions or comments regarding the violations described in this letter please contact Talmage J. Whitehead, Chief Financial Officer at 117 South Second Street, Augusta, Arkansas 72006 or 870.347.2534.

Regards,

Talmage J. Whitehead, FACHE
Chief Financial Officer