

May 13, 2015

To Manufacturers:

I am writing on behalf of Ephraim McDowell Regional Medical Center, Inc. ("EMRMC") (340B ID # DSH 180048) to inform manufacturers that EMRMC recently underwent an audit by the Health Resources and Services Administration (HRSA) of EMRMC's compliance with the 340B Drug Pricing Program (340B program) requirements.

As background, EMRMC qualified for the 340B program as a DSH hospital in Danville, Kentucky and has participated in the 340B program since 2004.

Through the audit process, EMRMC was found to have non-compliance within their 340B program and responsible for repayment as a result of the following findings:

Finding #1: EMRMC dispensed 340B drugs to ineligible individuals, as prohibited by 42 USC 25b (a) (5) (B). This finding involved an isolated error involving a single ineligible patient who received one prescription and a refill of the same prescription during the audit time frame.

Finding# 2: 340B drugs were not properly accumulated. EMRMC did not have adequate controls in place to ensure proper accumulation and prevention of diversion of 340B drugs, as prohibited by 42 USC 256(a)(S)(B). This finding was contested upon the preliminary report due to the fact that EMRMC has employed split billing software to replenish inventory used for eligible 340b patients and that the software accumulates drug utilization via 11digit National Drug Codes.

EMRMC 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 EMRMC and believe repayment may be owed for the violations described in the letter, or if you have any questions or comments regarding the violations described in this letter please contact Joan Haltom, EMRMC's Pharmacy Director, by mail at 217 South Third Street, Danville Kentucky 40422.

Sincerely,



William M. Snapp, III, CPA, CFA
Executive VP & CFO