

June 25, 2014

Dear Manufacturers,

I am writing on behalf of New Hanover Regional Medical Center (DSH340141) to inform manufacturers that New Hanover Regional Medical Center (NHRMC) recently underwent an audit by the Health Resources and Services Administration (HRSA) regarding NHRMC's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, NHRMC qualified for the 340B Program as a Disproportionate Share Hospital in Wilmington, NC and has participated in the 340B Program since October 1, 2003.

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

"NHRMC was billing Medicaid contrary to the 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)."

For approximately two and a half months in 2011 (Oct 2, 2011 through Dec 22, 2011) NHRMC was incorrectly identified on the HRSA Medicaid Exclusion file as not billing Medicaid for drugs purchased using 340B Program pricing. During this same period, NHRMC was using the UD modifier to identify 340B Program drugs on the claims it submitted to the state Department of Medical Assistance (DMA) which is responsible for Medicaid in North Carolina. This was in accordance with DMA instructions (NC Medicaid Special Bulletin, Oct 2008). NHRMC has confirmed with the Department of Medical Assistance that DMA does not collect rebates on claims which utilize the UD modifier, and that the state system was properly adjudicating claims during this period.

While it appears quite a remote possibility that any manufacturer would have been subject to duplicate discounts given the above scenario, out of an abundance of caution, NHRMC has identified all manufacturers who provided pharmaceuticals during this time, and would have potentially been impacted if the above UD modifiers were not recognized. NHRMC will send those manufacturers a direct mailing detailing the above circumstances to begin a dialog regarding repayment if warranted. If manufacturers have not received notification from NHRMC and believe repayment may be owed for the violations described in this letter, or if you have any questions or comments regarding the violations described in this letter please contact Mr. Edwin Ollie, Chief Financial Officer.

Sincerely,

Edwin J. Ollie
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