



EMANUEL
MEDICAL CENTER

August 18, 2015

Dear Manufacturers:

I am writing on behalf of Legacy Emanuel Medical Center (DSH380007) (“LEMC”) to inform manufacturers that LEMC recently underwent an audit by the Health Resources and Services Administration (“HRSA”) of LEMC’s compliance with the 340B Drug Pricing Program (“340B Program”) requirements.

As background, LEMC qualified for the 340B Program as a disproportionate share hospital located at 2801 N. Gantenbein, Portland, Oregon 97227, and has participated in the 340B Program since July 1, 2007.

Through the audit process, HRSA found LEMC to be non-compliant within its 340B Program and responsible for potential repayment as a result of the following findings:

1. LEMC dispensed 340B drugs to ineligible individuals, as prohibited by 42 USC 256b(a)(5)(B).
2. LEMC 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 response to Finding #1 above, LEMC will narrow its use of the 340B Program when filling prescriptions originating from LEMC-affiliated clinics that are not registered sites of LEMC. Beginning on July 11, 2015, LEMC will only use 340B drugs to fill such prescriptions if the prescriber has a referral agreement in place with LEMC and the prescription meets additional criteria approved by HRSA.

With respect to Finding #2, LEMC has confirmed with Oregon Medicaid that no Medicaid rebates were sought for Medicaid prescriptions LEMC replenished with 340B. LEMC no longer uses 340B to replenish any Medicaid prescriptions.

LEMC has identified the affected manufacturers and will contact each to notify them of these findings to begin a dialogue on repayment to affected manufacturers. Additionally, LEMC will conduct continuous self-audits to ensure compliance with LEMC’s revised practices and will contact manufacturers should LEMC discover violations after the new practices have been implemented. If manufacturers do not receive notification from LEMC and believe repayment may be owed, or if you have any questions or comments regarding the alleged violations described in this letter, please contact the following LEMC representative:

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Jennifer Agee, Pharmacy Systems Manager
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Sincerely,

Everett W. Newcomb III, DO
Chief Operating Officer