

November 26, 2014

Dear Manufacturers,

I am writing on behalf of Oakland Mercy Hospital, 340B ID #CAH281321-00 to inform manufacturers that Oakland Mercy Hospital recently underwent an audit by the Health Resources and Services Administration (HRSA) of Oakland Mercy Hospital's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, Oakland Mercy Hospital qualified for the 340B Program as a critical access hospital in Oakland, Nebraska, and has participated in the 340B Program since September 30, 2010.

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

During the time period of October 1, 2012, through March 31, 2013, Oakland Mercy Hospital provided 340B drugs to individuals who were categorized as inpatients at the time of administration. HRSA concluded Oakland Mercy Hospital dispensed 340B drugs to ineligible individuals as prohibited by 42 USC 256b(a)(5)(B). Additionally, Oakland Mercy Hospital's software did not properly exclude ineligible individuals (i.e. inpatients) from its 340B drug distribution system and did not employ a mechanism to distinguish inpatient drugs from outpatient drugs which caused all 340B drugs dispensed to inpatients to be inappropriately accumulated and replenished.

Oakland Mercy Hospital 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 Oakland Mercy Hospital 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 Terri Mentink, Director of Finance, at (402) 685-5601, or 601 E 2nd Street, Oakland, NE 68045.

Sincerely,

John W. Werner, CEO