

August 6, 2015

Dear Manufacturers,

On behalf of Samaritan North Lincoln Hospital (SNLH) (340B ID# CAH 381302), this letter is to inform manufacturers that SNLH underwent an audit in January 2013 by the Health Resources and Services Administration (HRSA) in connection with SNLH's participation in the 340B Drug Discount Program (340B Program). As background, SNLH has participated in the 340B program since August 2010. SNLH is a 25-bed hospital located in Lincoln City, Oregon and qualifies for the 340B Program as a critical access hospital. It was established in 1987 and is one of five hospitals that are part of Samaritan Health Services. SNLH is committed to complying with 340B Program requirements, including adopting robust policies and procedures, educating responsible staff members on 340B Program compliance and auditing to ensure that its 340B policies are effective to maintain compliance with program requirements.

Through the audit process, HRSA found SNLH had non-compliance within its 340B Program and was responsible for repayment as a result of the following finding: "SNLH dispensed a 340B drug to an ineligible individual, as prohibited by 42 USC 256b(a)(5)(b)." HRSA issued the finding because SNLH used 340B drugs to fill one prescription for an individual that HRSA found did not meet HRSA's patient definition guidance at 61 Fed. Reg. 55156 (Oct. 24, 1996).

SNLH believed that the individual to whom it dispensed the prescription met HRSA's patient definition guidance. Nonetheless, in response to HRSA's audit findings, it has revised its 340B policies and procedures to adopt the most conservative and narrow definition possible for determining whether a prescription for a self-administered drug is eligible to be filled with 340B drugs. In addition, SNLH is in the process of implementing auditing procedures to check that any prescriptions that it fills with 340B drugs meet this more conservative criteria, as well as to check on compliance with other 340B Program requirements. SNLH submitted a corrective action plan to HRSA that described its new policies and HRSA accepted that plan and requested that SNLH draft this letter to manufacturers to notify them of this issue.

SNLH is confident that, under its revised policies, there is no question that it fills prescriptions with 340B drugs only for individuals that meet HRSA's patient definition guidance. SNLH has identified the affected manufacturer and is in the process of contacting the manufacturer to notify it of the violation to begin a dialogue on a method for repayment. If manufacturers have not received notification from SNLH and believe repayment may be owed for the violation described in this letter, or if manufacturers have any questions or comments regarding the contents of the letter, please contact Penny Reher at PennyR@samhealth.org or (541) 768-6177.

Sincerely,

Daniel B. Smith
Chief Financial Officer