

Dear Manufacturers,

I am writing on behalf of Swedish Covenant Hospital (340B ID #DSH140114) (Swedish) to inform manufacturers that Swedish recently underwent an audit by the Health Resources and Services Administration (HRSA) of Swedish's compliance with 340B Drug Pricing Program (340B Program) requirements.

As background, Swedish qualified for the 340B Program as a disproportionate share hospital, and has participated in the 340B Program since July 1, 2004.

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

Finding 2: Swedish listed incorrect or incomplete billing information on the 340B Medicaid Exclusion File. This may have resulted in duplicate discounts as prohibited by section 340B(a)(5)(A) of the PHSA.

Finding 3: Swedish was billing Medicaid at its contract pharmacies and did not notify HRSA of the arrangement. This action may have resulted in duplicate discounts as prohibited by section 340B(a)(5)(A) of the PHSA.

With regard to Finding 2, Swedish has verified that the UD modifier (which is used by the Illinois Department of Healthcare and Family Services (HFS) to identify claims for 340B drugs billed to the Illinois Medicaid program) was properly recorded on all institutional claims. Swedish will carry out self-audits as described in its Corrective Action Plan. If it is determined in the course of such audits that Swedish has billed claims without applying the UD modifier, Swedish will notify all affected manufacturers and repay any duplicate discounts.

With regard to Finding 3, Swedish has discontinued use of 340B drugs by its contract pharmacies for Medicaid beneficiaries. Swedish has notified HFS of this error and has, following HFS instructions, voided and rebilled the claims affected by this error. HFS has informed Swedish that any rebates on the rebilled claims have been credited to the manufacturers. Swedish will carry out self-audits as described in its Corrective Action Plan to assure that the contract pharmacies do not resume billing HFS for 340B drugs.

As described above and in its Corrective Action Plan, Swedish has determined that no manufacturers are due repayments as a result of these findings. If manufacturers have not received notification from Swedish 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:

Ramesh Patel, Phar.D.
Senior Director of Pharmacy Services
Swedish Covenant Hospital
5145 N. California Avenue
Chicago, IL 60625

rpatel@schosp.org
773-878-8200 ext. 5379