



September 22, 2017

The Honorable Greg Walden  
Chairman, Committee on Energy and Commerce  
The Honorable Tim Murphy  
Chairman, Subcommittee on Oversight and Investigations  
2125 Rayburn House Office Building  
Washington DC 20515-6115

Re: September 8, 2017, letter to Primary Children's Hospital regarding the 340B Drug Pricing Program

Dear Chairmen Walden and Murphy:

Please find attached Primary Children's Hospital's response to your letter dated September 8, 2017. Primary Children's Hospital is a free-standing, full-service children's hospital owned and operated by Intermountain Healthcare. As requested, a briefing call with your staff is scheduled for October 5, 2017, at 2:00 PM, Eastern Time. If you need additional information or have questions prior to the call, please contact Bill Barnes, Government Relations Director, at [bill.barnes@imail.org](mailto:bill.barnes@imail.org) or via telephone at (801) 442-3240.

Sincerely,

Nannette M. Berensen  
Vice President, Clinical Systems  
Intermountain Healthcare

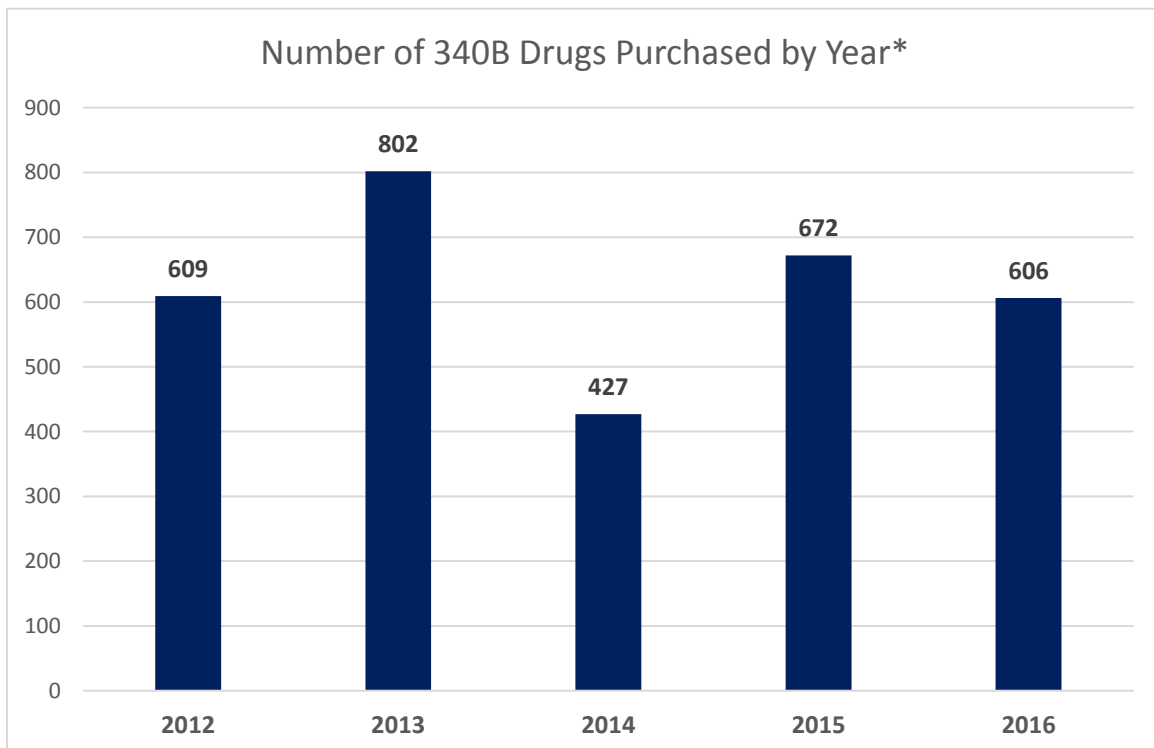


# Intermountain Primary Children's Hospital

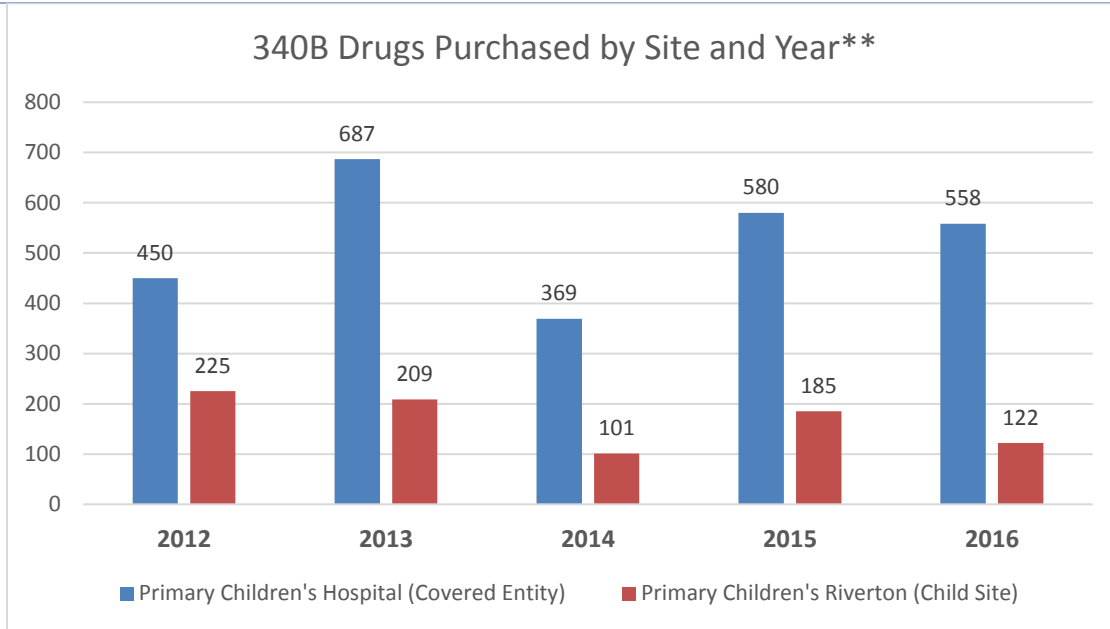
*The Child First and Always®*

## 340B Drug Pricing Program Information Response to House of Representatives Committee on Energy and Commerce

1. In a chart or similar format, please list each of the following items for 2012, 2013, 2014, 2015, and 2016:
  - a. The number of 340B drugs your organization, and all associated sites and offsite outpatient facilities registered as child sites, purchased for that year. Please provide a breakdown of the number of these drugs that were purchased by the covered entity's child sites and the number directly purchased by the covered entity;



\*The number of drugs is totaled by the number of unique NDCs (different medications, strengths, and dosage forms).

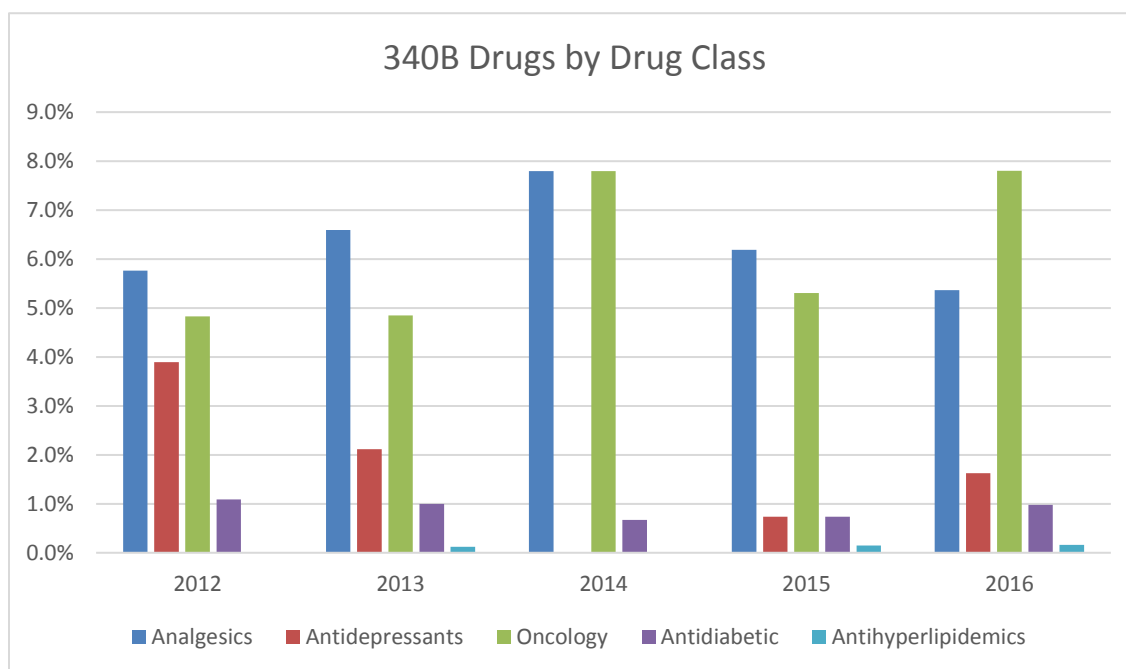


\*\* Each year, approximately 10% of the same unique 340B drugs were purchased at the both covered entity and child site.

Note: Primary Children's Outpatient Surgical Services (Riverton) is the only child site that uses a unique 340B purchasing account. The other child sites are supplied with 340B drugs from the pharmacy at Primary Children's Hospital, the parent site.

1b. The percentage of 340B drugs purchased and dispensed that fall into each of the following categories:

- i. Analgesics
- ii. Antidepressants
- iii. Oncology treatment drugs
- iv. Antidiabetic agents
- v. Antihyperlipidemic agents

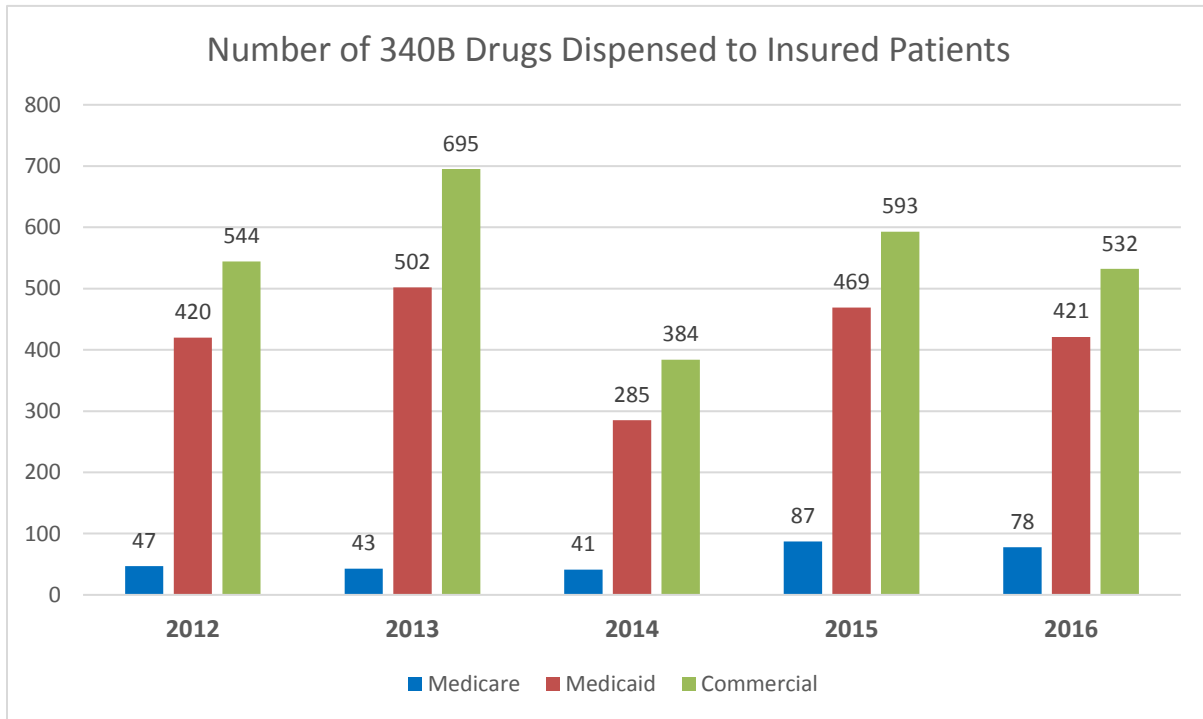


**Percentage of 340B Drugs by Drug Class (Detail)**

	2012	2013	2014	2015	2016
<b>Analgesics</b>	5.8%	6.6%	7.8%	6.2%	5.4%
<b>Antidepressants</b>	3.9%	2.1%	0.0%	0.7%	1.6%
<b>Oncology</b>	4.8%	4.9%	7.8%	5.3%	7.8%
<b>Antidiabetic</b>	1.1%	1.0%	0.7%	0.7%	1.0%
<b>Antihyperlipidemics</b>	0.0%	0.1%	0.0%	0.1%	0.2%

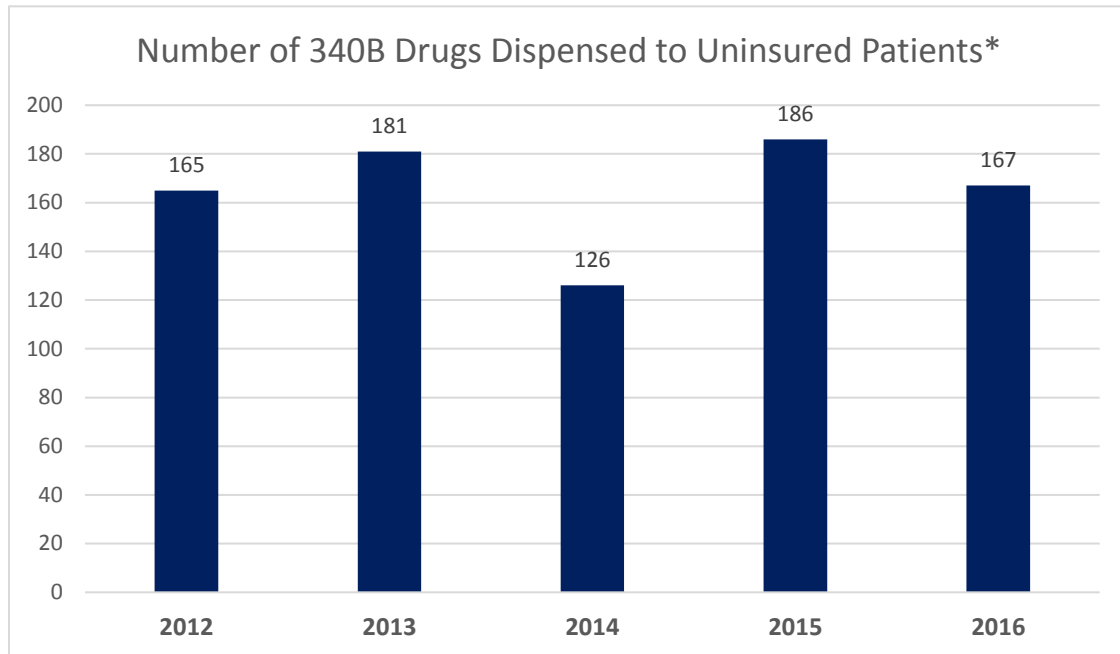
1c. The number of 340B drugs your organization purchased that were dispensed to insured patients, including:

- i. Medicare beneficiaries
- ii. Medicaid beneficiaries
- iii. Commercially-insured individuals;



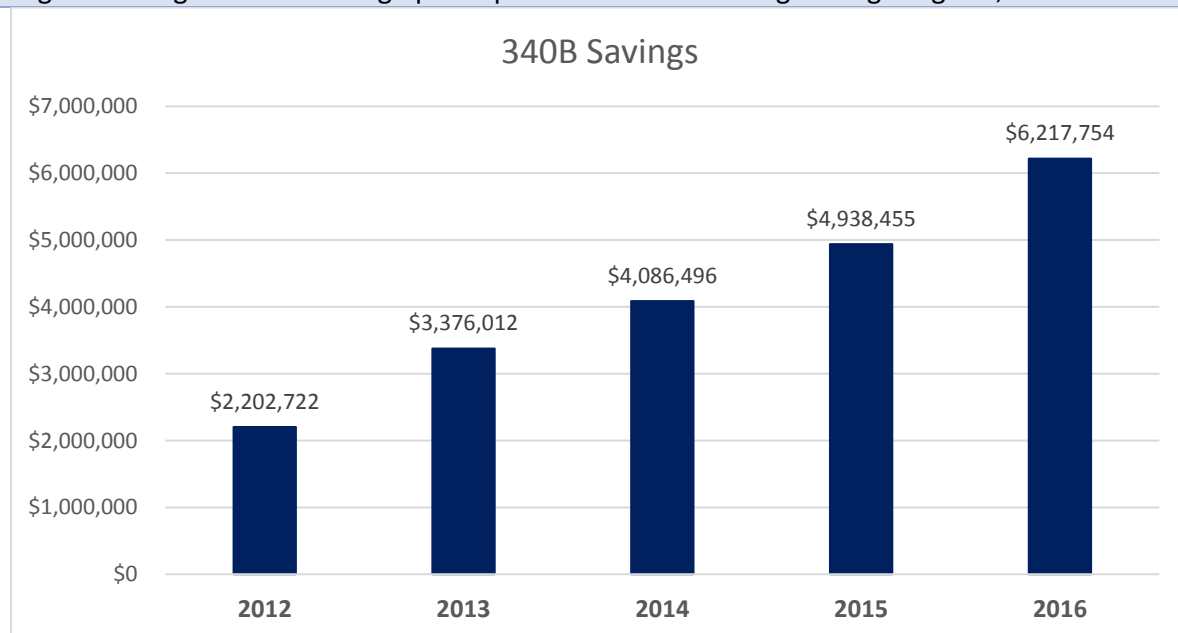
Note: Medicare beneficiaries at children's hospitals tend to be children with end-stage renal disease and represent a small percentage of total patient volume at children's hospitals.

1d. The number of 340B drugs your organization purchased that were dispensed to uninsured patients;

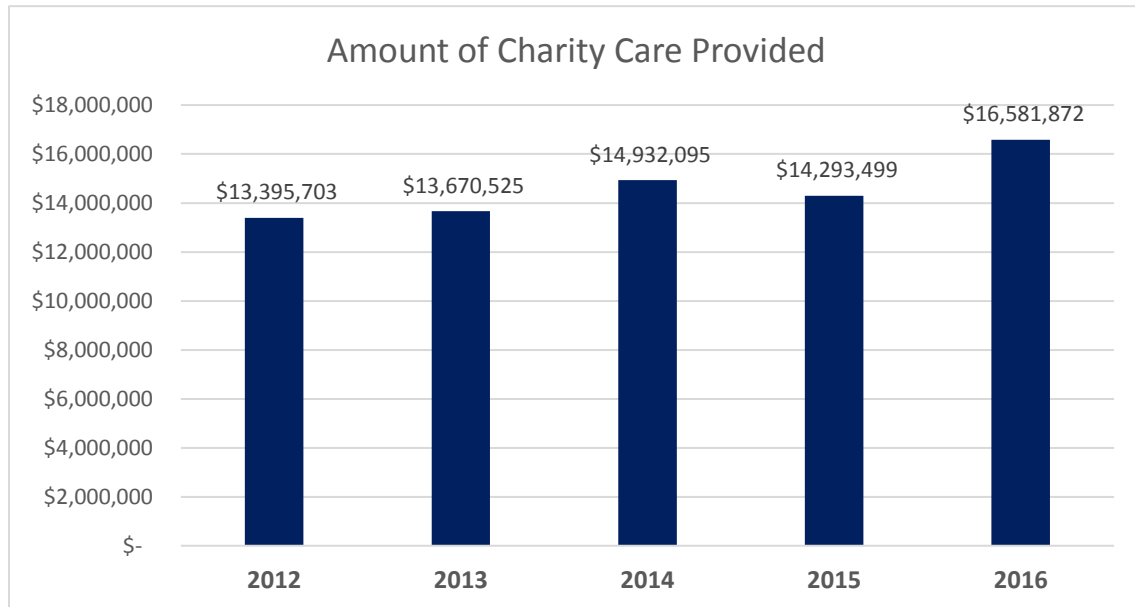


Note: Children's hospitals tend to have low rates of uninsured patients because many children who would otherwise be uninsured are eligible for coverage through Medicaid or the Children's Health Insurance Plan.

1e. The amount of savings (in dollars), as compared to the GPO price for the same drug, that your organization generated through participation in the 340B Drug Pricing Program;

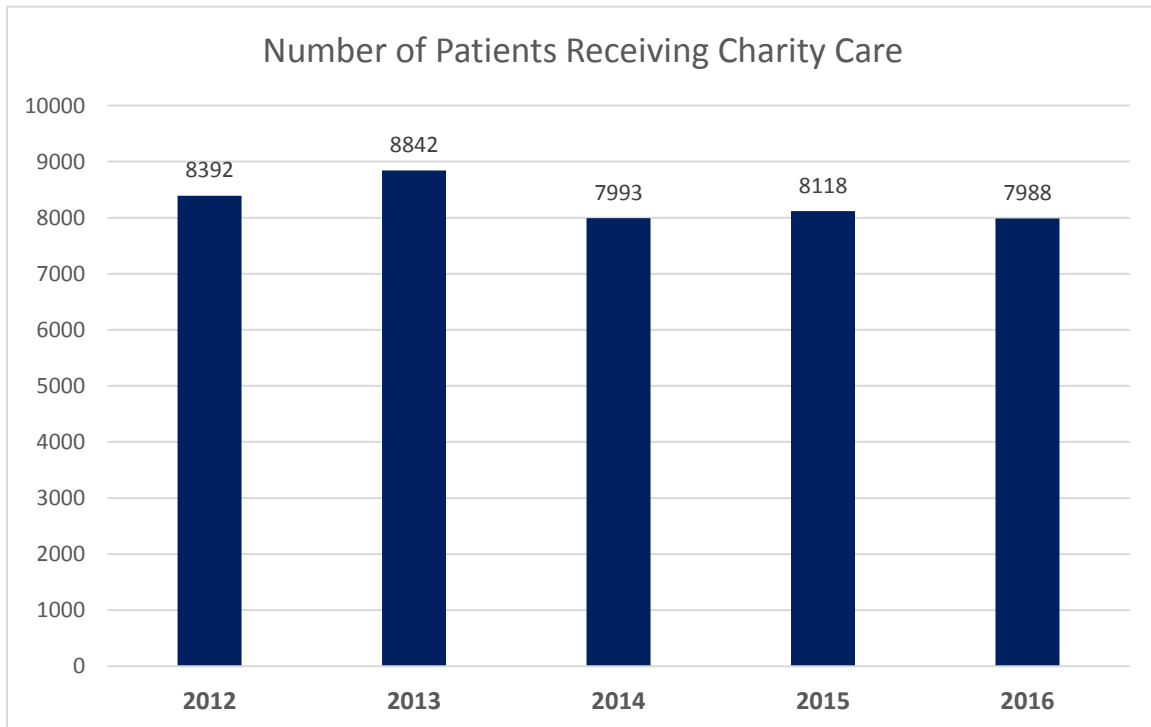


1f. The amount of charity care (in dollars) that your organization provided;



Note: The total amount of charity care provided at Intermountain Primary Children's Hospital includes hospital charity care and outpatient charity care prescriptions.

1g. The number of patients that received charity care from your organization.



2. How does your organization calculate the amount of savings it generates through participation in the 340B Drug Pricing program?

How does your organization track the amount of money your organization receives when an insured patients' insurance reimbursement exceeds the 340B price paid for the drug?

Intermountain Primary Children's Hospital currently dispenses 340B drugs only in the hospital setting and does not dispense 340B drugs through contract pharmacy arrangements. The hospital calculates the amount of savings generated through its participation in the 340B Drug Pricing Program by calculating the total amount of the difference between the hospital's average 340B price and the Intermountain system-wide non-340B average price for each 340B drug purchased.

Intermountain Primary Children's Hospital is not able to track the amount of money it receives from a patient's insurance because hospital reimbursements are not itemized.

3. How does your organization use program savings to care for vulnerable populations? Are program savings used for any other purposes?

- a. Does your organization provide any additional charity care to uninsured and underinsured patients with funds derived from sources other than the 340B Drug Pricing Program? If so, please elaborate.
- b. What percentage of total health care services provided by your organization is charity care?

340B funds are used for general charity care and prescription vouchers that cover the cost of medications for pediatric patients who qualify. Total charity care provided exceeds 340B savings. 340B funds are not used for other purposes with the exception of compliance support for the program.

- a. With the exception of amounts used to support compliance and oversight with 340B Drug Pricing Program requirements, Intermountain Primary Children's Hospital uses savings derived from its participation in the 340B Drug Pricing Program to support general charity care for qualifying pediatric patients, as well as to support vouchers that cover the cost of medications.

The amount of charity care provided to patients by Intermountain Primary Children's Hospital far exceeds savings derived from the 340B Drug Pricing Program. The additional charity care provided is supported through a wide variety of community fundraising efforts and general hospital revenue.

- b. Approximately 3.4% of total health care services provided by Intermountain Primary Children's Hospital are provided as charity care services. Intermountain Primary Children's Hospital's Medicaid percentage is 40%.

4. Does your organization have any policies to help ensure that uninsured and underinsured patients directly benefit from the program by receiving discounts on 340B drugs? If so, please elaborate.

Yes, our policies provide prescription services for patients with financial needs. The savings from the 340B program help provide the necessary funds, but assistance is not limited to, the discounts obtained on 340B drugs.

5. How many child-sites does your organization have registered to participate in the 340B Drug Pricing Program? Please provide a list of all child-sites, including the location of the child-site and the date it began participating in the program.

Intermountain Primary Children's Hospital has 8 registered child sites:

Entity Sub-Division Name	Address	City, State	Start Date
Primary Children's Outpatient Surgical Services	3773 West 12600 South	Riverton, Utah	4/1/2011
Diabetes Clinic	81 North Mario Capecchi Drive	Salt Lake City, Utah	1/1/2014
Safe and Healthy Families	81 North Mario Capecchi Drive	Salt Lake City, Utah	1/1/2014
Residential Home-Pediatrics	5770 South 1500 West Building C	Salt Lake City, Utah	4/1/2014
Residential Treatment-Adolescent	5770 South 1500 West Building A	Salt Lake City, Utah	4/1/2014
Spina Bifida Clinic	81 North Mario Capecchi Drive	Salt Lake City, Utah	4/1/2014
Dialysis Clinic	81 North Mario Capecchi Drive	Salt Lake City, Utah	1/1/2017
Cystic Fibrosis	81 North Mario Capecchi Drive	Salt Lake City, Utah	7/1/2017

6. How many pharmacies has your organization contracted with to dispense drugs purchased through the 340B Drug Pricing Program on your behalf?

- a. Do your contracts with these pharmacies require that program savings be passed on to the intended beneficiaries, including requiring that uninsured or underinsured patients receive discounts on 340B drugs?
- b. Does your organization share any program savings with these contract pharmacies? If so, please elaborate.

We have negotiated contracts with 24 pharmacies, although none of these arrangements are yet active. We are in the process of developing a contract pharmacy program to help patients in our vulnerable populations, such as low-income patients with cystic fibrosis, diabetes, special needs, and other high-risk conditions. The program will include specialty medications and the ability to provide charity prescriptions at multiple locations throughout the hospital's five-state service area.

- a. Although we do not currently have any active contract pharmacy arrangements, the agreements we have in place include provisions that allow for charity prescriptions to be dispensed to eligible patients as determined by the hospital's financial assistance policy and procedures using voucher programs. Funds generated through contract pharmacy agreements would be used to support charity care provided by the hospital.
- b. The terms of the contract pharmacy agreements that Intermountain Primary Children's Hospital has in place do not include sharing savings derived from 340B pricing with the contract pharmacies. All of the arrangements include compensation for contract pharmacies solely on a per-prescription dispensing fee. As noted above, none of Intermountain Primary Children's Hospital's contract pharmacy arrangements are currently active.