

Tab 2-16

-----Original Message-----

From: Kovarcik, Kathy (HRSA) [mailto:KKovarcik@hrsa.gov]
Sent: Wednesday, June 02, 2004 11:04 AM
To: Claire Holloway
Subject: RE: GPO purchases

A participating DSH may not use its GPO to purchase any outpatient pharmaceuticals. They would have to purchase the drugs through regular distribution channels.

New sites are only added or deleted on a quarterly basis. If a hospital knows that they are going to open a new pharmacy between our quarterly updates they may want to register the site as soon as possible in order to begin ordering at the beginning of the quarter.

Kathy Kovarcik
Pharmacy Affairs Branch
Phone: 301-594-4359/800-628-6297
Fax: 301-594-4982

-----Original Message-----

From: Claire Holloway [mailto:Claire.Holloway@ppsv.com]
Sent: Wednesday, May 19, 2004 4:01 PM
To: Kovarcik, Kathy (HRSA)
Subject: GPO purchases

Hi Kathy,

PHPC has had a request for information from a hospital regarding the use of GPOs, and we would like to have PAB's thoughts on the issue. PHPC has always understood that 340B hospitals can purchase outpatient drugs for non-patients (*i.e.*, those who do not fit the definition of a "patient" of the covered entity for whatever reason) through GPOs because such individuals are not eligible for 340B drugs. If this were not the case, 340B hospitals would be forced to purchase drugs for these patients at very high prices because the drugs would not be discounted through the 340B program or through any group purchasing program. I also believe there are other legal and policy arguments supporting PHPC's interpretation. Will you please call me at 202-872-6755 to discuss this issue so that we can correctly counsel our members?

Thank you,
Claire Holloway
Powers, Pyles, Sutter & Verville
1875 Eye St., NW, Twelfth Floor
Washington, DC 20006
(202) 872-6755