



June 29, 2020



Dear [REDACTED]

I am writing to inform you of a new 340B Drug Discount Program ("340B Program") integrity initiative that Merck is implementing in order to monitor operations and help ensure compliance with the 340B Program requirements. Merck strongly supports the mission of the 340B Program and is committed to maintaining and strengthening its foundations. One of those foundations is the statutory prohibition on payment of Medicaid rebates to states for prescription drugs purchased under the 340B Program. However, manufacturers continue to pay Medicaid rebates to states on prescriptions filled with 340B Program purchased drugs despite this being statutorily prohibited. To help address this problem, Merck seeks to work collaboratively with 340B covered entities through this initiative.

What are we asking you to do? We are asking all 340B covered entities to share 340B Program contract pharmacy claims data for Merck products. Merck will use this data to match against rebate claims it receives to ensure it isn't paying duplicate Medicaid discounts and duplicate discounts on Medicare Part D and commercial utilization through our contracts with commercial payers.

Why is this important to you as a 340B Program covered entity? The initiative is important to you because the 340B Program is critical in the mission of providing much-needed services in underserved populations. By working together, we can improve 340B Program integrity and preserve the mission of the 340B Program and assist the patients it supports. Absent significant cooperation from covered entities, Merck may take further action to address 340B Program integrity, which may include seeking 340B Program claims information in a manner that may be less collaborative, and substantially more burdensome for covered entities.

What should you do next? This initiative is enabled through Merck's vendor Second Sight Solutions and their 340B ESP™ platform. This platform is made available to 340B covered entities at no cost and Merck asks all 340B covered entities to register at www.340BESP.com by **August 14, 2020**. 340B ESP™ enables 340B covered entities to load into the platform their 340B Program claims data for Merck products, so that the platform may run a comparison of the 340B Program claims against rebate claims submitted to Merck by state Medicaid agencies and commercial payers. Included with this letter is a more detailed description of 340B ESP™ along with next steps for registering and utilizing the platform.

Merck has maintained a strong commitment to the 340B Program since its inception. We have worked collaboratively with 340B Program covered entities to improve program integrity and will continue this commitment to the 340B Program through 340B ESP™.

Best regards,

A handwritten signature in cursive script that reads "Philip A. Rinnander".

Phil Rinnander
Executive Director, Finance
Customer Contract Management
Merck Sharpe & Dohme Corp.