



NORTHSIDE HOSPITAL

November 21, 2017

The Honorable Greg Walden
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Morgan Griffith
Chairman
Subcommittee on Oversight and Investigations
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

RE: Northside Hospital, Inc. ("Northside")

Dear Chairman Walden and Chairman Griffith:

Thank you again for the opportunity to demonstrate to the Committee and Subcommittee how Northside utilizes the 340B Drug Pricing Program (the "340B Program") to serve patients and Georgia communities. Please find below Northside's responses to the questions raised during the hearing conducted on October 11, 2017 and follow up questions received on November 7, 2017.

QUESTIONS FROM REPRESENTATIVE CARTER –

1. Since 2010, how many independent practices has Northside Hospital acquired?

Since 2010, Northside has acquired 61 independent practices. Northside developed and implemented a strategic plan to acquire physicians from various specialties as a result of the significant changes and quality mandates included in the Patient Protection and Affordable Care Act, and the implementing regulations thereunder, as amended by the Health Care and Education Reconciliation Act of 2010, and the implementing regulations thereunder (collectively, the "ACA"). Quality initiatives and outcomes are an important component of Northside's success and, therefore, beginning in 2010, Northside pursued potential employment of physicians and physician practices in the community.

a. What is the practice breakdown for specialties?

Cardiology	2
Internal Medicine	25
Pulmonary & Sleep	6
Oncology	5
Surgical	23
	61

b. Of those independent practices, how many were specialized in providing oncology services to the community?

Five.

2. Since entering the 340B Program in 2013, how many practices and physician sites have you acquired?

Since entering the 340B Program on April 1, 2013, Northside has acquired 40 physician practices, with a total of 56 physician sites.

a. How many of those acquired sites or practices focused on oncology services?

Northside has not acquired any practices or physician sites that focus on oncology services since it joined the 340B Program on April 1, 2013.

3. In your testimony, you mention that you have 150 ancillary and physician sites located across the 28 county Atlanta Metropolitan Statistical Area. Can you provide a geographic breakdown of those locations?

Please see Attachment 1 attached hereto and incorporated herein.

4. What is the percentage of patient referrals from your ancillary sites that are eligible and utilize drugs covered under the 340B program?

All eligible patients (those who qualify under the 340B Program) that are seen at a Northside 340B outpatient ancillary site receive 340B drugs.

5. How many independent practices have been acquired since 1992?

Northside has acquired 61 practices since 1992.

a. How many were acquired between 1992 and 2013?

Northside acquired 29 practices between January 1, 1992 and December 31, 2013.

- 6. Can you provide your opinion as to why the Disproportionate Share Hospital (DSH) metric, which measures Medicare and Medicaid inpatient stays, is or is not appropriate for use in an outpatient drug program targeting underinsured and uninsured patients?**

It is Northside's opinion that requiring hospitals to serve a disproportionate share of low income patients as a precondition to participation in the 340B Program is appropriate because it captures the goal of the 340B Program – benefitting covered entities, including hospitals, that serve low-income and needy patients and “stretch[ing] scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services” to the community. In the last five years Northside has served a steadily growing number of low-income patients across the spectrum of care and has leveraged savings from the 340B program towards supporting thousands of patients in a variety of treatment settings, including reduction of prescription drug costs.

- 7. Would you support a new 340B program requirement that mandates a certain level of charity care?**

From 2012 to 2016, Northside provided almost \$1.4 billion in indigent and charity care, and the number of patients receiving free or discounted care at Northside Atlanta increased approximately 350 percent over this same time period. Northside supports the 340B Program requirement which requires hospitals to serve a disproportionate share of low income patients as a precondition to participation in the 340B Program, and does not see a need to change this requirement. Northside's disproportionate share adjustment percentage substantially exceeds the statutory minimum of 11.75 percent. 42 U.S.C. § 256b(a)(4)(L).

- 8. Would you support new mandatory reporting/tracking requirements for 340B hospitals to achieve more consistency with respect to program savings?**

Northside would support any reporting or tracking requirements that further the goals of the 340B Program.

QUESTION FROM REPRESENTATIVE BROOKS –

What is the “facility fee” at a provider-based clinic?

Before 2014, hospitals would assign clinic visits to one of ten HCPCS codes (99201 to 99205 and 99211 to 99215) for the facility component. Each code was designed to match the resources required for the visit. The resulting facility fee ranged from approximately \$57 to \$176 per visit. Beginning in 2014, codes for hospital outpatient clinic visits collapsed into a single new HCPCS code (G0463). The new G0463 code has a fixed payment rate for the facility component. Medicare currently pays Northside \$79.67 for this code regardless of the hospital system's resources required.

QUESTION FROM REPRESENTATIVE GRIFFITH –

What percentage of your 340B drugs are opioids and what steps do you take to prevent diversion?

In 2016, 3.4 percent of the 340B drugs purchased by Northside were opioids. Northside employs external as well as internal resources to combat potential abuse by both patients and employees. Northside participates in Georgia's Prescription Drug Monitoring Program, an electronic database designed for monitoring the prescribing and dispensing of controlled substances. With this resource, Northside is able to track the type and quantity of prescription drugs used by Northside's patients and detect and address any concerns. Because this database only covers insured patients, Northside uses additional tracking measures to ensure that potential concerns in both insured patients and self-pay patients are addressed. Specifically, Northside internally monitors its patients to ensure that issues such as early requests for refills or any possible "doctor shopping" for prescriptions are handled appropriately.

In accordance with state and federal law, only licensed personnel have access to controlled substances. In addition to training and education, Northside maintains an internal monitoring process for any employee who accesses or administers these drugs.

* * *

Northside appreciates this opportunity to provide this information to the Committee and Subcommittee.

Sincerely,



Shannon A. Banna
Director of Finance and System Controller
340B Steering Committee Member
Northside Hospital, Inc.
1000 Johnson Ferry Road, N.E.
Atlanta, GA 30342

cc: The Honorable Frank Pallone, Jr., Ranking Member
Committee on Energy and Commerce

The Honorable Diana DeGette, Ranking Member
Committee on Oversight and Investigations

Jorge J. Hernandez, Vice President of Administration and Chief Compliance Officer
Northside Hospital, Inc.

Attachment 1

Number of sites operated by Northside in the Atlanta MSA:

County	Number of sites
Barrow	1
Bartow	2
Carroll	1
Cherokee	12
Clayton	3
Cobb	15
Coweta	1
Dawson	3
DeKalb	10
Douglas	3
Fayette	3
Forsyth	15
Fulton	41
Gwinnett	22
Henry	4
Paulding	2
Pickens	3
Rockdale	3
Spalding	2
Total	146