



CAROLINA HEALTH CENTERS, INC.
PRESIDENT/CEO REPORT TO THE BOARD OF DIRECTORS
JUNE 25, 2018

Advocacy and Health Policy:

Federal:

- Federal oversight of the 340B Drug Pricing Program:
 - A third Senate HELP (Health, Education, Labor, and Pensions) Committee hearing was held on June 19, 2018 with only one witness: Captain Krista Pedley, Administrator of the HRSA Office of Pharmacy Affairs. The focus of this hearing was the effectiveness of HRSA’s authority over the program and what additional data and information should be reported by covered entities. **Of note, on Friday, June 9, 2018, Senator Lamar Alexander, Chair of the Senate HELP Committee directed one question in writing to Carolina Health Centers:** *“In advance of our next 340B hearing with HRSA, I am hoping you help us find a statistic if it exists. Do you happen to have the number or percentage of 340B discounts that are passed on to patients directly in the form of discounted or free prescriptions? Does that exist for hospitals or grantees separately? Any additional information you can provide is appreciated.”* A detailed response was provided explaining that this statistic is not readily available, mostly due to the absence of any standard non-340B price to which the 340B price can be compared. My written response is available to Board members upon request.
 - The House Energy and Commerce Committee has announced that they will conduct a third hearing with 340B covered entities, which has been tentatively scheduled for Wednesday, July 11, 2018. CHC will not likely be called to testify at this hearing; however, we have been asked to identify another health center that might provide testimony.
 - I have agreed to testify before an independent commission that has been convened to develop recommendations for legislative proposals to be presented to Congress and directly to the Trump Administration soon after Labor Day. That hearing is scheduled for Tuesday, July 10, 2018 (a date I am already in DC for the 340B Coalition Summer Conference), and I have had an initial prep call with the staff of the commission and am in the process of compiling my written statement.
- Compliance with the Hyde Amendment as it relates to the use of federal funds for the provision of abortion services continues to be a focus of attention for the health center community. We are receiving and responding to ongoing guidance in this area around health education materials, provisions in our employee benefits (if those are covered by

federal funds), as well as various interpretations of what may be considered a violation in the patient/provider discussion of family planning options.

State:

- A regulatory issue has surfaced at the state level that could negatively impact CHC's ability to continue providing the delivery of prescriptions to our outlying medical locations where they are then picked up by CHC patients. The Labor and Licensing Board has adopted a new interpretation that once a prescription is dispensed from a central pharmacy and sent to a satellite location for pick up, unless it remains in the "possession" of pharmacy staff at the satellite location, the satellite site is acting as an "agent of the patient" and therefore, a drug cannot be returned to stock if not picked up with a patient. This could result in excessive losses for CHC, negatively impacting the financial viability of our site delivery model. At this month's meeting of the Pharmacy Oversight Committee, we discussed several operational solutions; however, we will be also be compiling data as to the potential impact on our patients in anticipation of taking this issue up with our General Assembly.
- A second issue related to 340B pharmacy has surfaced which will be discussed in Executive Session with a request that Brooke Holloway be permitted to attend in her role as Corporate Compliance Officer.

CHC Staff and Leadership Development Activities:

- In the wake of Dr. Chuck Whitley's departure, we have implemented a shared leadership model for the Department of Pediatrics with Dr. Juan Bonetti at TCC serving as Director of Pediatrics and Dr. Ashley Jenkins at Hometown Pediatrics serving as Associate Director. We believe this will promote more cohesiveness and standardization across the two practices and support future expansion of pediatric services.
- Monthly senior leadership team meeting is scheduled for Thursday, June 28th.

Strategic and Operational Activities

- Department of Pharmacy:
 - RFP for independent audit of the pharmacy has closed and have selected Atria to conduct our first independent audit of our pharmacy program. The on-site component of the audit is scheduled for the week of August 6th and a report will be provided to the board once the auditor's report is finalized.
 - Onboarding of our first contract pharmacy – Curant – is ongoing and will continue with a presentation at the upcoming quarterly meeting of the medical staff on July 12th.
 - Continuing to evaluate pharmacy expansion possibilities in Laurens County with GHS/Laurens County Hospital leadership expressing interest in a collaborative approach.

- Interview conducted with primary care pharmacist candidate and offer letter is pending his confirmation of interest.
- Department of Family Medicine:
 - Nothing specific to report.
- Department of Pediatrics:
 - We have a signed letter of intent with Dr. Shelly Brigman, a developmental pediatrician who will be joining the staff at TCC on or before October 1, 2018 with a planned 80/20 between general pediatrics and developmental pediatrics. We already have patients requesting transfer or copying of the records to TCC so that they can continue with Dr. Brigman as their developmental specialist.
- Behavioral Health:
 - The Beckman position to serve McCormick and Abbeville has been filled which means we are currently fully staffed for our approved behavioral health positions.
- CIMS:
 - Continuing to serve as the Chair of the Managing Partners for CIMS, though my term ends in January and I am not eligible for re-election to the Managing Partners Board until I have rotated off for at least 1-year.
 - CIMS Mid-Year Partners meeting is scheduled for July 29-31, 2018. This meeting will be attended by CEO, CFO, CMO and Director of Quality and Population Health.

Consulting:

- Consulting engagements completed and billed during the month:
 - 340B Summit for the Rhode Island and Connecticut conducted on June 5, 2018 in Mystic CT.
 - Billed and collected = \$2,500 fee plus travel expenses.
 - 340B Summit for the Alaska Primary Care Association conducted on June 12, 2018 in Anchorage, AK.
 - Billed and pending = \$3,000 fee plus expenses.
- Consulting engagements in process:
 - Currently working under contract with 340B Health – the coordinating structure for the National 340B Coalition –to plan and organize health center specific programming for the upcoming 2018 340B Coalition Summer Conference to be held July 19-22, 2018.
 - Work completed to date: polled health center 340B network re topics of interest, developed descriptions, objectives, and content outlines for two CHC Expert Sessions, identified and secured speakers, conducted prep call with panel of speakers for both session.
 - Work in progress: coordination of all speaker presentation materials for two CHC Expert Sessions and coordination of session during conference.
 - Billed for the month of May: 17 hours @ \$125 per hour = \$2,125
 - Estimated billing for month of June: 20 hours @ \$125 per hour = \$2,500

- Estimated billing for the month of July = 6 hours @ \$125 per hour = \$750
- Consulting agreements pending: None
- Total billed for June 2018 = \$7,625

Miscellaneous CEO Activity:

No miscellaneous activity to report.

If you have any questions or would like additional information on any of the above my contact information is as follows:

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Report of travel and personal time in June 2018

Business travel:

June 4-6, 2018 – Mystic CT for CT/RI 340B Summit

June 10-17, 2018 – Anchorage AK for Alaska 340B Summit (includes 2 floating holidays for personal time)

June 19-20, 2018 – Columbia, SC for CIMS and SCPHCA meetings

Personal Time:

2 days of accrued floating holiday time = 16 hours