

October 30, 2020



Dear :

In follow-up to our previous communications on August 17th, we wanted to update you on additional steps we are taking regarding our 340B program integrity initiative. Upon careful consideration, we have decided to implement a more focused, criteria-based approach that we believe will reaffirm the program's intent to serve the uninsured and vulnerable, while preserving the sustainability of this vital program.

For hospital covered entities, beginning November 16, 2020, we will continue to honor contract pharmacy (CP) arrangements as long as they are within a 40-mile radius of its parent facility for all Novartis Pharmaceuticals Corporation products. There will *not* be a limit to the number of contract pharmacies within that radius. This geographic restriction seeks to take a common-sense approach to ensure the program benefits the intended communities and is consistent with other federal guidelines around hospitals and off-site affiliates.

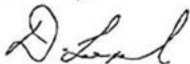
This change will not affect patient access to prescribed medicines, nor will it affect a CE's ability to continue to benefit from the 340B discount on CP transactions as long as the CP is located within a 40-mile radius of the parent facility. Our revised approach simply ensures that the discount will continue to serve vulnerable patients within CEs' local communities. Federal grantees are exempt from this policy.

Novartis continues to support the core mission of the 340B program to increase access to outpatient drugs among uninsured and vulnerable patients. We will continue to work alongside all stakeholders to advocate for the transparency, oversight and accountability reforms necessary for the 340B program to continue its mission as intended. As such, we continue to encourage all covered entities to voluntarily upload their claims data to the ESP[™] platform, in an effort to increase transparency, mitigate instances of duplicative discounts and maintain the integrity and sustainability of this vital program.

For information on eligible pharmacies, 340B covered entities can log in to www.340BESP.com to see which 340B contract pharmacies comply with Novartis' new policy and are eligible to receive Bill To / Ship To replenishment orders. Simply navigate to the 'Entity Profile' tab to see which 340B contract pharmacies remain eligible.

We look forward to working collaboratively with you to further strengthen the 340B program. If you have any questions, please contact us at Novartis.340B@novartis.com.

Sincerely,



Daniel Lopuch
VP Novartis Managed Markets Finance

Frequently Asked Questions

Q: How does Novartis determine contract pharmacy eligibility for my hospital?

A: Utilizing address information provided in the HRSA 340B OPAIS database, Novartis measures the distance between each registered parent entity and any of its associated contract pharmacies. Any contract pharmacies that fall within a 40-mile radius of the parent entity will be considered eligible for the purposes of Bill To / Ship To replenishment orders at the 340B-discounted price.

Q: How do I know which of my contract pharmacies are deemed eligible by Novartis?

A: For information on eligible pharmacies, 340B covered entities can log in to www.340BESP.com to see which 340B contract pharmacies comply with Novartis' new policy and are eligible to receive Bill To / Ship To replenishment orders at the 340B-discounted price. Simply navigate to the 'Entity Profile' tab to see which 340B contract pharmacies remain eligible for Bill To / Ship To replenishment orders.

Q: How do I register with 340B ESP™?

A: To get started with Second Sight Solutions' 340B ESP™ platform, go to www.340BESP.com to register your account. Upon initial registration you will be prompted with an onboarding tutorial that will walk you through the account set up process step by step. This process takes ~15 minutes.

Q: How do I upload data to the ESP platform?

A: To voluntarily upload claims data first, register on the platform (see above). Then follow these steps:

1. Once your account is activated, you will be able to securely upload data to 340B ESP™. You will receive periodic notifications of pending data submissions and new contract pharmacy set up activities.
2. Login to 340B ESP and submit your 340B contract pharmacy claims data on a bi-weekly basis. Once your account is set up, the claims upload process takes ~ 5 minutes.

You can visit www.340BESP.com/FAQs to learn more about 340B ESP™. For further help with the registration, account setup, and data submission process please call Second Sight Solutions at 888-398-5520.

Q: What happens if my organization does not provide 340B contract pharmacy claims data?

A: Novartis continues to encourage all covered entities to voluntarily upload their claims data in an effort to increase transparency, mitigate instances of duplicative discounts and maintain the integrity and sustainability of this vital program. However, the provision of claims data to the ESP™ platform will not have any impact on contract pharmacy eligibility for covered entities.

Q: What products are impacted by this policy?

A: This policy will be in effect for all Novartis Pharmaceuticals Corporation products. Products belonging to Sandoz, Novartis Gene Therapies and all other Novartis subsidiaries will not be impacted by this policy.