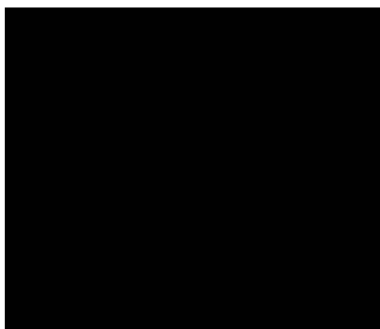




Novartis Pharmaceuticals
One Health Plaza
East Hanover, NJ 07936

August 17, 2020



I am writing to inform you that Novartis is implementing a new 340B program integrity initiative to address duplicate discounts. Beginning on October 1, 2020, all covered entities (CEs) will be required to register and upload all 340B claim data originating from contract pharmacies (CPs) onto a new, web-based platform called 340B ESP™. Covered entities may register at no cost at www.340BESP.com.

While Novartis continues to support the core goal of the 340B program to increase access to outpatient drugs among uninsured and vulnerable patients, there is currently no standardized solution to identify 340B claims on Medicaid, Commercial, and Medicare Part D rebate invoices. This has increasingly caused manufacturers to pay duplicate claims due to time lags and discrepancies in data reported by CEs and CPs. We believe these program integrity and transparency challenges need to be addressed for the 340B program to continue its mission as intended.

A migration to 340B ESP™ will enable Novartis to identify all Medicaid, Commercial, and Medicare Part D rebate claims for reimbursement of a drug purchased at 340B pricing from uploaded claims. This change will support the program's sustainability by bridging the information gap between CEs and manufacturers and helping Novartis to more efficiently identify duplicate discounts and ineligible rebates. 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 requested claims data is provided.

We look forward to working collaboratively with you to further strengthen the 340B program.

Sincerely,

Daniel Lopuch

VP Novartis Managed Markets Finance