

Unknown

From: Cummins, Bruce [JAN]
Sent: Friday, October 15, 1999 2:22 PM
To: Butler, Dave [JAN]
Cc: Jones, Colleen [JAN]; Grant, Martine [HCS]; sshaw6@hcsus.jnj.com
Subject: Omnicare - Proposals

Dave,

I wanted to keep you updated on the initiatives that we are currently trying to complete with Omnicare. I wanted to also comment on the nice job Martine Grant has done, especially as it pertains to the rebates Omnicare is requesting from purchases made outside the JJHCS contract.

1.) OMNICARE EDUCATIONAL INITIATIVE. This initiative was signed by Mark Lehman, Director of Clinical Services, and Myself on Wednesday, October 10th. I have Fed-Exed all copies to Martine for her signature. Once this is completed, I will submit an original copy to Tim Bien. The \$300,000 check will be sent within the next few days to Tim Bien's attention.

Project - COMPLETED

2.) PURCHASES MADE OUTSIDE HCS CONTRACT - As you are aware, there was a great deal of discrepancy on rebates that Omnicare felt they deserved, and the reality of the situation from an HCS perspective. I say reality because due to Martine Grant, Bonnie Stocker, and Sue Griffith's attention to detail we were able to counter many of the erroneous claims for rebate made by Omnicare. There really was two major issues that Omnicare initially didn't grasp. The first was a reduction of rebates by 2% (GPO administration fees) that Omnicare had failed to reduce there calculations by. Dan had no problem with this, and in fact told me, "I'll get the 2% from McKesson". That issue was then laid to rest. The other issue was "best price" and during the 4Q of 98 and the 1Q of 99, Omnicare was at best price with Risperdal, Levaquin, and Duragesic. Dan was aware of best price issues during the first quarter of 99, but didn't believe that to be the case in the 4th quarter of 98. Pam Rubble called me today (Dan's assistant) to tell me that indeed there figures supported a "best price" issue and would not press the claims in that area. The only other issue that remains on the table is some discrepancy in sales volume between HCS and Omnicare. Martine is currently looking into this matter and I don't believe this will be a major issue. I should have this put to rest by the end of next week. I wanted to commend Martine for the work that she did on this project.

By putting together the information the way that she did, my presentation to Dan was irrefutable. There was no recourse that Dan could take with the facts that Martine had put together. In defense of her efforts, and the efforts of the HCS team (Bonnie and Sue), the original rebate asked for by Omnicare of \$339,852.00 has been reduced and effectively communicated to Omnicare based on the evidence, to be at \$66,495.76. I have every reason to believe that Omnicare will no longer challenge this figure, once the sales dollar discrepancy has been alleviated. Again, my hats off to Martine and the HCS team!

3.) REBATE ISSUES 98-99. I have "floated" the physician's data balloon to Tim. Although Tim still feels that legally he is in the right and believes no other avenue should be addressed outside of paying him the \$700,000, he hasn't shut the door on this proposal.