

Unknown

From: Shah, Sanjay P. [HCS - CMA]
Sent: Wednesday, May 17, 2000 4:40 PM
To: Grant, Martine [HCS]
Subject: RE: LTC Proposal for Omnicare

Martine - looks great. However, I would directly (and mention up front) the decision we want regarding safe harbor provisions and as a result whether such payment in essence a "marketing services fee" to offset actual costs incurred in providing valuable services to J&J would be excluded from Medicaid best price calculations.

Sanjay Shah

Contract Marketing & Analysis

REDACTED

 sshah@hcsus.jnj.com

-----Original Message-----

From: Grant, Martine [HCS]
Sent: Monday, May 15, 2000 7:21 PM
To: Shah, Sanjay P. [HCS - CMA]
Subject: LTC Proposal for Omnicare
Importance: High

Sanjay,

Below is the argument I presented to Mike via vmail for Omnicare Strategic Overlay. I followed up with Anwar today and Mike as well and hope to send this off to Mike tomorrow. Let me know your thoughts before I send this along.

Mike,

As I mentioned in my vmail:

Omnicare is a LTC Pharmacy Provider who owns or leases the pharmacies that they manage to serve nursing homes. They are the largest player in the LTC market and they do about \$120M annually of J&J business. We have a great relationship with the customer, and our product market shares are significantly higher than those of our other LTC customers

Here is the question:

The account team would like to assist the customer with some of the non market share activities that they do on our behalf.

That means assisting them financially with the foll:

1. Data collection
2. Communicating J&J promotions to nursing home that they serve
3. Communicating to their pharmacies to drive compliance to the contract
4. Tracking & Summary reports that we use to identify opportunities to drive our business

Omnicare data is not available through a 3rd party like IMS and so the team feels that fair market value for the services they would provide for us would be in line with health care compliance.

What are your thoughts on assisting Omnicare financially to provide the services outlined above?

Sanjay mentioned that we may have done something similar for Merck Medco and perhaps a similar offer here would comply with Safe Harbor Laws.

The market value would not be tied to sales but rather represent fair market value for the service they provide and would not apply to Best Price.

