



MAY 9 2007

Rockville MD 20857

Dear Pharmaceutical Manufacturer:

The Office of Pharmacy Affairs (OPA) within the Healthcare Systems Bureau of the Health Resources and Services Administration issued a letter to pharmaceutical manufacturers dated January 30, 2007, in which it stated that "(M)anufacturers that have signed pharmaceutical pricing agreements (PPAs) must continue to calculate 340B ceiling prices so that the calculated price continues to reflect a reduction for any prompt payment discounts."

In this January 30, 2007, letter, OPA requested comments from interested parties regarding this policy. OPA has reviewed the comment letters, and in light of the comments received and the long standing practices of the 340B program, OPA has determined that the issues raised require more analysis and consideration. Accordingly, until further notice, manufacturers should calculate their ceiling prices according to CMS requirements.

OPA plans to continue to give careful consideration to the implications of changes to the Average Manufacturer Price calculation and other potential changes to the 340B Drug Pricing Program.

OPA very much appreciates your continued participation in the 340B Drug Pricing Program and looks forward to working with all involved parties in this process.

Sincerely,

A handwritten signature in black ink, reading "Jimmy R. Mitchell". The signature is written in a cursive style with a large, prominent "J" and "M".

Jimmy R. Mitchell, R.Ph, MPH, MS
Director
Office of Pharmacy Affairs