



March 4, 2005

David Pender
Federal Trade Commission
Bureau of Competition
Health Care Services and Products
601 New Jersey Avenue
Washington DC, 20001

Dear David Pender,

I am requesting an advisory opinion relating to the applicability of the Non-Profit Institutions Act (NPIA) to sales of pharmaceuticals by Stevens Hospital (Stevens Healthcare) to patients who are under the care of clinic physicians whose practices are owned by Stevens Hospital.

Public Health District No. 2, doing business as Stevens Healthcare is a 217 licensed bed facility with an acute care inpatient pharmacy located in the hospital and a outpatient/retail pharmacy – Hadfields, owned by the district. Our patients come from inside and outside the district and belong to a variety of health plans. Stevens Healthcare is not a HMO or PPO. The public health district also owns four physician practices. The physicians are employed by Stevens Healthcare as well as the staff. All medical services are billed under the Stevens tax ID number. Clinics and staff are covered under the Districts general liability policy. All human resource, payroll, accounts payable, information systems and accounting functions are performed by Stevens departments. Clinic employees are covered under Stevens medical and dental benefit plans.

Stevens Hospital Pharmacy purchases pharmaceuticals from Cardinal, our drug wholesaler at acute care pricing. Currently these pharmaceuticals are used for our hospitalized patients for inpatient needs as well as periodic discharge prescriptions. We also provide for a very busy Emergency Department and outpatient surgical program, also with some discharge prescription activity. We provide pharmaceutical supplies for the clinics we own for in-clinic treatment. Our employees may fill prescriptions at our outpatient/retail pharmacy for themselves and dependents.

Stevens Healthcare is proposing an expansion of the use of our acute care pricing. Stevens Healthcare would like to access pharmaceuticals at acute care pricing for prescription and non prescription dispensing to patients who receive care from our clinic physicians. This would include initial prescriptions written in the hospital at discharge, Emergency Department prescriptions, Clinic prescriptions as well as refills as appropriate.

Please advise. Feel free to contact me if you need clarification or additional information. I can be reached at 425-640-4181.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Gordon J. Oakes", is written over a faint, larger version of the same signature.

Gordon J Oakes
Director of Pharmacy

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