

March 10, 2025

VIA EMAIL AND U.S. MAIL

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Re: Response to Request for Supplemental Information dated March 5, 2025
P45, RGH Enterprises, LLC – ADS Parent, LLC

Greetings:

We continue to represent RGH Enterprises, LLC (RGH), a subsidiary of Cardinal Health, Inc. (Cardinal Health), in connection with the above matter. We received your letter dated March 5, 2025 ("Request for Supplemental Information"), which sought additional information related to the preliminary review of RGH's acquisition of ADS Parent, LLC (ADS) by the Oregon Health Authority (OHA).

Accompanying this letter, please find a Supplemental Narrative on behalf of both ADS and RGH. Following this letter, both RGH and ADS will produce via secure file-share relevant documents, both in redacted (public) and un-redacted (confidential) form. The explanations of redactions are included in an updated redaction log, which is also being produced to OHA today.

Please confirm once the Request for Supplemental Information is deemed complete and the time period for the 30-day preliminary review has again commenced.

If you have any additional questions, please contact me as soon as possible.

Sincerely,



Christopher J. Pallanch

CJP/jm

CONFIDENTIAL



Supplemental Narrative

1. **Per Edgepark’s website, “Edgepark does not bill Medicare for diabetes test strips and related supplies. However, Edgepark does bill Medicare for Continuous Glucose Monitoring (CGM) devices and other insulin pump supplies.”**

- a. **Why doesn’t Edgepark bill Medicare for diabetes test strips and related supplies?**

Edgepark implemented systematic restrictions to prevent the provision and billing of diabetes test strips and related supplies to Medicare beneficiaries in response to the national mail order competitive bidding program for these supplies. Edgepark did not win the competitive bidding program. Edgepark did not prioritize re-activating this product category when the competitive bidding program lapsed. Please note that, as necessary, Edgepark does provide diabetes testing supplies, which are included in the supply allowance for supplies used with Medicare-covered CGM systems, and, consistent with the Centers for Medicare & Medicaid Services (CMS) policy, Edgepark does not separately bill Medicare for the furnishing of diabetes test strips and related supplies with a CGM system.

- b. **Does ADS currently bill Medicare for diabetes test strips and related supplies?**

Yes, ADS bills Medicare for diabetes test strips and related supplies, including the following: Glucose Monitors, Test Strips, Lancets, Control Solutions, Lancing Devices, AAA Batteries, and Lithium Batteries.

- c. **Will ADS’s contract with Medicare be transferred to Edgepark post-transaction?**

No, the ADS entities’ contracts with Medicare will not be transferred to Edgepark post-transaction. Based on the nature of the transaction structure, the ADS entities will continue to operate utilizing its existing Medicare enrollments.

- i. **Has Edgepark filed a Change of Ownership with CMS or a entered into a written novation agreement? If so, please provide copies of each.**

No, a “Change of Ownership” (CHOW) is not required. Not all transactions involving a Medicare supplier require a CHOW. North Coast Medical Supply, LLC, US Med, LLC, and United States Medical Supply, LLC will need to file a “Change of Information” (CHOI) with Medicare in the online Provider Enrollment, Chain, and Ownership System (PECOS) within 30 days after the closing of the transaction in the PECOS database to reflect the new updated indirect ownership information. *See* 42 C.F.R. § 424.516(e). Similarly, a novation agreement is not required under the transaction structure.

- ii. **Will Edgepark provide the same Medicare coverage that ADS currently provides post-transaction? If not, please describe the differences in coverage**



that Edgepark will provide post-transaction as well as any planned changes to Edgepark's Medicare coverage.

Yes, following the transaction, Edgepark will continue to provide the same Medicare coverage and no changes are planned.

d. Please provide all current Edgepark and ADS contracts with Medicare related to coverage of any diabetes supplies.

Traditional Medicare does not issue contracts. Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) suppliers do not enter into contracts or provider agreements with Medicare specifically relating to coverage of diabetes supplies. Instead, Medicare approves DMEPOS suppliers for enrollment in the Medicare program. Medicare publishes a fee schedule and provides suppliers with the ability to service and bill Medicare on behalf of beneficiaries once a supplier holds accreditation from an approved accreditation body, a Provider Transaction Access Number (PTAN) from a Medicare Administrative Contractor and enrollment through PECOS. See ADS3146 through 3192 and RGH_000788 through 799 (all of which have been designated as confidential) for the applicable documents related to ADS and RGH, respectively.

Also attached please find documentation from the Medicare National Supplier Clearinghouse verifying Medicare enrollment and active billing status for Edgepark and ADS. There are no plans post-transaction to change the Edgepark or ADS Medicare participation elections.

2. Schedules from Agreement and Plan of Merger

a. Please provide the copies of all contracts identified below, as outlined on Schedule 3.16(a) to the Agreement and Plan of Merger.

- (i) **“(ix) all Contracts that limit the ability of any of the Company or its Subsidiaries to compete in any line of business or with any Person in any geographic area or prohibit the solicitation or engagement of any customers, employees or service providers of any competitor, or that would so limit the freedom of any of the Company or its Subsidiaries or any of their respective Affiliates after the Closing (including Parent)”**

Please see accompanying documents ADS 644 - ADS 873, which have been designated as confidential.

- (ii) **“(x) all Contracts that contain exclusivity obligations binding on any of the Company or its Subsidiaries or, following the Closing, any of their respective Affiliates (including Parent)”**

There are no documents responsive to this item 2aii.



- (iii) **“(xii) all Contracts (A) with a call or put right, right of first refusal, right of first negotiation or right of first offer, a “most favored nation” clause or otherwise onerous or preferential terms and conditions, (B) pursuant to which the Company or any of its Subsidiaries provides any goods or services at a fixed price or pursuant to a fixed volume arrangement or (C) pursuant to which the Company or any of its Subsidiaries is bound by a take or pay, requirements, minimum purchase or similar provision or commitment”**

Please see accompanying documents ADS 874 – ADS 1230, which have been designated as confidential.

- (iv) **“(xv) all Contracts with a Major Payor or Major Supplier”**

ADS 1231 – ADS 3145, which have been designated as confidential.

- (v) **“(xix) all Contracts with any Governmental Authority, other than ordinary course Medicare, Medicaid or similar Governmental Authority payor enrollment contracts or Permits”**

There are no documents responsive to this item 2av.

b. Please provide Schedule 3.20(a) (“Payors and Suppliers”) from the Agreement and Plan of Merger.

Please see accompanying documents RGH_000800_a through 801_a, which have been designated as confidential.

- (i) **Please provide a list of same information identified in Schedule 3.20(a) for Cardinal for both payors and suppliers.**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

[REDACTED]

(ii) Please identify any payors identified by ADS on Schedule 3.20(a) with whom Cardinal does not currently contract or with whom Cardinal's current contract does not offer coverage for the same types as diabetes supplies as offered under ADS's contract.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

3. **Please identify all Oregon Coordinated Care Organizations (managed Medicaid) with whom Cardinal and ADS each contract. Please provide copies of all such contracts.**

ADS currently contracts with the following Oregon Coordinated Care Organizations:

Plan Name	Entity
- Samaritan Health Plan of Oregon	ADS / NCMS
- Moda Health (ODS Community Health, Inc.)	US MED
- CareOregon	ADS / NCMS
- Centene (Trillium Community Health Plan)	USMS

See ADS 3193 through 3874 for the applicable contracts, which have been designated as confidential.

Edgepark currently contracts with the following Oregon-managed Medicaid plans:

- Intercommunity Health Network, part of Samaritan Health Plans, Inc.
- Oregon Health & Science University dba OHSU Health, part of Health Share Oregon
- Yamhill County Care, part of Providence Health System-Oregon
- PacificSource Community Solutions, Inc., part of PacificSource Health Plans
- Umpqua Health Network, LLC



- Eastern Oregon Coordinate Care Organization. part of Moda Health Oregon/ODS Community Health, Inc.
- Trillium Community Health Plan, Inc., part of Centene
- CareOregon, Inc., part of Health Sare of Oregon, also covers Jackson CCO

See RGH_000802_a – 1758_a for the available contracts, which have been designated as confidential.

4. Please describe the Parties' plans for integrating ADS's current operations into Edgepark including, but not limited to, integration of direct-to-patient ordering platforms, customer service, insurance approval processes, billing, current ADS employees, and any other current operations activities of ADS.

The key benefit of this transaction is to combine Edgepark, which has strong back-office and cash collection capabilities, with ADS, which has a strong patient network and user experience, to allow the combined company to better and more efficiently serve patients and payers. Immediately following the acquisition, Cardinal plans to preserve the current operations, systems, and processes of ADS while it assesses how to integrate the best practices and capabilities of both organizations into one, direct-to-patient ordering platform that optimizes patient care. Competitively sensitive information will not be shared between the parties pre-closing so most granular integration decisions will not be made until after the transaction closes. Although Cardinal is unable to complete integration planning until it has access to ADS systems, the intent, to be validated through further integration planning, is to adopt at Edgepark key aspects of ADS's leading direct-to-patient ordering platforms, customer service, patient insurance approval information collection, and patient billing, while bringing to ADS key aspects of Edgepark's insurance approval processes, insurance billing, and other back-office capabilities. We also anticipate integration of some key leadership roles, which over the long term may lead to redundancies in those roles, however, the parties will prioritize continuity in commercial and operational roles to ensure an exceptional employee experience, enabling maintenance of key performance metric standards as the business transformation is underway. To ensure continuity of care for patients—a top priority—Cardinal anticipates completing integration of ADS and Edgepark within approximately 24 months.

5. Please describe the current processes in place when patients place orders for diabetes supplies with both Edgepark and ADS, including, but not limited to:

a. Description of how patients place orders.

Patients can place an order with ADS through multiple channels, including through ADS's website, email, SMS, or phone with customer care agents or with interactive voice responses.

For Edgepark, orders may be placed by a patient or other referral source by phone, fax, email, website, or e-prescribing/ordering platform.

b. How those orders are reviewed and processed.



ADS reviews and processes orders using a combination of industry-standard and proprietary technological tools, alongside human oversight. Audit logic, pharmacist review, and exception-based rules provide additional layers of quality control. Before an order is approved for fulfillment, ADS employs multiple checks, including patient approval, insurance verification, valid prescription verification, prescriber confirmation, mailing address validation, and prior authorization (if required). Once ADS completes these checks, the order proceeds to picking and packing.

For Edgepark, orders are reviewed to ensure complete capture of information necessary to provide supplies to patients and meet payer coverage and billing requirements. After an order is placed, orders are processed by verifying eligibility and coverage, collecting and validating medical documentation, applying payer rules (e.g., quantity/frequency limits, coverage criteria), and obtaining and validating prior authorization when required.

c. How Edgepark and ADS work with payers to determine insurance coverage or any prior authorizations for a patient's order.

Upon onboarding with ADS as their DMEPOS provider or pharmacy, ADS obtains and verifies a patient's insurance details. ADS uses industry-standard tools and direct communication with insurance providers to confirm coverage details both at onboarding and for all future orders. During this process, ADS reviews insurance coverage, co-insurance responsibilities, and any prior authorization requirements with the patient. If prior authorization is required, ADS collaborates directly with the prescriber to gather the necessary medical documentation and submits the authorization request to the payer. Throughout this process, ADS communicates updates to the patient as needed.

Depending upon the payer and products ordered, Edgepark uses a variety of methods to determine insurance coverage including electronic data exchange with insurers, clearinghouse and/or insurance specific web portals, and phone calls. Edgepark maintains a database and reference tool to instruct its staff on the preferred method or methods of verification for each payer. For prior authorization, Edgepark configures payer rules in its operating system, and maintains a database and reference tools for agents regarding payer requirements and payer-preferred methods to obtain prior authorization. Primary methods of obtaining prior authorization include using a clearinghouse or payer portal, fax, or phone call.

d. How that information is communicated to the patient and/or their provider.

After ADS verifies insurance coverage, it communicates the details to the patient during onboarding, including initial-order and reorder coverage information. ADS advises patients to notify ADS promptly of any changes to their insurance. If ADS identifies a change in coverage during reorder verification, it contacts the patient to review the updated details, including co-insurance responsibilities and any required documentation, such as prior authorizations.

For Edgepark, information is communicated with the patient and/or their provider when the order is placed, or when the patient is contacted and informed of any estimated out-of-pocket payment responsibility associated with the order. In addition, the patient is



contacted if any obstacles are encountered that will prevent or delay the order from being provided.

e. Any steps taken when an insurer denies a claim.

To minimize claim denials, ADS proactively verifies coverage prior to dispensing. Nonetheless, in the event of a denial, ADS works closely with the prescriber and patient to appeal the denial and seek coverage.

Edgepark has an analyst team that reviews denied claims, determines the appropriate next step based on the reason for denial (e.g., appeal, rebill corrected claim, accept denial as correct), and takes the appropriate action. Additionally, Edgepark has processes in place to analyze denial trends, identify root causes, and initiate payer escalations or internal process improvements focused on denial prevention.

f. How patients are ultimately billed by Edgepark and ADS for their order when covered by insurance.

During patient onboarding, ADS reviews co-insurance responsibilities with the patient and typically secures a credit card on file for payment when co-insurance is due. Patients who prefer to receive a bill by mail have the option to do so.

For each order, Edgepark systematically determines an estimate of patient out-of-pocket cost based on the fee schedule of the patient's insurance and coverage details determined in its verification of eligibility and benefits. This estimate considers the patient's primary insurance, as well as any other applicable patient insurance plans. Edgepark then provides the patient the estimate (which comes through a channel selected by the patient, such as phone call, automated interactive voice response systems, or website) and offers several options for payment, including charging credit/debit card upon shipment, payment plans, or invoicing after insurance payment and the explanation of benefits for the particular patient is provided by the payer. If the patient elects to be invoiced, the invoice is delivered to the patient by e-mail or mail in the manner selected by the patient and paid by the patient via self-service through a web portal, mailed check, or a call to Edgepark's customer care team.

g. Any steps taken to ensure that patients have clear understanding of their insurance coverage for any diabetes supplies they order and their financial responsibility to Edgepark or ADS.

ADS provides patients with detailed information about their insurance coverage and financial obligations during onboarding, whenever there is a change in coverage, at the time of order approval, and upon request. This ensures transparency and helps patients make informed decisions regarding their cost share on their diabetes supplies.

As noted above in 5f, Edgepark contacts patients to review insurance coverage, their estimated out-of-pocket payment responsibility, and payment options.



6. For all processes described in Request #8 above, please identify any planned changes or process improvements that will be implemented post-transaction.

As explained in response to question 4, current Edgepark and ADS processes will be preserved in the near term, while Cardinal assesses how to integrate the best practices and capabilities of both organizations into a common platform that optimizes patient care. Competitively sensitive information regarding detailed order and sale processes will not be shared between the parties pre-closing so integration decisions around order and sale processes will not be made until after the transaction closes. Post-transaction, Edgepark and ADS will assess operations and processes, including those listed in Question 5, to identify best practices and capabilities to ensure continuity of care for patients served by each organization. Cardinal anticipates, however, that it will adopt significant parts of Edgepark's strong back-office and cash collection capabilities and significant parts of ADS's strong patient network and user experience to allow the combined company to better and more efficiently serve patients and payers.

7. Please identify any standards, metrics, benchmarks, or targets employed by Edgepark and ADS to track:

a. Patient experience with respect to timeframes for insurance approval and order processing.

ADS's standard verification process targets and typically maintains completed insurance verifications within 1 business day. Orders that are approved during business hours are sent the same day barring any outstanding documentation or prior authorization approvals required by the payer. Once all required elements are in place, orders are shipped same day, with a nationwide two-day maximum.

Edgepark tracks performance metrics, such as total calls offered, total orders received and/or confirmed, and total orders shipped, among others, to ensure on-time delivery and measures each subprocess to ensure orders are progressing within expected timeframes. Edgepark routinely surveys its patients to ensure satisfaction. Customer Satisfaction and Net Promotor Scores are internal benchmarks.

b. Responsiveness or follow up by Edgepark to ADS with payers when claims are denied.

ADS follows payer guidelines when responding to denied claims. Payers set certain time limits within their contracts and ADS responds within those set timeframes or ADS works with the payers when there are outlying exceptions.

Edgepark strives to take appropriate action on denied claims as quickly as possible after they are received. Additionally, Edgepark keeps track of each payors' timely appeal guidelines to ensure action is taken within requirements.

c. Call back or resolution times for patient-customer inquiries.

ADS's patient contact standards include answering all calls within 30 seconds, returning all inquiries and requests for contact or information on the same day, and responding to



requests that require resolution within 1 business day. In addition, ADS's phone access hours extend beyond business hours to help meet patient needs.

Edgepark ensures timely customer inquiry response by ensuring best in class call center service levels with an emphasis on First Call Resolution. First Call Resolution is a benchmark measurement of calls or interactions resolved the first time a customer connects with us, eliminating the need for additional call backs or touchpoints. Inquiries that are not immediately resolved are also bound by a 24-hour return call service level.

d. Requests for assistance, or complaints, or any other standard or metric regarding the customer experience.

ADS targets responding to requests for assistance the same day and no more than 1 business day later, acknowledging complaints within 5 business days, and resolving complaints within 14 business days. ADS also automatically sends its members customer satisfaction surveys twice per year asking them to rate ADS in 5 categories: (i) Overall Experience; (ii) If they feel Welcomed and Cared For; (iii) Knowledge and Professionalism; (iv) Follow-up and Engagement; and (v) Order Timeliness. These results are reviewed quarterly, to ensure performance and experience standards are maintained.

Edgepark follows Community Health Accreditation Partner (CHAP) accreditation requirements for timely responses related to complaints which includes complaint acknowledgment within 5 days and complaint resolution within 14 days. CHAP accreditation sets out a known standard of care.

e. Order processing.

ADS order processing benchmarks are continuously audited and measured through a variety of checkpoints in the order processing workflows. Cumulative lookbacks occur monthly and quarterly to measure patient, prescriber, and courier errors, manufacturer delays, duplicate orders, and root cause attribution, among others.

Edgepark measures each subprocess within Order Processing to ensure orders are processed as expected. Orders are processed by verifying eligibility and coverage, collecting and validating medical documentation, applying payer rules (e.g., quantity/frequency limits, coverage criteria), and obtaining and validating prior authorization when required.

f. Working with payers to determine insurance coverage.

ADS uses industry standard technology to expedite all insurance coverage determinations. Where technology is not available or sufficient, ADS will contact payers directly to determine insurance coverage. ADS obtains reference numbers and agent names for each verification completed by phone for future reference. ADS's technology helps ensure that it completes verifications within 1 business day and allows human resources to be allocated to payers where manual review and determinations are



required. This efficient approach allows ADS to maintain the 1 business day turnaround as the company's standard.

Edgepark ensures 24-hour service levels on verification and ensures accurate coverage determination by verifying eligibility and coverage based on payor information obtained through electronic data interchange (EDI), clearinghouses, payor portals and phone calls. EDI practices used by Edgepark's partners utilize real time eligibility inquiries that allow for service levels often shorter than 24 hours.

8. Please identify all brands and models of continuous glucose monitors currently offered by ADS through direct-to-consumer sales that will not be offered by Cardinal post-closing, if any.

None. Post-closing, ADS (and by extension Cardinal/Edgepark) will continue to offer all brands and models of continuous glucose monitors it currently offers. This includes all active brands manufactured by Dexcom, Abbott, and Eversense.

