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March 18, 2025

VIA EMAIL AND U.S. MAIL

Sarah Bartelmann, MPH
Cost Programs Manager
Oregon Health Authority
421 SW Oak Street, Suite 850
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Re: Response to Second Supplemental Request
P45, RGH Enterprises, LLC – ADS Parent, LLC

Greetings:

We continue to represent RGH Enterprises, LLC (RGH), a subsidiary of Cardinal Health, Inc., in connection with the above matter. We received your letter dated March 14, 2025 (“Second 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.

Accompanying this letter, please find a Second Supplemental Narrative on behalf of both ADS and RGH. Additionally, we are submitting (1) an updated redacted version of our March 10, 2025, letter (which eliminates some of the redactions from last week), and (2) a further supplemented Redaction Log, which includes our further explanation of the redactions that remain (these are also explained in response to Question #3, below).

Please confirm once the Second 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,

A handwritten signature in blue ink, appearing to read 'CJ Pallanch', written in a cursive style.

Christopher J. Pallanch
CJP/jm

Second Supplemental Narrative

1. From January 1, 2022, through the date of this correspondence, please report ADS' and Edgepark's respective performance in each year for the below metrics and targets as identified in the March 10, 2025, Response to Request for Supplemental Information ("Response"). If such information is not tracked in the regular course of business, please state as much.

a. Insurance verifications completed within 1 business day (or other noted time- based metric). (7.a.)

Edgepark:

Year	% Verified within 24 Hours
2022	91.55%
2023	89.96%
2024	88.75%

ADS:

Year	% Verified within 24 Hours
2022	36%
2023	66%
2024	86%

b. Orders shipped within 1 business day of insurance approval (or other noted time-based metric). (7.a.)

Edgepark

Year	Shipments on Time		
2023	7/1/2023	12/31/2023	97.1%
2024	1/1/2024	12/31/2024	98.3%

Shipment metrics were not tracked consistently prior to 7/1/2023.



ADS:

Year	Orders Shipped Within 1 Business Day of Insurance Eligibility Date
2022	94%
2023	88%
2024	92%

c. Edgepark’s Customer Satisfaction survey and Net Promotor Score (7.a.) and ADS’ customer satisfaction surveys in each of the five categories (7.d.).

Edgepark:

Year	NPS	CSAT Score
2024	55.40	84.59
2023	48.54	81.61
*2022	46.30	81.26

***Partial Data - Contains September 2022-December 2022 due to survey data changes.**

ADS¹:

Division	2022		2023		Org Wide	2024
Satisfaction					Overall	
West Div	4.31	/5	4.21	/5	Experience	4.31
Satisfaction					Welcomed &	
East Div	89.24	/100	87.37	/100	Cared For	4.33
					Knowledge &	
					Professionalism	4.40
					Follow Through	
					& Engagement	3.96
					Order Timeliness	3.95
					OVERALL	4.19 /5

¹ In 2024, the ADS data is combined across both divisions.



d. Response time for inquiries or responses by customers, including Edgepark's First Call Resolution performance. (7.c.)

Edgepark:

Year	From	To	Customer FCR
2023	7/1/2023	12/31/2023	69.3%
2024	1/1/2024	12/31/2024	71.5%

First Call Resolution (FCR) is the percentage of calls that are addressed and then a second call from the same customer is not received in the next three day period after the first call. FCR was not tracked consistently prior to 7/1/2023.

ADS:

The majority of ADS inquiries are fielded via inbound phone calls. This reporting reflects inbound call volume and the percentage tended to within 30 seconds or less.

Year	% Responded to ≤ 30 Seconds
2022	94%
2023	88%
2024	92%

e. Customer complaint resolution outcomes and timing. (7.d.)

Edgepark: The below is the percent of customer complaints resolved within 14 days.

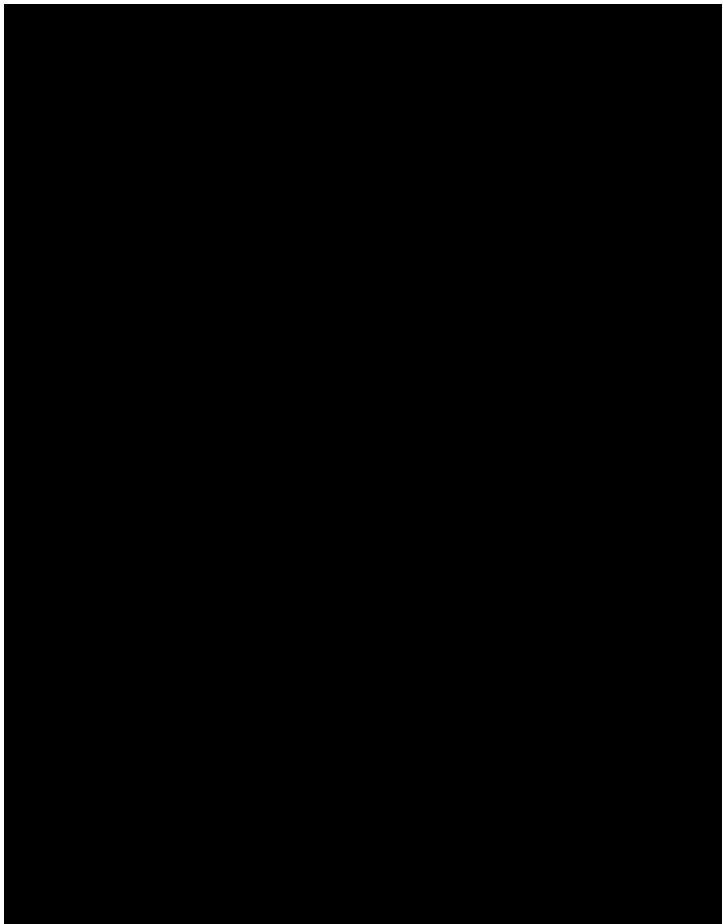
Year	Resolved On Time
2022	99.77%
2023	99.76%
2024	99.81%

ADS:

Year	Average Days to Close Quality Variance
2022	1
2023	2
2024	3



f. Claims denial rates and rates of successful claim denial appeals. (5.e).



g. Performance on “key performance metric standards” as identified in Response to Question 4 to the extent not identified above.

Edgepark:

Phone Data					Service Level	Avg Speed of Answer (seconds)
Calls Answered					Aban Rate	
2022	7/1/2022	12/31/2022	1,540,555	2.3%	78.6%	35
2023	1/1/2023	12/31/2023	3,113,418	2.1%	78.6%	29
2024	1/1/2024	12/31/2024	2,891,757	1.5%	80.8%	25

Abandon rate: Calls Abandoned (calls hung up prior to being answered) divided by Calls Received.

Service level: Calls answered within 30 seconds divided by Calls Received.



Phone data was not tracked consistently prior to 7/1/2022.

ADS:

Year	Abandoned Rate
2022	7.4%
2023	5.3%
2024	3.9%

2. Please explain why Edgepark did not prioritize re-activating the “diabetes test strips and related supplies” once the competitive bidding program lapsed as described in Response 1.a.

a. Does Edgepark plan to re-activate following integration of Edgepark and ADS operations?

Edgepark did not prioritize the removal of systematic restrictions necessary to reactivate diabetes test strips and related supplies for Medicare beneficiaries once the competitive billing program lapsed primarily for the following reasons:

- IT programming to remove restrictions was estimated as a significant, multi-month project.*
- All Edgepark patients served prior to the implementation of the national mail order competitive bidding program had transitioned to other suppliers.*
- Uncertainty as to whether another competitive bidding program would occur that would require the same restrictions.*

Please note that ADS will continue to provide and bill these supplies following the close in the same manner as before. Edgepark will evaluate the potential reactivation of diabetes test strips and related supplies for Medicare beneficiaries as part of its post-close integration plan.

3. Supplemental Narrative: OHA disagrees that the redacted information is confidential under ORS 415.501(13)(c), with the exception of the information provided in response to Question 2.b.i. Please provide a public-facing version with all other information unredacted. Should you choose to assert that any of these redactions qualify for the ORS 192.345(2) trade secret exemption under Oregon Public Records Law, you must provide information and legal argument supporting such assertions. This information must include at least the following:

- a. Internal steps the parties have taken to keep the information secret;**
- b. To the extent the information is, by necessity, shared with or known by outside parties, the steps taken to ensure that these parties keep the information secret;**



c. How the information would be economically valuable to a competitor or could be used to economically harm the entity; and

d. The time, effort, and expense needed to compile the information.

Accompanying this submission is an updated version of the Supplemental Narrative, which retains redactions only for Questions 2.b.i and 2.b.ii. It is appropriate to retain redactions under 2.b.ii because the information requests the identity of specific payors with which Cardinal does not currently contract, or with which Cardinal's current contract does not offer coverage from the same types as diabetes supplies as offered under ADS's contract. In other words, this information will specifically relate to both parties' business lines and data, either directly or through negative inference. Payor information about each party was deemed to be competitively sensitive by antitrust counsel during the due diligence process and has never even been shared between the parties other than in a highly controlled datasite accessible to a limited group of individuals. The information contained in Question 2.b.ii lists specific products and devices that the parties offer, or do not offer, to specific payors.

- (a) Each party has taken reasonable steps to keep the nature and substance of this information confidential, including by requiring confidentiality agreements and maintaining appropriate steps in the ordinary course of business to prevent disclosure (e.g., restrictions on who can access which information (both physically and electronically), and how that access may be obtained).*
- (b) This information is not shared or known by outside parties. For example, many (if not all) contracts have confidentiality provisions, and neither RGH, ADS, nor other parties would share the terms, conditions, or scope of the contracts with other third or non-parties.*
- (c) The information would be commercially valuable to a competitor because, if disclosed, a competitor could then readily determine competitively sensitive information, including device mix, supply, or market.*
- (d) The time, effort, and expenses needed to compile the information is significant. Each contract is separately negotiated with each payor, and the terms, conditions, and scope of each contract is different. Accordingly, it is not possible to put a specific dollar amount on the expense (though it is estimated to be material); and the time and effort are also substantial and estimated to comprise thousands of hours of work.*

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