



Eisai Inc.
Customer Financial Services – Chargeback Department
100 Tice Blvd.
Woodcliff Lake, NJ 07677
201-692-1100

Chargeback Policy for Eisai Products

Effective September 8, 2011

Dear Valued Distributor:

Listed below, please find Eisai Inc.'s new Chargeback policy, which will become effective on September 8, 2011.

A. POLICY

The principal policy requirements for chargeback claim request processing are as follows:

- Chargeback Claim Submissions-All chargeback debit memo claims must be submitted to Eisai no later than 60 days after the date of distributor's invoice to the end customer. Any chargebacks received after this time will be automatically denied or rejected as "line item too old", and will not be paid, unless submission is the result of a government audit. Distributor may submit chargebacks greater than 60 days beyond invoice date if these submissions are a result of a government audit. Distributor must identify the submission as being the result of a government audit and the submission must be segregated from normal submissions
- Chargeback Resubmissions-All chargeback resubmissions must be submitted to Eisai within 120 days of the date of distributor's invoice to the end customer.
- Customer Eligibility-Eisai will deny chargeback claims for all sales to entities that are not members of the designated purchasing group at the time of sale as reflected in Eisai's records. Eligibility of the membership lists provided from the group purchasing organization to Eisai and to the distributor are subject to Eisai's final validation of such eligibility. Distributor does not have any entitlement to any adjustment for a denied chargeback if the end customer is determined to be ineligible based on Eisai's review.
- Distributor will be entitled to chargebacks in the following instances:
 - I. Products are sold only to customers located in the territory;
 - II. Products sourced solely and directly from Eisai; and
 - III. Distributor is notified by Eisai that the end customer is entitled to a pre-determined price below WAC.

- Contract Notification-Distributor notified by Eisai via 845 EDI transaction set or via email, of the awarded bid or renewal. Eisai will use commercially reasonable efforts to provide distributor with 10 business days lead time of any contract notification/changes.
- Chargeback Claim Processing-Eisai will process all chargebacks claims within 10 business days and notify distributor of the chargeback claim calculation.
- Chargeback Claim Payment-Wire Transfer to bank account or other form of payment for the chargebacks claim amount (i.e., credit memo).
- Customer Credit and Re-bills-Distributor will be responsible for credit and re-bill corrections to the end customer for any discrepancies. These credit and re-bills must be received from Eisai within six months of the original invoice date. If Eisai has made an error with an end customer, Eisai will notify distributor of the error and distributor will issue a credit and re-bill.
- Chargeback Claim Reconciliation-Distributor will be notified within 10 days of any chargeback claim discrepancies after original chargeback claim was submitted. Attached as Exhibit A are Error Codes that will be listed on the Reconciliation Report. Distributor will have 30 days from notification date to research denial and resubmit additional information. If Eisai does not receive additional detail from Distributor by the end of such 30-day period, Eisai will consider the chargeback closed and paid in full. Distributor will not be authorized to deduct for any chargeback claim discrepancy.
- Contract Customer Product Returns-For product returns, Distributor will send a reverse chargeback claim referencing the original invoice number and original invoice date and remit to Eisai. If this information is not provided, Eisai will reject the claim.

B. DISTRIBUTOR SUBMISSION

1. Eisai receives most chargeback requests in the form of a Debit Memo (DM) from distributors via EDI 844. These are interfaced directly into the Eisai contracting system.
2. EDI 997 (receipt acknowledgement) sent back to distributor
3. Distributors shall have 60 days from the invoice date to the end customer to submit eligible chargebacks to Eisai.
 - a. If distributor submits a chargeback that is more than 60 days past the invoice date and is the result of a government audit, distributor must identify the submission as being the result of a government audit and the submission must be segregated from normal submissions.
4. EDI checks are performed before the DM can be accepted into Eisai's contracting system. No data is accepted via EDI if:
 - a. Distributor's file cannot be read (if this occurs notification is sent to the EDI Help Desk for follow-up);
 - b. sender's EDI ID is not mapped to an internal ID;
 - c. sender's file control numbers are not in sequence (no gaps or duplicates);

- d. count of lines actually received does not match the line count sent with the file;
or
 - e. other required fields are not populated
5. If the DM does not pass these checks, the EDI administrator will contact distributor and chargeback contact, inform them that the submission failed and ask for same day or next day resubmission.

C. MANUAL CHARGEBACK ENTRY

1. Eisai receives most chargeback requests (Debit Memos) from distributors via EDI, but CB requests may be received manually for the following reasons only:
 - a. Resubmitting previous DMs that were unsuccessful; or
 - b. Distributors experiencing technical difficulties with their system, or transition from one system to another.
2. To enter a manual DM, distributor must provide the following header level data for each DM:
 - a. Customer DEA or HIN number
 - b. DM number
 - c. DM date
3. To enter a manual DM, distributor must provide the following line level data for each line on the DM:
 - a. Customer ID Number (DEA or HIN)
 - b. Price group number
 - c. Product NDC number (11-digit)
 - d. Invoice Date
 - e. Invoice Number
 - f. Number of packages sold
 - g. WAC paid by distributor
 - h. Contract price paid by end customer
 - i. Extended chargeback claim

D. RESUBMISSIONS

1. Distributor resubmits the hardcopy chargeback re-submittals to Eisai via mail, overnight carrier, facsimile machine or e-mail. Distributor indicates additional information on its documentation that potentially leads to the acceptance of rejected debit memo (DM) lines.
 - a. Eisai requires that distributor resubmit all information for additional consideration within *120 days* of distributor's original invoice date to the end customer. Any resubmission after this time is considered stale and no additional credit is issued.

E. OWN USE

1. Distributor represents and warrants that no customer is engaged, and no customer will engage, in retail sales, and that all covered products purchased are exclusively for the own use of such customer. In accordance therewith, covered products sold under the “own use” restriction may be supplied to:

- a. Inpatients, or emergency room patients being treated by the facility (walk-in buyers not under the care of the hospital or agency are not included, except in emergency).
- b. Former patients, limited to take-home prescriptions given upon discharge;
- c. Employees of the facility and their dependent family members;
- d. Staff physicians, for their personal use or the use of their dependent family members (but not for use in private practice unconnected with the facility); and
- e. Emergency situations (including those involving a walk-in buyer).

If a distributor fails to observe the terms of this Section, Eisai may, at its option, immediately terminate this distributor and take other action that Eisai deems appropriate.

F. PUBLIC HEALTH SERVICES SUBMISSIONS

Eisai has approved pricing for Outpatient facilities through our Public Health Services Agreement, contract number C11711. Eisai validates its PHS membership on a quarterly basis in the following matter:

- a. Eisai requests that all Distributors submit the HIN number for any PHS submissions.
- b. Eisai will go to <http://www.hibcchin.org/> and validate if the HIN number is:
 - i. Disproportionate Share Hospital;
 - ii. PHS-Funded Entity; or
 - iii. USPHS
- c. Once Eisai has validated this number, Eisai will go to <http://opanel.hrsa.gov/opa/CE/CEExtract.aspx> and validate if the HIN number has a 340B ID. If an entity does not have a 340B ID and distributor cannot supply one, Eisai will reject the submission through PHS and pay on a GPO Agreement, if the member is affiliated with another Agreement.
- d. Eisai expects distributors to keep their PHS membership up to date and validate on a quarterly basis.

This policy is subject to change by Eisai at any time without notice. If you have any questions concerning this chargeback policy, please contact the Customer Financial Services – Chargeback Department:

Steven Brown, Director, Customer Financial Services, 201-746-2394

**EXHIBIT A
CHARGEBACK ERROR CODES**

Error Code	Description	HDMA Codes
BII	Customer DEA Number, Reference ID, or Address Invalid	JJ
CII	Contract Number Incorrect	BB
BIM	Customer DEA Number, Reference ID, or Address Missing	II
BPE	Customer Not Yet Eligible	HH
BPI	Customer Not Covered For Invoice Date	FF
BPN	Customer Not Covered	FF
BPX	Customer Expired	GG
CEX	Customer Expired	GG
CIE	Contract Number Incorrect	BB
CII	Contract ID Invalid/Contract Number Incorrect	BB
CIX	Customer ID Expired/Customer Expired	GG
CNM	Customer not in Membership/ Customer Not Covered	AA
CNC	Customer not covered	FF
CPC	Contract Price corrected	TT
CRR	Customer reference record exists	
CRS	Customer in Reject status/ Customer Not Covered	FF
CYE	Customer not yet in force/ Customer Not Yet Eligible	HH
CYF	Customer ID not yet in force/ Customer Not Yet Eligible	HH
DSB	Duplicate submission item	YY
LDG	Line date greater than document date/ Invoice Date Missing or Invalid	EE
LTO	Line too old	A2
MBL	Multiple business units found for the customer	
PII	Product ID Invalid/Drug Number Missing or Invalid	NN
SWC	Submitted wholesaler cost corrected	VV
TAC	Total amount corrected/ Extended Amount Corrected	XX