



Arriva Medical and Centers for Medicare and Medicaid Services (CMS) Fact Sheet

Arriva Medical Background

- Arriva Medical, LLC, a subsidiary of Alere, Inc., is headquartered in Coral Springs, FL and employs approximately 250 employees across Florida, Kentucky, Tennessee and Arizona.
- Arriva is the largest Contract Supplier under the Medicare National Mail Order Competitive Bid Program for Diabetes Testing Supplies (DTS), having won contracts in every round of bidding and demonstrating its trusted supplier status to CMS.
- Arriva services more than 500,000 Medicare beneficiaries annually - more than half of the National Mail Order DTS Program.
- During the past 5 years, Arriva has serviced over 970,000 Medicare beneficiaries, resulting in nearly 5.8 million claims.
- Arriva serves a critically important population of beneficiaries who have a serious, chronic condition that frequently results in comorbidities and death.
 - Approximately 138,000 of the beneficiaries served by Arriva ultimately deceased during the past 5 years.
- Arriva is fully accredited by the Accreditation Commission for Health Care (ACHC) and recognized as a leader in compliance.
 - Arriva has a full-time, independent compliance officer;
 - Through a third-party, independent vendor, Arriva regularly monitors and audits a sample of its patients' orders and submitted claims;
 - Arriva seeks to work closely with CMS to ensure compliance, including coming into the Agency this past summer to discuss an important compliance issue before acting.
- Arriva is dedicated to the patients it serves and to working with the Medicare program.

Impact of Revocation

- Beneficiaries would be placed at risk if Arriva ceases to provide services:
 - Over 500,000 active beneficiaries who count on Arriva for their diabetic supply needs stand to be displaced.
 - A large number of beneficiaries would require new glucose meters if they switched suppliers, which requires:

- Face-to-face physician visits to generate new orders, which both add inconvenience to beneficiaries and costs to the Medicare program;
 - Potential costs to beneficiaries because new meters most likely would not be covered;
 - Potential delays in testing regimens, leading to increased comorbidities.
- The National Mail Order DTS Program could be at risk:
 - Arriva services approximately one half of the beneficiaries in the National Mail Order DTS Program, and revoking the billing privileges of Arriva could put the program in jeopardy.
 - The remaining 9 contract suppliers would not realistically have the capacity to take on this volume of beneficiaries within 90 days while ensuring compliance with Medicare requirements.
 - Arriva will continue to furnish covered services to beneficiaries without any assurance of reimbursement, or risk the health of these beneficiaries until our case with CMS is resolved.
- CMS policy is at risk:
 - The Agency's decision to revoke Arriva's billing privilege is not in keeping with the goals of CMS' own regulation given the relative small number of claims at issue and the lack of harm to the Medicare Program.

CMS System Challenges

- In August 2015, CMS unilaterally shut off Arriva's access to the HIPAA Eligibility Tracking System (HETS), which is the CMS system used to determine Medicare beneficiary eligibility (including dates of death) because the volume of Arriva's eligibility checks due to its large base of beneficiaries was crashing the system.
- Because of CMS system limitations, the corrective action plan (CAP) agreed to with CMS permits Arriva to only run eligibility checks one time per month per beneficiary.
- Updates to HETS often are not made in sufficient time to allow suppliers to identify deceased patients prior to billing for properly initiated reorders of covered medical supplies.
- Arriva has no face-to-face contact with beneficiaries or their caregivers as a mail order supplier.
- Arriva services beneficiaries with chronic conditions, who require regular reorders of covered products.

Cautionary Statement Regarding Forward-Looking Statements

This communication (and those referenced in this communication) contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements regarding Arriva's commitment to its patients and the Medicare program; the potential impact of the revocation of Arriva's Medicare enrollment, including with respect to the risks to beneficiaries and the National Mail Order DTS program and CMS policy and any other statements about the future expectations, beliefs, goals, plans or prospects of the board or management of the Company. Readers can identify these statements by forward-looking words

such as “may,” “could,” “should,” “would,” “intend,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “continue” or similar words. A number of important factors could cause actual results of Alere and its subsidiaries to differ materially from those indicated by such forward-looking statements. These factors include, but are not limited to the risk factors detailed in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (as filed with the Securities and Exchange Commission on August 8, 2016) and other risk factors identified herein or from time to time in our periodic filings with the SEC. Readers should carefully review these risk factors, and should not place undue reliance on our forward-looking statements. These forward-looking statements are based on information, plans and estimates at the date of this communication. We undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

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Rev. 11142016