

December 1, 1995



MEDICAID DRUG REBATE PROGRAM Release No. 20

* * * IMMEDIATE ATTENTION REQUIRED * * *

NOTE TO: All Participating Drug Manufacturers

HCFA'S IMPLEMENTATION OF FINAL DECISIONS OF THE REMITTANCE ADVICE REPORT (RAR) WORKGROUP

The RAR Workgroup has completed its tasks and HCFA hereby implements the workgroup's final recommendations.

1. PRIOR PERIOD ADJUSTMENTS (PPA) - A workgroup decision was previously implemented in Release Number 18, dated August 16, 1995, regarding PPAs. However, a few States have concerns regarding the revised process for PPAs and its effect on their systems. Some labelers voiced that they would still like to see what the State believes to be PPAs. Although the decision regarding how PPAs are handled has not changed, the workgroup wanted to accommodate both parties. Therefore, States have been instructed that they can opt to attach a listing of PPAs to their invoice for informational purposes only. States were also instructed that any dollar amount associated with the PPA listing should NOT be part of the dollars claimed on the invoice.

This PPA list should match what you submit to the State as PPAs, with the following exception. There are instances when you incur a pricing change, report it to HCFA as required, but the change is not received by HCFA before the deadline for processing the unit rebate amount (URA) tape sent to the State. When this occurs, the PPA listing received from the State will not match your records. However, please remember that you are responsible for paying rebates using the correct URA. The States will be able to verify your PPA report/payment when they receive HCFA's next quarterly tape.

Any discrepancies between the PPA listing sent by the State and what you report as PPAs should be discussed with the State. Any discrepancies in the URA which can not be settled via discussions with the State or the State's review of the HCFA tapes should be directed to HCFA.

2. **RAR** - The RAR has been revised and renamed to better describe its purpose. The form which you will use to uniformly notify and explain the remittance of rebate payments to States is now called the Reconciliation of State Invoice (ROSI). The ROSI was developed to accompany your payment in response to the States' **current quarter invoices only**; therefore, retroactive use of the ROSI is prohibited.

Because the original RAR did not meet the needs of labelers and States regarding prior quarter adjustment activity, and because spacing does allow for such incorporation on the ROSI, a second form has been developed. This form, the Prior Quarter Adjustment Statement (PQAS) will be used by you to uniformly reconcile and explain **prior quarter actions/payments only**. Prior quarter actions include reconciling unit changes received from the State, revising previously disputed units, and PPAs.

Draft copies of the ROSI and the PQAS, their instructions, electronic fields, data element definitions, and adjustment/dispute codes are attached. You may optionally begin using the ROSI and the PQAS until HCFA receives forms approval from the Office of Management and Budget (OMB). Once OMB approval is received, the ROSI and the PQAS will be mandatory.

3. **PROGRAM DEFINITIONS** - Because there have been varying definitions and uses of the terms "adjustment" and "dispute," the following definitions of these terms are officially adopted. (The official definition of PPAs is contained in Release Number 18.)

Adjustment -A correction in the number of units for any given NDC, or a correction to the rebate per unit (RPU) by the labeler for any given NDC. (NOTE: The terms RPU and URA are synonymous.)

Corrections to the number of units invoiced and the RPU can be made by the labeler for various reasons as described in the Adjustment/Dispute Code list for the ROSI/PQAS.

Corrections to the number of units (utilization changes) can be made by the State via a subsequent invoice. Among other reasons, these changes may be caused by:

- 1.A programming error;
- 2.Pharmacy providers billing on the wrong NDC; or
- 3.Pharmacy providers billing quantity of units improperly.

Corrections to the RPU by the labeler may be caused by such things as:

- 1.Changes in AMP and/or BP from those previously reported;
- 2.Price changes incorrectly reported to HCFA; or
- 3.Zero RPU reported by State.

Dispute -A disagreement between the labeler and the State regarding the number of units invoiced for any given quarter. The actual number of units disputed is the difference between those invoiced by the State and those which the labeler is paying for, after any adjustments.

Disputes are initiated by the labeler for various reasons as described in the Adjustment/Dispute Code list for the ROSI/PQAS. The disputed units must be NDC and reason specific. Similar to rebate amounts not paid timely, dollar amounts associated with disputed units accrue interest. (The Dispute Resolution Process is set forth in Manufacturer Release Number 14.)

Questions regarding implementation of the workgroup's decisions should be directed to Sue Williams at 410-786-3334.

OTHER ATTACHMENTS

Copies of the topic index and the latest listing of the 90-day treasury bill auction rates for the period of January 3, 1995 through November 27, 1995 are attached.

Please remember to direct your drug rebate questions to a staff member on the listing we provided with release number 18.

Sally K. Richardson
Director
Medicaid Bureau

4 Attachments

cc:

All Regional Administrators

All Associate Regional Administrators Division of Medicaid

Please remember to direct your drug rebate questions to a staff member on the listing we provided with release number 18.

Sally K. Richardson
Director
Medicaid Bureau

2 Attachments

cc:

All Regional Administrators*

All Associate Regional Administrators Division of Medicaid*

* Bulky attachments sent with State Release #56.

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(Revised 28 November 1995)

WEEKLY U.S. T-BILL DISCOUNT RATE

The latest weekly 90-day treasury bill auction rates for January 3, 1995 through November 27, 1995 are:

DATE OF AUCTION	TRUE DISCOUNT RATE
01/03/95	5.947
01/09/95	6.042
01/17/95	5.939
01/23/95	5.968
01/30/95	5.959
02/06/95	6.001
02/13/95	5.988
02/21/95	5.906
02/27/95	5.909
03/06/95	5.955
03/13/95	5.943
03/20/95	5.943
03/27/95	5.818
04/03/95	5.943
04/10/95	5.880
04/17/95	5.731
04/24/95	5.839
05/01/95	5.922
05/08/95	5.806
05/15/95	5.889
05/22/95	5.901
05/30/95	5.818
06/05/95	5.649
06/12/95	5.744
06/19/95	5.628
06/26/95	5.512
07/03/95	5.702
07/10/95	5.566
07/17/95	5.628
07/24/95	5.640
07/31/95	5.607
08/07/95	5.578
08/14/95	5.587
08/21/95	5.600
08/28/95	5.504
09/05/95	5.463
09/12/95	5.504
09/19/95	5.409
09/25/95	5.293
10/02/95	5.504
10/10/95	5.471
10/16/95	5.483
10/23/95	5.376
10/30/95	5.450
11/06/95	5.525
11/13/95	5.599

DATE OF AUCTION

TRUE DISCOUNT RATE

11/20/955.503

11/27/955.438

FAB134:Dmccarthy, 62079.
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