

February 5, 1996

MEDICAID DRUG REBATE PROGRAM Release No. 21

* * * IMMEDIATE ATTENTION REQUIRED * * *

NOTE TO: All Participating Drug Manufacturers

CONTACT NAME CHANGES

We continue to be plagued by drug companies that forget to notify HCFA whenever ownership, contact name, address, or telephone numbers change. That information provides the States with correct mailing addresses, which means that the rebate invoices will arrive promptly. This allows the drug companies more time to process those documents.

During 1995, there were numerous instances where States were unable to contact either the correct people at the drug company or the company itself. This is particularly disconcerting when the States either get their invoices returned by the postal service as undeliverable mail, do not receive rebates, and/or are not notified that the company was sold to another entity which assumed rebate responsibilities. Correct names, mailing addresses, and telephone numbers are essential to the continued success of this program. We urge drug companies to review their current personnel contact information, and send any changes to HCFA at their earliest opportunity. Please use the form provided in release number 17, dated July 11, 1995, for this purpose.

This information can be sent to HCFA via facsimile transmission at (410) 786-0390. Regular drug rebate correspondence and pricing data should continue to be sent to the following address:

Health Care Financing Administration
Medicaid Drug Rebate Program
P.O. Box 26686
Baltimore, Maryland 21207

In those instances where a physical location is needed when shipping via EXPRESS DELIVERY SERVICE ONLY, please use the following address:

Health Care Financing Administration
Medicaid Drug Rebate Program
Mail Stop C4-15-24
7500 Security Boulevard
Baltimore, Maryland 21244

HCFA CLOSURE DURING FEDERAL FURLOUGHS

HCFA was included in the recent closure of several Agencies of the Federal Government due to the Congressional/White House budget stalemate. During this period the majority of HCFA personnel were furloughed, NOT on duty and, therefore, unable to answer telephone calls or return messages.

If this or a similar situation occurs in the future, please be aware that we are NOT on the job and cannot assist you. Please leave messages on our voicemail and we will return your calls as soon as we return to work.

INFORMATION SHARING

HCFA drug rebate staff often receive calls requesting information on subject matters already covered in Drug Manufacturer Releases. (We are not referring to calls requesting clarification of release items.) The major requests are: where do I send something and who do I call for . . .? We have determined that this problem occurs primarily because information in the releases is not being shared with all personnel responsible for the drug rebate program in your company. Unfortunately, HCFA can accommodate only one name per labeler to receive releases. Therefore, it is important that you share the releases, or specific release items, with those in your company who are responsible for the subject matters at hand. In particular, if you have not already done so, please share release number 18, which lists HCFA's drug rebate staff/phone numbers.

Your cooperation in this matter is appreciated and will assist everyone in better managing their time and workloads.

ADDITIONAL ADJUSTMENT CODE FOR FORMS HCFA-304 AND HCFA-304a

In release number 20 you were provided draft copies of the Reconciliation of State Invoice (ROSI), Form-304, and the Prior Quarter Adjustment Statement, Form-304a. Appendix C to these

forms lists adjustment/dispute codes. This is to inform you that we are adding an adjustment code "I" to that list. This code will read, "Rebate per unit amount adjusted through correspondence between labeler/State. USE THIS CODE ONLY in instances where the State has reported a rebate per unit that does not reflect an amount based on pricing data reported by the labeler, and adjustment code A is not applicable."

This adjustment code is being added at the request of those labelers receiving invoices containing rebate per unit amounts that do not reflect any pricing data reported to HCFA. Adjustment code I is being incorporated in HCFA's request to the Office of Management and Budget (OMB) for approval of forms 304 and 304a.

Due to the revised process for requesting OMB form approval and the recent government shutdown affecting HCFA, we do not expect to submit our request for OMB approval until mid-February. Therefore, OMB approval of forms 304 and 304a is not anticipated before April 30. Once OMB approval is received, HCFA will determine the implementation period necessary for these forms. However, we will not require an implementation period of less than one quarter.

SENDING ZEROS IN URA FIELD TO STATES - 50/50 REPORT

Each quarter, we receive notices from labelers stating that certain NDCs will, in fact, have a Unit Rebate Amount (URA) calculated to be more (or less) than 50% from last quarter, and that it is correct. You ask that we allow this to be included in the tape to the States and omit it from the 50/50 report.

Please understand that the URA calculation is a computer-performed operation done AFTER the system has been shut down for quarterly calculations and updates, and CANNOT be performed as a separate, hand-calculated operation. We realize that certain URAs over the 50/50 limit will be correct; however, with over 55,000 NDCs on our data base, it is impossible to override this operation. For that reason, the report you receive contains the calculated URA at the far right of the line. If, in fact, it is correct, simply use it when you receive State invoices as a multiplier to their utilization. As long as the calculations are correct, nothing needs to be sent to HCFA. In the subsequent quarter, HCFA will send this same computed URA to the States as a prior period adjustment. Should you have any questions, please contact Vince Powell on (410) 786-3314.

OTHER ATTACHMENTS

Copies of the topic index and the latest listing of the 90-day treasury bill auction rates for the period of June 5, 1995 through January 29, 1996 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

2 Attachments

cc:

All Regional Administrators

All Associate Regional Administrators Division of Medicaid