

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations

March 2, 1999

MEDICAID DRUG REBATE PROGRAM RELEASE #40

TODAY'S NEWS for Participating Drug Manufacturers

INTEREST PAYMENTS --IMMEDIATE ATTENTION REQUIRED

In prior releases, we have provided states and manufacturers guidance on the proper application of interest to rebate payments. It has come to our attention through our ongoing Dispute Resolution Project meetings, state contacts, and conferences that at least one manufacturer may be misapplying the interest provisions under the rebate agreement and as specified in prior releases. For example, we understand that manufacturers may be applying interest credits to revised unit rebate amounts, failing to pay interest on resolved rebate disputes, imposing different time frames from those established for such interest calculations, taking interest credits on amounts not paid, and using other possible inappropriate interest procedures. However, in order to address these concerns, it is essential that any state alleging inappropriate interest procedures by any manufacturer send us the specific information describing those instances. Similarly, if any manufacturer encounters improper interest procedures by states, please advise us of these as well.

We will make every effort to correct verifiable interest violations with the manufacturers and states involved; but, if those attempts prove unsuccessful, we will consider possible remedies available under the rebate agreement, as well as any referrals that may be appropriate. In order for us to address this situation in a timely manner, we are requesting that states or manufacturers FAX any information regarding alleged misapplications of interest as soon as possible to the attention of the Dispute Resolution Project coordinators, Mike Keogh (FAX: 410-786-8534) or Vince Powell (FAX: 410-786-0390).

STATE CONTACT LISTING

Attached is the current listing of State contacts (technical, policy, and rebate) for the Medicaid Drug Rebate Program.

OTHER ATTACHMENTS

A copy of the topic index and a current listing of the 90-day treasury bill auction rates for the period beginning September 15, 1997 are attached.

Please remember to direct your drug rebate questions to a staff member listed in section "O" of the Medicaid Drug Rebate Operational Training Guide.

Sally K. Richardson
Director

cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid