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MEDICAID DRUG REBATE PROGRAM

RELEASE #64

For
Participating Drug Manufacturers

**INPATIENT DRUG PRICES CHARGED TO CERTAIN PUBLIC HOSPITALS:
AMENDMENT UNDER THE MEDICARE PRESCRIPTION DRUG,
IMPROVEMENT, AND MODERNIZATION ACT OF 2003 ENACTED DECEMBER
8, 2003**

Section 1002(a) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) amends section 1927(c)(1)(C)(i)(I) of the Social Security Act (the Act) to exempt inpatient prices charged to disproportionate share hospitals that participate in the 340B program from manufacturer's best price calculations. This exemption applies to drugs sold on or after December 8, 2003.

Section 1002(b) of the MMA amends section 1927(c)(1)(C) of the Act by including inpatient drugs in the provision that subjects these hospital drug purchases to the auditing and recordkeeping requirements described in section 340B(a)(5)(C) of the Public Health Service Act.

The Health Resources and Services Administration (HRSA) maintains a public database of all hospitals that participate in the 340B program, and manufacturers should use this database to properly track sales for purposes of determining best price. The database is available on HRSA's website at <http://bphc.hrsa.gov/opa/downld.htm>.

/s/

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cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid