



August 8, 2006

MEDICAID DRUG REBATE PROGRAM

RELEASE #74

Bulletin

For Participating Drug Manufacturers



CLARIFICATION OF AVERAGE MANUFACTURER PRICE UNDER THE DEFICIT REDUCTION ACT OF 2005

The Deficit Reduction Act of 2005 (DRA), Public Law 109-171, requires us to clarify how the Medicaid Average Manufacturer Price (AMP) for covered outpatient drugs is determined. CMS is proceeding to implement the requirements of the DRA by publishing a regulation as quickly as possible.

In order for us to issue a regulation within the time period established by the DRA, we are requesting that manufacturers submit data regarding AMP calculations. Therefore, we are requesting that manufacturers provide a supplemental report of their AMPs for the January - March 2006 quarter using the following methodologies. Any submission is voluntary and, consistent with Section 1927(b)(3)(D) of the Social Security Act, we intend to keep the data received confidential.

1. AMPs excluding customary prompt pay discounts extended to wholesalers.
2. AMPs excluding customary prompt pay discounts extended to wholesalers and excluding sales to nursing facility pharmacies.
3. AMPs excluding customary prompt pay discounts extended to wholesalers, excluding sales to nursing facility pharmacies and excluding sales to mail order pharmacies.
4. AMPs excluding customary prompt pay discounts extended to wholesalers, excluding sales to nursing facility pharmacies, excluding sales to mail order pharmacies, and excluding price concessions to pharmacy benefit managers (except for bona fide service fees).

In order to be able to make use of the data received, we ask that you supply it to us by September 6, 2006. You will be receiving an email in the near future which will provide the format and instructions for completing this supplemental AMP submission, as well as additional operational information.

MEDICAID DRUG REBATE DISPUTE RESOLUTION PROGRAM (DRP) NATIONAL MEETING SEPTEMBER 11-15, 2006

Registration Due by AUGUST 28, 2006

We are pleased to announce that the next National DRP Meeting will be held September 11-15 in Baltimore, Maryland at the Tremont Plaza Suite Hotel, 222 St. Paul Place. This meeting is a continuation of the highly successful DRP meetings held in Baltimore in recent years.

While this meeting is open to all states and manufacturers, we strongly encourage those with significant amounts in dispute to attend. As in the past, prior planning is absolutely imperative to the success of these meetings; therefore, we are requesting that you register PROMPTLY by sending an email to the DRP email address at: drp@cms.hhs.gov.

When registering, please be sure to include the following information: the name, email address and phone number of each individual attending and the manufacturer (including labeler code) or state that you are representing. Also indicate whether you will be attending the entire week or for just part of the week. Partial week attendees should specify on which days they will be attending. In addition, for each day you are participating, please indicate whether you will be attending both morning and afternoon sessions. For example, someone who is attending both sessions on all days of the conference will indicate that he or she is attending Monday-Friday AM and PM, whereas someone who is only attending the morning sessions on Monday and Tuesday of the conference week will specifically indicate that he or she is attending Monday AM and Tuesday AM only.

Whenever possible, priority scheduling will be afforded those who register earliest. We will ensure that adequate DRP staff is available to conduct the meetings based on your timely responses.

If possible, states should plan on arriving in Baltimore in time to attend a "state-only" meeting with the DRP Team the morning of Monday, September 11. Meeting details and hotel registration information is provided on our web page at http://www.cms.hhs.gov/MedicaidDrugRebateDispR/05_DRPMeetings.asp#TopOfPage.

PERSONNEL/STAFF CHANGES

After 30 years of service, Sue Williams retired from CMS effective June 30, 2006.

Effective immediately, Samone Angel has joined the drug rebate Operations staff.

Page O2 of the Operational Training Guide has been revised to reflect these changes and is attached to this release.

UPDATES TO THE OPERATIONAL TRAINING GUIDE

In addition to page O2, pages F20 and F22 have been revised to reflect an addition to the address for sending the state utilization tapes.

OTHER ATTACHMENT

A copy of the current listing of the 91-day Treasury bill auction rates beginning with the period March 7, 2005, is attached.

Please direct any drug rebate questions to MDROPERATIONS@cms.hhs.gov

/s/

Edward C. Gendron
Director
Finance, Systems and Budget Group

Attachments

cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid

SENDING UTILIZATION DATA (Cont'd.)

States must report their utilization data to CMS using either a tape or cartridge with an IBM Standard Label. The characteristics of this media are:

- ◆ Data Set Name: RBTE.Qq.Yyyyyy.xx
Where q = quarter
yyyy = year
xx = State postal abbreviation
- ◆ Record Profile: 82 characters, fixed block (FB),
9,266 characters per block.

NOTE: If the standards outlined above are not met, THE TAPE WILL NOT BE PROCESSED.

Send the **tape or cartridge** to:



Centers for Medicare & Medicaid Services
Office of Information Systems
Attention: Tape Library
North Building
7500 Security Boulevard
Baltimore, Maryland 21244

NOTE: When CMS completes its processing of state utilization tapes, the tapes/cartridges are not returned to the states. Likewise, states are not required to return quarterly tapes/cartridges to CMS.

**MEDICAID DRUG REBATE PROGRAM
STATE UTILIZATION TAPE SUBMISSION CHECKLIST**

The CMS tape library receives a large quantity of tapes from many outside sources. To ensure that your tape is received and processed correctly, please follow the checklist below.

- ____ Assure that the correct naming convention is used for the data set on the tape?
 RBTE.Qq.Yyyyy.xx Where q = quarter
 yyyy = year
 xx = State postal abbreviation

DO NOT USE FOREIGN.OPCART.DRqyyyy.xx or
FOREIGN.LOPREEL.Dqyyyy.xx

- ____ Is there an external label on the tape indicating that it is a drug rebate tape? (A label with a data set name containing RBTE.Qq.Yyyyy.xx is necessary.)
If not already there, please include it now.

- ____ Did you generate a confirmation letter indicating the file name, volume serial number, and the date the tape was sent? If not, please do so now. This letter is sent to the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S3-13-15
7500 Security Boulevard
Baltimore, Maryland 21244

- ____ Please enclose a copy of the confirmation letter with the tape/cartridge.

- ____ Please assure that the tape/cartridge is addressed as follows:

Centers for Medicare & Medicaid Services
Office of Information Systems
Attention: Tape Library
North Building
7500 Security Boulevard
Baltimore, Maryland 21244

- ____ If you re-used a CMS tape, **YOU MUST REMOVE OR OBLITERATE ALL OF CMS'S EXTERNAL LABELS AND PLACE A NEW LABEL ON THE TAPE/CARTRIDGE**; otherwise, the tape/cartridge will be returned to blank stock and your data will not get processed. This will require a resubmission of your data.

CMS DRUG REBATE PROGRAM



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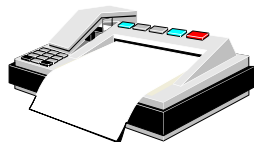
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WEBSITE www.cms.hhs.gov/medicaiddrugrebateprogram

WEEKLY U.S. T-BILL INVESTMENT RATE

weekly 91-day treasury bill auction rates

Date of Auction	Invest. Rate	Date of Auction	Invest. Rate	Date of Auction	Invest. Rate
03-07-05	2.767	10-03-05	3.606	05-01-06	4.807
03-14-05	2.792	10-11-05	3.714	05-08-06	4.864
03-21-05	2.859	10-17-05	3.875	05-15-06	4.864
03-28-05	2.839	10-24-05	3.942	05-22-06	4.828
04-04-05	2.792	10-31-05	3.983	05-30-06	4.843
04-11-05	2.767	11-07-05	3.963	06-05-06	4.833
04-18-05	2.864	11-14-05	4.004	06-12-06	4.926
04-25-05	2.941	11-21-05	4.034	06-19-06	4.958
05-02-05	2.931	11-28-05	3.994	06-26-06	5.036
05-09-05	2.911	12-05-05	4.025	07-03-06	5.088
05-16-05	2.859	12-12-05	3.911	07-10-06	5.056
05-23-05	2.957	12-19-05	3.988	07-17-06	5.098
05-31-05	2.998	12-26-05	3.999	07-24-06	5.108
06-06-05	3.029	01-02-06	4.169		
06-13-05	3.039	01-09-06	4.252		
06-20-05	3.029	01-17-06	4.377		
06-27-05	3.147	01-23-06	4.397		
07-05-05	3.214	01-30-06	4.485		
07-11-05	3.204	02-06-06	4.485		
07-18-05	3.292	02-13-06	4.553		
07-25-05	3.420	02-21-06	4.563		
08-01-05	3.477	02-27-06	4.625		
08-08-05	3.539	03-06-06	4.615		
08-15-05	3.549	03-13-06	4.625		
08-22-05	3.539	03-20-06	4.662		
08-29-05	3.575	03-27-06	4.610		
09-06-05	3.513	04-03-06	4.651		
09-12-05	3.529	04-10-06	4.688		
09-19-05	3.575	04-17-06	4.719		
09-26-05	3.518	04-24-06	4.755		

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