

6325 Security Boulevard  
Baltimore, MD 21207

NOV 12 1991

**MEDICAID DRUG REBATE PROGRAM**

Release No. 16

**\* \* \* IMMEDIATE ATTENTION REQUIRED \* \* \***

NOTE TO: All State Medicaid Directors

**SUPPLIES AND DEVICES**

There continues to be confusion about whether or not supplies or devices are covered under the drug rebate program. On page 2 of Release 3 dated April 16, we addressed this issue and stressed that supplies and devices are not covered outpatient drugs subject to the drug rebate agreement but continue to be eligible for Federal funding whenever covered by a State Medicaid program.

In release 13 dated July 22, we noted the termination of Can-Am Care Corporation (Labeler Code 08189) effective October 1, 1991. This company has no drug products, but only durable medical supplies such as lancets. We cite this company as an example since several States appear to be providing confusing instructions to their pharmacy communities as to the processing of claims for supplies and devices.

**NEW HCFA AREA CODE**

Effective November 1, 1991, the Health Care Financing Administration, along with the Eastern portion of the State of Maryland, changed to a new 410 area code, although the 301 area code can still be used. Therefore, the drug rebate hotline telephone number is now (410) 966-3249. So far, there appear to be problems using the new area code so you may need to continue using area code 301 until the switchover is complete. Please ensure that this change is announced to your staff.

**NEW DRUG LABELER CODES**

The following drug labelers are new additions and will be added to this program effective January 1, 1992:

- o American Dermal Corporation (Labeler Code 51201);
- o American Generics, Incorporated (Labeler Code 58634);

- o American Pharmaceuticals (Labeler Code 58605);
- o Blaine Company, Incorporated (Labeler Code 00165);
- o Clinical Pharmaceutical, Incorporated (Labeler Code 55081);
- o Hermal Pharmaceutical Laboratories, Incorporated (Labeler Code 48017);
- o Johnson Laboratories, Incorporated (Labeler Code 58118);
- o Konsyl Pharmaceuticals/Division of Lafayette Pharmaceutical, Incorporated (Labeler Code 00224);
- o Landry Pharmaceuticals, Incorporated (Labeler Code 00538);
- o Martin Ekwealor Pharmaceuticals, Incorporated (Labeler Code 58607);
- o Medi-Plex Pharmaceuticals, Incorporated (Labeler Code 59010);
- o Obetrol Pharmaceuticals - Rexar Pharmacal Corporation (Labeler Code 00477);
- o Perry Medical - Hall Laboratories (Labeler Code 11763);
- o Reliable Drugs (Labeler Code 58940);
- o Rexar Pharmacal Corporation (Labeler Code 00478); and
- o Scandipharm, Incorporated (Labeler Code 58194).

Contact information for each company is attached.

**TERMINATIONS**

Ross Laboratories (Labeler Code 70074), a division of Abbott Laboratories, has informed us that their labeler code is actually a UPC manufacturer identification number and not an NDC identifier. Since there can be no rebate claims associated with 70074, you are instructed to delete that code from this program.

Cord Laboratories, Incorporated (Labeler Code 00117) has requested termination since they recently merged with Geneva Pharmaceuticals, Incorporated and claim that they have not distributed any drug products under the Cord labeler code for a number of years. Their termination is effective January 1, 1992.

Hydromag Int., Inc. (Labeler Code 15398) will be terminated effective January 1, 1992.

DELETED DRUG PRODUCTS

We are attaching a notice received from Biocraft Laboratories indicating that 16 of their drug products are terminated since all lots expired prior to 1991.

Also, we are attaching a notice from McNeil Pharmaceutical in which they indicate that 21 NDCs are erroneous and should be deleted.

These NDCs for both labelers have been deleted from the HCFA data base. States should take appropriate action(s).

TRANSMITTING CORRECTIONS TO HCFA

The issue of when and when not to transmit corrections to HCFA was discussed with the members of the Drug Rebate Special Advisory Group. There were differing opinions as to what situations required corrections to be generated by the States. It was agreed that the States will submit corrections to HCFA for individual NDCs only when there are changes to the total units reimbursed, number of prescriptions or total reimbursement amount. We will treat a correction record as a replacement for a record submitted in a prior quarter. For each correction record, you must ensure that:

1. The correction flag = "1;" and
2. QYY = the pertinent calendar quarter and year (not the current calendar quarter and year) to which the correction belongs;

The remaining data fields must conform to the record format previously provided to you. Also, there is no need to send new or corrected summary records. HCFA will re-compute totals based on the presence of correction records. NOTE: In our initial review of selected State utilization data for the first calendar quarter of 1991, we discovered that several States overlooked the assumed decimal point in the TOTAL UNITS REIMBURSED field. Please ensure that your State systems are conforming to the correct field formats as these data are being used to generate reports to the Congress.

#### DRUG REBATE SPECIAL ADVISORY GROUP

Attached is a list containing the names and telephone numbers of the current members of this advisory group. We have been consulting with these State representatives via teleconferences every 3 - 4 weeks as we progressed through the various stages of implementing this program. They have provided valuable information to us and should be utilized by you whenever you need advice or information on any part of this program. If none of the members of this group are in your region of the country, we would recommend contacting Ms. Sara Mingledorff who is the Chairperson and is located in Montgomery, Alabama. Her telephone number is (205) 277-2711, extension 343.

#### PRIOR PERIOD ADJUSTMENTS (PPAs)

In our release 14 dated August 15, 1991, we introduced PPAs for those situations where there were changes in the Average Manufacturer Price and/or Best Price for an NDC after the data had been sent to you. In our transmission to you for the second calendar quarter of 1991, we sent a pair of records for an individual NDC whenever the unit rebate amount field was changed. A record with a "2" in the correction flag field indicated that the record contained the prior unit rebate amount; a record with a "3" in the correction flag field indicated that the record contained the new unit rebate amount. However, we did not consider the situation where we sent zeroes in the unit rebate amount field and the labeler sent in the prices after the initial transmission was sent to you.

Therefore, effective with our transmission of third quarter data, we will send the same pair of records (PPAs) containing the "2" and "3" in the correction flag field whenever the initial unit rebate amount changes from zeroes to a valid amount.

**DRUG LABELER INFORMATION CHANGES (Contact sheets attached.)**

- o **Astra Pharmaceutical Products, Incorporated (Labeler Code 00186)**  
Change to financial contact information.
  
- o **Boehringer Ingelheim Pharmaceuticals (labeler Code 00597)**  
Changes to all contact information.
  
- o **Bristol-Myers Squibb Company (Labeler Codes 00087, 19810 & 57783)**  
Changes to financial and technical information.
  
- o **Caraco Pharmaceutical Laboratories, Limited (Labeler Code 57664)**  
Change to financial contact information.
  
- o **Cord Laboratories, Incorporated (Labeler Code 00117)**  
Changes to all contact information.
  
- o **Econo Med Pharmaceuticals, Incorporated (Labeler Code 38130)**  
Change to financial contact information.
  
- o **Geneva Pharmaceuticals, Incorporated (Labeler Code 00781)**  
Changes to all contact information.
  
- o **Grupak Laboratories, Incorporated (Labeler Code 57801)**  
Change to technical information.
  
- o **Halsey Drug Company, Incorporated (Labeler Code 00879)**  
Changes to all contact information.

- o **Marion Merrell Dow, Incorporated (Labeler Codes 00068 & 00088)**  
Change to financial and technical contact information.
- o **McGaw, Incorporated (Labeler Code 00264)**  
Change to financial and technical contact information.
- o **MGI Pharma, Incorporated (Labeler Code 58063)**  
Change to technical contact information.
- o **Procter & Gamble Distributing Company (Labeler Code 37000)**  
Change to technical contact information.
- o **Schiapparelli Searle (Labeler Code 00905)**  
Changes to technical and legal contact information.

Please continue to refer your questions to us by using the Drug Rebate Hotline number at (410) 966-3249.



Christine Nye  
Director  
Medicaid Bureau

36 Attachments

cc:

All State Technical Contacts  
All Regional Administrators  
All Associate Regional Administrators for Medicaid