



FEB 23 1994

MEDICAID DRUG REBATE PROGRAM

Release Number 36

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

NOTE TO: All State Medicaid Directors

SENDING REBATE INVOICES TO THE CORRECT LABELER ADDRESS

In our release number 32 dated October 1, 1993, we advised you of the change to the labeler contact file showing the person who should receive the rebate invoice data from State Medicaid agencies (SMAs). The change was effective for the third calendar quarter of 1993.

We are starting to receive complaints from the drug labelers that there are SMAs that continue to send the invoices to the technical contact instead of the invoice contact. Please ensure that your State system accesses and uses the correct contact address shown each quarter on the labeler contact file which is the second data set on the quarterly tape.

BEST PRICE TO DISPROPORTIONATE SHARE HOSPITAL (DSH) COVERED ENTITIES

On April 29, 1993, we issued the following statement in our Manufacturer release number 7:

Manufacturers may only exclude from their best price calculation those prices charged for outpatient drugs sold to a DSH covered entity. All prices charged for inpatient drugs sold to a DSH must be included in a manufacturer's best price calculation.

Some hospitals and manufacturers have questioned this statement with regard to prices for inpatient drugs sold to a DSH. Specifically, some manufacturers claim that they cannot offer the Medicaid best price on inpatient drugs to these DSHs based on the language in release number 7. This interpretation is incorrect.

Manufacturers can offer the DSH the current manufacturer's best price without setting a new best price (e.g., if the manufacturer is selling the drug for 10 cents per tablet to a health maintenance organization or other large volume buyer, the manufacturer can offer that price to the DSH inpatient side).

NEW DRUG LABELERS

The following drug labelers are joining the program with an effective date of April 1, 1994:

Hillestad International, Incorporated (Labeler Code 10542); and
Benchmark Enterprises, Incorporated (Labeler Code 59542).

LABELER TERMINATIONS

The following labelers are being terminated effective April 1, 1994 for failure to provide quarterly pricing data:

Lannett Company, Incorporated (Labeler Code 00527);
Chemrich Laboratories, Incorporated (Labeler Code 10235); and
Syosset Laboratories, Incorporated (Labeler Code 47854).

The latest information we have concerning Trinity Technologies Corporation (Labeler Code 53020) is that they continue to be in Chapter 11 bankruptcy proceedings as of February 9, 1994.

Since they are late in submitting their pricing data for the 3/93 and 4/93 calendar quarters, we are sending a warning letter indicating they will be terminated unless the missing data is received by HCFA within 30 calendar days of the notice. We will keep you advised as to their status as a participating labeler.

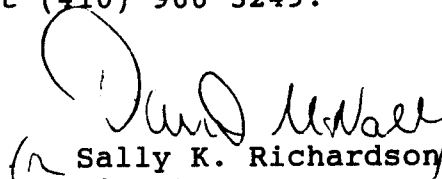
SUBMITTING INVOICES FOR MULTIPLE QUARTERS

It has come to our attention that several States are submitting rebate invoices containing data (including adjustments) for different calendar quarters on the same invoice sheet. This practice is not acceptable and is causing problems for drug labelers in processing the rebate invoices.

Our original instructions for showing only one calendar quarter's data on each invoice sheet continue to be the only acceptable procedure when submitting data for multiple quarters. Therefore, if you have adjustments for multiple quarters, you are to prepare separate invoice sheets for each calendar quarter.

Included with this release is the topical index covering all releases through number 35.

Please continue to contact us with your drug rebate questions by using the Drug Rebate hotline at (410) 966-3249.


Sally K. Richardson
Director
Medicaid Bureau

1 Attachment

cc:

All State Technical Contacts

All Regional Administrators

All Associate Regional Administrators Division of Medicaid