



MAR 1 1994

MEDICAID DRUG REBATE PROGRAM

Release Number 37

* * * IMMEDIATE ATTENTION REQUIRED * * *

NOTE TO: All State Medicaid Directors

ERRONEOUS PRIOR PERIOD ADJUSTMENTS (PPAs) FOR ELI LILLY AND COMPANY (LABELER CODE 00002)

Eli Lilly and Company had many of its drug product unit types changed from a milligram (MG) to a gram (GM) by the HCFA automated system when we implemented the unit type conversion.

Subsequent to that conversion, personnel from that company decided to change the unit types from a GM to an "each" (EA). In our discussions with them, they were advised to submit price changes for all quarters for each affected drug product. Their decision was to submit "EA" prices for the 4/93 quarter, then wait until March to send to HCFA prior period price corrections that would be sent to States on the 1/94 quarterly pricing tape. However, when they also submitted base price changes with their 4/93 prices, this caused the HCFA system to compute erroneous PPAs for all calendar quarters for the affected drug products. The erroneous PPAs are easy to spot since the unit rebate amounts are in the thousands and tens of thousands.

Personnel from Eli Lilly and Company are aware of the problem and are in the process of submitting price corrections to HCFA. We have been notified of other inflated URAs for drug products belonging to other companies that will be corrected as soon as the companies begin receiving inflated rebate invoices. If you encounter what appear to be aberrant URAs from other drug labelers, please notify HCFA via the drug rebate hotline at your earliest opportunity. Our thanks to the Kansas and North Dakota drug rebate programs for directing our attention to these problems.

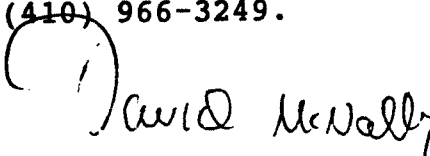
NEW DRUG LABELERS

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

Commons Brothers, Incorporated (Labeler Code 59501); and

SoloPak Medical Products, Incorporated (Labeler Code 59747).

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


for Sally K. Richardson
Director
Medicaid Bureau

cc:

All State Technical Contacts

All Regional Administrators

All Associate Regional Administrators Division of Medicaid