

August 31, 1994

MEDICAID DRUG REBATE PROGRAM

Release Number 42

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

NOTE TO: All State Medicaid Directors

RESULTS OF THE DISPUTE RESOLUTION WORKGROUP SURVEY

As you are aware, HCFA has been working with States, drug labelers and drug industry associations in an effort to seek solutions to eliminate many of the problems that result in disputes occurring between States and drug labelers. To that end, HCFA made several changes which included but were not limited to clarifying data submission procedures, revising the number of unit types to more closely conform to NCPDP standards, and asking States to share claims data if requested by drug labelers.

Additionally, HCFA developed a survey document in order to ascertain State/drug labeler preferences for suggested program changes. The survey document was sent to all States and participating drug labelers on February 8 with a request for answers to be returned by the end of February. Responses were received from all State Medicaid agencies and approximately 40 percent of the participating drug labelers.

HCFA formed a survey analysis committee and had them look at and tally the answers to each question provided by both States and drug labelers. On August 4, the committee presented their findings to a dispute resolution workgroup consisting of representatives of State Medicaid agencies, drug labelers, PhMRA, GPIA and APWA.

Based on the results of the survey plus staff recommendations, it was the consensus of the workgroup that the following items be adopted as part of the drug rebate program operations:

1. HCFA will strongly encourage the States to work with drug labelers in an effort to provide third party liability data to those manufacturers that are interested in reviewing that data;
2. The use of a modified version of the proposed remittance advice report (RAR) to be a requirement for all drug labelers. Electronic and paper formats will be provided along with sufficient lead time to implement this new requirement. The following changes will be made to the RAR:
 - a. Language will be added to adjustment code number 5 on the RAR to require the reporting of the actual dollar amount of interest included in the rebate; and
 - b. An additional item will be added to the dispute codes on the RAR to reflect a close-out indicator to be used when disputes are resolved.
3. When States submit utilization adjustments to HCFA, a total replacement of previous utilization data will be required. HCFA will provide lead time to implement this item.
4. When responding to the labelers, States are to use their invoice form to make adjustments to data previously submitted to drug labelers.

Responses to other items in the survey show that there is no widespread problem regarding rounding of utilization data by States or pharmacies; and, there is no need for a single turnaround document since there are sufficient adjustment codes available on the RAR to explain disputes and adjustments.

NEW LABELERS

The following labelers have entered into drug rebate agreements and will join the rebate program on October 1, 1994:

Bausch & Lomb Pharmaceuticals, Incorporated (Labeler Code 57782);

Miles, Incorporated Pharmaceutical Division (Labeler Code 00192);

U.S. Apothecary, previously identified as labeler code 05940, has a different labeler code than the one they originally submitted to HCFA. The correct labeler code for U.S. Apothecary is 59403.

Morton Grove Pharmaceuticals, Incorporated (Labeler Code 60432). This is a new name and a new labeler code for Pennex Pharmaceuticals (Labeler Code 00426). Labeler Code 00426 and the name, Pennex Pharmaceuticals, will be phased out when all product expiration dates are reached.

ERRONEOUS UNIT REBATE AMOUNTS

Due to a change to the unit type and the units per package fields, erroneous unit rebate amounts for one drug product were generated for prior periods on the 2-94 quarter pricing file; they are being corrected by the drug labeler for the following drug product:

National Drug Code: 00310-0960-36
Product Name: ZOLADEX 3.6 MG DEPOT

OTHER ATTACHMENTS

Copies of the State Tapes Status Report, topic index and the latest listing of the 90-day treasury bill auction rates for the period of January 3, 1994 through August 22, 1994 are attached.

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

3 Attachments

cc:
All State Technical Contacts

All Regional Administrators

All Associate Regional Administrators Division of Medicaid

FAB134:ABeachley, 63325, 08-29-94, 08-31-94,HOTFAX42.WP