

August 31, 1995

MEDICAID DRUG REBATE PROGRAM

Release Number 54

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

NOTE TO: All State Medicaid Directors

BULK TRANSFER OF MAJOR PHARMACEUTICALS ASSETS

Attached is a copy of a bulk transfer notice for Major Pharmaceuticals, Incorporated (Labeler Code 00904). As you know, this labeler has over 3,800 NDCs in their inventory from which many States purchase. After reading the transfer agreement, we are unsure whether the "transferee" will assume responsibility for paying rebates which should be listed as debts. We believe this situation should be handled under applicable State bulk transfer laws.

POTENTIAL TERMINATION OF DRUG LABELER

We have been advised that drug rebate invoices mailed to Venture Pharmaceuticals (Labeler Code 59785) located in Florence, Alabama are being returned by the postal service. It appears that this drug labeler is no longer in business since their last known telephone number was disconnected. We are sending a termination warning letter which will probably result in their expulsion from this program.

DRUG LABELER REINSTATEMENT

Advanced Remedies, Incorporated (Labeler Code 57685) has submitted missing drug prices for all quarters and has signed a new rebate agreement. Their next period of

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participation in the drug rebate program will begin on October 1, 1995.

**REQUEST FOR STATE ASSISTANCE TO VERIFY PHS COVERED ENTITY
MEDICAID NUMBERS**

The Office of Drug Pricing (ODP) recently notified HCFA and several States that some Medicaid provider numbers listed in the PHS covered entity data base may be inaccurate. The reliability of these Medicaid numbers is essential to prevent manufacturers from being billed for a Medicaid rebate after the manufacturer sells its drugs to a participating covered entity at the discounted price under the Veterans Health Care Act of 1992. We also want to assure that each State is receiving the rebates that they are entitled to receive from the manufacturers when PHS covered entities are not participating in the program.

ODP has already requested that all eligible clinics and hospitals verify their provider numbers indicated on the file. However, ODP believes that some inaccuracies may still exist. Marsha Alvarez, Director, ODP, would also like to coordinate an effort with the State Medicaid agencies to confirm this data. States can access the latest covered entity file from either the quarterly pricing tapes or from the EDRS Bulletin Board at (301) 594-4992.

ODP requests that State Medicaid agencies review the Medicaid provider numbers listed in the covered entity file for the following information:

- oAre the numbers in the correct format, e.g., correct number of digits, correct suffix/prefix?

- oIs the provider number correct for the State and the type of entity?

oCan you confirm that the covered entity is purchasing drugs from manufacturers at the discount? Should the field indicate 'Not Applicable' because the entity uses an all-inclusive rate or is not purchasing at the discount even though a provider number is shown?

After checking the above information, please contact Mary Jackson at (301) 594-4360 by October 1, 1995 to report whether the provider numbers are correct or inaccurate. At that time, please identify any discrepancies. If you have any problems identifying the information or need assistance, please contact Mary Jackson. If Mary is unavailable, please contact Marsha Alvarez on (301) 594-4355.

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CORRECTION

In **Release 53** (8/16/95) we incorrectly reported the treasury bill rate for August 14, 1995 as **5.420**. The correct rate for that week is **5.587**. We apologize for any inconvenience this may have caused.

OTHER ATTACHMENTS

Copies of the topic index and the latest listing of the 90-day treasury bill auction rates for the period of July 5, 1994 through August 28, 1995 are attached.

Sally K. Richardson
Director
Medicaid Bureau

3 Attachments

cc:

All State Technical Contacts
All Regional Administrators
All Associate Regional Administrators Division of Medicaid

FAB134:DMcCarthy, 62079.
State54.WP

