

August 27, 1996

**MEDICAID DRUG REBATE PROGRAM**

**Release Number 62**

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

**NOTE TO: All State Medicaid Directors**

**DRUG REBATE DISPUTE RESOLUTION MEETINGS BEGIN IN DENVER**

The Drug Rebate staff recently began the expansion of the Dispute Resolution Pilot (DRP) to the Western Consortium in the Denver Regional Office (RO). The first series of meetings involved eight States and four drug manufacturers, and resolved approximately \$8 million in rebates formerly under dispute. Additionally, staff were able to facilitate the successful resolution of a particularly sensitive situation between a State and a major drug manufacturer which had been previously stalemated. The participating States and manufacturers unanimously expressed support for the DRP and for HCFA's proactive involvement in dispute resolution under the Medicaid drug rebate program. The Drug Rebate staff will conduct another series of meetings in September, and the DRP is planned to continue through 1997. The expectation is to involve as many Western Consortium States as possible. To that end, we encourage all State Medicaid Directors to consider the value and cost-effectiveness of sending the appropriate staff to future dispute resolution meetings.

The DRP was initially conducted in the Boston RO during 1995 and early 1996. In September, the Medicaid Bureau and Region I coordinators of the DRP plan to wrap-up the Region I pilot, and submit a report to the Administrator on the pilot results. The DRP in Region I resulted in the resolution of millions of dollars formerly in dispute among the six Region I States and approximately thirty drug manufacturers. The results of the first meetings in Denver indicate that similar results can be expected from the Western Consortium efforts. Hopefully, the various State Medicaid programs will be able to allocate funds to their staff so that they will be able to attend future DRP meetings in their localities.

HCFA contacts for the DRP are Mike Keogh (410) 786-5910 and Vince Powell (410) 786-3314 from Central Office, Ray Porter from the Boston RO (617) 565-1260, and Diane Dunstan (303) 844-6149 from the Denver RO.

**NEW LABELERS**

The following labelers have entered into drug rebate agreements and will join the rebate program on October 1, 1996:

Johnson & Johnson - Merck Consumer Pharmaceuticals Co. (Labeler Code 16837),

ROCAP, Inc. (Labeler Code 62338), and

Ucyclyd Pharma, Inc. (Labeler Code 62592).

**DRUG LABELER REINSTATEMENTS**

Reed & Carnrick/Division of Block Drug (Labeler Code 00021) has signed a new rebate agreement. Their next period of participation in the drug rebate program will begin on October 1, 1996.

LNK International, Inc. (Labeler Code 50844) has submitted missing drug prices for all quarters and signed a new rebate agreement. Their next period of participation in the drug rebate program will begin on October 1, 1996.

**LABELER TERMINATIONS**

The following labeler is being terminated effective October 1, 1996 for not responding to our telephone calls concerning the required change for submitting drug pricing data to the Medicaid Drug Rebate program:

Chase Pharmaceutical Company (Labeler 54429).

**ATTACHMENTS**

Copies of the topic index and the latest listing of the 90-day treasury bill auction rates for the period of January 2, 1996 through August 26, 1996 are attached.

Please remember to direct your drug rebate questions to a staff member on the listing we provided with release number 53.

Sally K. Richardson  
Director  
Medicaid Bureau

2 Attachments

cc:

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