

August 1, 1997

MEDICAID DRUG REBATE PROGRAM

Release Number 69

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

NOTE TO: All State Medicaid Directors

ALLSCRIPS PHARMACEUTICALS, INCORPORATED (LABELER CODE 54569)

LATE BREAKING NEWS - We are in receipt of a letter dated July 28, 1997 from Allscrips Pharmaceuticals, Incorporated (Labeler Code 54569) in which they request to postpone their participation in the drug rebate program. We are treating this request as a cancellation of their drug rebate agreement prior to participation. Therefore, please ensure that this labeler is deleted from any list you maintain of participating drug labelers.

Also, please continue to remind your pharmacy communities that drug products with the Allscrips labels (no matter what NDCs are on the packages) that are dispensed on an outpatient basis are not eligible for any federal reimbursement dollars.

DRUG LABELERS

Retroactive Effective Date

Allergan, Inc. has submitted a drug rebate agreement for their new company, Pacific Pharma (Labeler Code 60758). They will be joining the drug rebate program retroactive to July 1, 1997.

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New Labelers

The following labelers have entered into drug rebate agreements and will join the rebate program on October 1, 1997:

Unimed Pharmaceuticals, Inc. (Labeler Code 00051);

Advanced Vision Research (Labeler Code 58790);

Celgene Corporation (Labeler Code 59572);

Monument Pharmaceutical Co., Inc. (Labeler Code 62927);

Connetics Corporation (Labeler Code 63032); and

Ranbaxy Pharmaceuticals, Inc. (Labeler Code 63304).

PROCTOR & GAMBLE PRODUCT - HELIDAC THERAPY

Attached is a copy of a letter from Proctor & Gamble sent to Medicaid Pharmacy Administrators in June regarding consistently incorrect utilization being invoiced for their product, Helidac Therapy (NDC 00149-0495-01). As mentioned in the letter, the correct Units Per Package Size (UPPS) field should contain 56 (as it is being reported to you by HCFA). This is the number of unit doses contained in this unbreakable package. Please assure that your systems contain the correct UPPS. Also, please make your pharmacy community aware of the proper billing for this drug. The pharmacies should be billing you as "1" to represent "1 package" and states, in turn, should ensure that the total number of units being invoiced is a multiple of 56. If you have any questions, please contact Vince Powell on (410) 786-3314.

OTHER ATTACHMENTS

Copies of the topic index and a listing of the 90-day treasury bill auction rates for the period of December 30, 1996 through July 28, 1997 are attached.

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Please remember to direct your drug rebate questions to a staff member listed in section “O” of the Medicaid Drug Rebate Operational Training Guide or in State release #53.

/s/

Sally K. Richardson
Director
Center for Medicaid and State Operations

3 Attachments

cc:

All State Technical Contacts

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid

Procter & Gamble

The Procter & Gamble Company
Health Care Customer Organization
10200 Alliance Road
Cincinnati, Ohio 45242-4716

June 19, 1997

Dear Medicaid Pharmacy Administrator:

This letter seeks your assistance in correcting a major problem with the unit quantity for Helidac® Therapy (bismuth subsalicylate/metronidazole/tetracycline hydrochloride).

The correct billing unit for one package of Helidac® Therapy is 56 units; however, many pharmacies appear to be submitting the wrong count for claims processing. Pharmacies nationwide and your office received a mailing in November 1996, explaining the unit count as follows: each package contains 14 dosage cards with each card containing four daily doses and each of the four daily dose units contain two 262.4 mg. bismuth subsalicylate chewable tablets, one 250 mg. metronidazole tablet and one 500 mg. tetracycline hydrochloride capsule. All major drug databases and HCFA have been provided this information.

Depending on how your system adjudicates the Medicaid claim, an incorrect count may result in a large error in the amount reimbursed to the pharmacy (either too much or too little) and the rebate amount requested from Procter & Gamble. For example, based on the usual prescription size of 56 units (i.e., one package consisting of one 2-week course of therapy), the following shows several examples of the rebate underbilling or overbilling which may occur:

	Incorrect	Incorrect	Correct	Incorrect
Unit Count Per Package (As submitted by Pharmacy)	1	14	56	224
Rebate Per Unit	0.171102	0.171102	0.171102	0.171102
Rebate Amount (Rounded)	\$0.17	\$2.40	\$9.58	\$38.33
Net Result:	State underbills Procter & Gamble \$9.41	State underbills Procter & Gamble \$7.18	Correct rebate amount	State overbills Procter & Gamble \$28.75

As you can see, significant dollar discrepancies can result from an incorrect count. To help minimize the problem, the external packaging is being revised to indicate the number of billing units. However, if you have not already done so, we hope you will include an edit check in your system to insure the proper unit count.

We thank you in advance for your attention to this matter. Unfortunately, we will have to dispute all rebate claims with a significant dollar difference between the unit quantity submitted on your invoice and the unit amount calculated by multiplying 56 times the number of prescriptions. We apologize for any inconvenience this may cause.

Should you have further questions, please contact me at 800-621-5516, Ext. 5.

Sincerely yours,

Marcie L. Hasz
Medicaid Rebate Administrator

(MLH0046.doc)

cc: Mr. Vince Powell (HCFA)
Mr. Daniel Snodgrass (P&G)
Mr. Ronald Brandt (P&G)
Mr. Leonard Paxton (P&G)