

June 2, 1998

**MEDICAID DRUG REBATE PROGRAM  
RELEASE #79**

**TODAY'S NEWS for State Medicaid Directors**

**1Q98 UNIT REBATE AMOUNT (URA) STATE FILE - INCORRECT URAs**

After the release of the 1Q98 URA file to all States, it was discovered that, for the current quarter only, a calculation error caused many "S" and "I" drugs to have their URA calculated incorrectly. This has been fixed and the MDRI file now has all correct URAs.

There were several options that could be used in correcting the state files and we believe that the following is the best and easiest solution. A diskette containing ALL NDCs with (initially) incorrect URAs has been prepared with the corrected URAs and is being included in the Technical Contact's copy of this release along with a field by field record layout. States are asked to use this file to update their master file for 1Q98. Prior Period Adjustments (PPAs) for those URAs incorrectly calculated will NOT BE SENT next quarter. A hard copy of the corrected URAs will be sent to all affected labelers asking them to correct invoices and use the ROSI form when submitting payment to states. We considered either sending replacement files to states (which would cause them to re-send invoices) or waiting until next quarter and including PPAs for the affected NDCs. We decided that the diskette approach outlined above is cleaner and easier on all affected states and labelers.

We apologize for any inconveniences this may have caused. Questions on this issue should be directed to Vince Powell on (410) 786-3314.

**CALPHRON CLARIFICATION**

In our release number 76 dated February 27, 1998, we announced that based on a decision by the Food and Drug Administration (FDA), the drug product CALPHRON, identified by National Drug Code 59528-0331-02, is considered a dietary supplement rather than a drug and is excluded from the Drug Rebate Program. The FDA now informs HCFA that it has reversed this decision. Pursuant to the Dietary Supplement Health and Education Act of 1994, the FDA sent Nephro-Tech (Labeler Code 59528) a "courtesy letter" asserting that CALPHRON is NOT a dietary supplement. However, due to the lack of label claims, the FDA also cannot consider this product to be a drug. **Therefore, because CALPHRON is not considered a drug product, it remains excluded from the drug rebate program.**

**QUARTERLY FILE TO STATES - TERMINATION DATE OF ZERO**

There seems to be some confusion regarding Baseline update records (correction flag = 1) on the quarterly URA file where the Termination Date contains zeros. It seems that a quick explanation may help clear up any misunderstandings on this issue.

When a baseline record is established, the termination date field is left as an "uninitialized" field containing blank characters. When it is updated with a date, it takes on the characteristics of a numeric field, meaning that blank characters can NEVER be put back into it. When a labeler establishes a termination date for an NDC and later decides that it should not have a termination date (for whatever reason), the only way to get that date value out of that field is to change it to zeros - blanks are NOT allowed. So, when we send the correction record (correction flag = 1), the field contains zeros. You should do the same to your file and treat them as being the same as blanks. In other words, treat this NDC as active and allow for payment of any of these drugs that are dispensed.

Thanks to M. J. Terrebonne, Louisiana's Rebate Contact, for bringing this confusing issue to our attention. Any questions or comments should be directed to Vince Powell on (410) 786-3314.

**TERMINATED LABELER**

The following labeler is being voluntarily terminated effective July 1, 1998:

Moore Medical Corporation (Labeler Code 00839).

**ATTACHMENTS**

A copy of the topic index and a current listing of the 90-day treasury bill auction rates beginning with the period September 15, 1997, are attached.

Please remember to direct your drug rebate questions to a staff member listed in section "O" of the Medicaid Drug Rebate Operational Training Guide.

/s/

Sally K. Richardson  
Director

cc:

All State Drug Rebate Technical Contacts

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid