

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration
Center for Medicaid and State Operations

July 2, 1998

**MEDICAID DRUG REBATE PROGRAM
RELEASE #81**

TODAY'S NEWS for State Medicaid Directors

DERMA SCIENCES PRODUCT CHANGE

This drug company made an inquiry regarding two of their products, Dermagran Ointment (NDC 25382-0126-33, -34, -36 and -37) and Dermagran Moisturizing Spray (NDC 25382-0127-52) that are currently listed as Innovator drugs. After verification from the FDA, we have determined that, in fact, these drugs should be listed as Non-Innovator, Multiple Source. Therefore, quarter 1/98 Unit Rebate Amount (URA) data file will reflect the change to these NDCs and will include Prior Period Adjustment records reflecting the changed URA for all affected quarters. Derma Sciences is willing to work with all states that will have a large adjustment due to this change. Their other product, NDC 25382-0200 with package sizes -20, -21, -22, -23 and -24, remains unaffected.

REPORT TO ASSIST IN URA DISCREPANCIES

While working on the Best Practices Guide an issue arose concerning discrepancies with respect to the unit rebate amount calculation. A problem that arises time and time again during Dispute Resolution Project (DRP) meetings is that, even though there may not be any unit discrepancies, there are differences in outstanding balances between the state and drug company due to each showing a different URA. Either the drug company has made a change and has not, as yet, sent it to HCFA, the drug company calculates the URA differently than HCFA does, or the state uses a URA from some place other than the quarterly HCFA tape. Whatever the answer may be, it causes lots of extra work and hours to correct the situation.

Starting with the second quarter, 1998, AFTER the quarterly tapes have been sent to the states, we will be sending a report to each labeler that displays ALL Baseline and current quarter information needed for the proper calculation of the URA. The labeler can use this report to match its Baseline and current quarterly pricing information (B/L-AMP and B/L-CPI-U (both pre- and post-OBRA'93), current quarter AMP/BP and CPI-U, and finally, the URA) to that which HCFA has and review any NDC where its calculated URA is different from HCFA's. Hopefully, this will assist in reducing the number of these URA discrepancies.

Questions and/or comments regarding the DRP or the Best Practices Guide should be directed to Mike Keogh at (410) 786-5910 or Vince Powell at (410) 786-3314.

MEDICAID COVERAGE OF VIAGRA

On March 27, the Food and Drug Administration (FDA) approved Viagra, a prescription drug, to treat men with erectile dysfunction. This is the only FDA indicated use for this drug. Under current law at section 1927 of the Social Security Act (the Act), Viagra is covered by Medicaid when a physician renders a diagnosis that the drug is medically necessary to treat erectile dysfunction.

States continue to have a number of options to ensure the appropriate use of Viagra. States may require prior authorization reviews before they pay for Viagra prescriptions, conduct medical reviews, limit the maximum quantities per prescriptions, and/or limit the number of refills of Viagra in accordance with section 1927(d)(6) of the Act.

REINSTATED LABELER

Huckaby Pharmacal, Inc. (Labeler Code 58407) has submitted missing drug prices for all quarters and signed a new rebate agreement. They will be reinstated in the drug rebate program effective July 1, 1998.

NEW LABELERS

The following labelers have entered into drug rebate agreements and are joining the rebate program effective July 1, 1998:

Remedy Makers (Labeler Code 10191);
Zila Pharmaceuticals, Inc. (Labeler Code 51284);
Nabi (Labeler Code 59730);
SangStat Medical Corporation (Labeler Code 62053);
EMT-Rx (Labeler Code 64054);
Medical Resources, Inc. (Labeler Code 64065); and
National Vitamin Company (Labeler Code 79854).

TERMINATED LABELERS

The following labelers are being terminated effective July 1, 1998:

Quality Formulations, Inc. (Labeler Code 12225);
A. W. Curtis Laboratories (Labeler Code 23698);
Consolidated Pharmaceutical Group (Labeler Code 61423); and
Genesis Products, Inc. (Labeler Code 62346).

The following labelers are being voluntarily terminated effective July 1, 1998:

Mason Distributors, Inc. (Labeler Code 11845); and
InSource-Williams, Inc. (Labeler Code 49137).

ATTACHMENTS

Copies of the topic index and a 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/ Larry Reed for

Sally K. Richardson
Director

2 Attachments

cc:
All State Drug Rebate Technical Contacts
All Regional Administrators
All Associate Regional Administrators, Division of Medicaid