

March 5, 1999

MEDICAID DRUG REBATE PROGRAM RELEASE #88

TODAY'S NEWS for State Medicaid Directors

MEDICAID COVERAGE OF AIDS DRUG - SEROSTIM™

After discussions with the Food and Drug Administration, we have revised our policy on Medicaid coverage of Serostim™, which is indicated for AIDS wasting and cachexia. Accordingly, States should include the drug in their formularies. This policy will become effective on April 5, 1999 which will allow those States not covering the drug sufficient time to add it to their system.

INTEREST PAYMENTS --IMMEDIATE ATTENTION REQUIRED

In prior releases, we have provided states and manufacturers guidance on the proper application of interest to rebate payments. It has come to our attention through our ongoing Dispute Resolution Project meetings, state contacts, and conferences that at least one manufacturer may be misapplying the interest provisions under the rebate agreement and as specified in prior releases. For example, we understand that manufacturers may be applying interest credits to revised unit rebate amounts, failing to pay interest on resolved rebate disputes, imposing different time frames from those established for such interest calculations, taking interest credits on amounts not paid, and using other possible inappropriate interest procedures. However, in order to address these concerns, it is essential that any state alleging inappropriate interest procedures by any manufacturer send us the specific information describing those instances. Similarly, if any manufacturer encounters improper interest procedures by states, please advise us of these as well.

We will make every effort to correct verifiable interest violations with the manufacturers and states involved; but, if those attempts prove unsuccessful, we will consider possible remedies available under the rebate agreement, as well as any referrals that may be appropriate. In order for us to address this situation in a timely manner, we are requesting that states or manufacturers FAX any information regarding alleged misapplications of interest as soon as possible to the attention of the Dispute Resolution Project coordinators, Mike Keogh (FAX: 410-786-8534) or Vince Powell (FAX: 410-786-0390).

NEW LABELER

The following labeler has entered into a drug rebate agreement and is joining the rebate program effective July 1, 1999:

Excellium Pharmaceutical, Inc. (Labeler Code 64125).

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

2 Attachments

cc:

All State Drug Rebate Technical Contacts

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid