

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

April 7, 1999

MEDICAID DRUG REBATE PROGRAM

RELEASE #89

TODAY'S NEWS for State Medicaid Directors

REVISITING 4TH QUARTER PRIOR PERIOD ADJUSTMENT (PPA) ISSUE

In release #87, dated February 9, 1999, you were told about the large number of "old" PPA records you would be seeing on the 4th quarter URA tape. These were for the purpose of URA realignment ONLY. We understand that many states opened these old quarters and included very small adjustments on invoices because of this. First, please remember that PPAs are NEVER supposed to be used to make adjustments on your invoices. Second, these were to assist you in closing out old, very small outstanding amount issues, due to rounding differences between HCFA and the labelers. Therefore, any URA amounts on your files where the HCFA and labeler URAs match up to the 4th decimal place but are different beyond that, should be closed out; do NOT send PPA FYI records to the labelers.

Again, the purpose of this exercise was to eliminate old differences between URAs reported by HCFA and those included on your payment from labelers where there was a very small (thousandths or tens of thousands of a cent) difference due to rounding while performing the rebate amount calculation. It seems that HCFA was using a floating-point decimal calculation, where the labelers were using the "calculate to 7; round to 6" rule we established at the start of the program. By changing our calculation to match that of the labelers, it was felt that most outstanding URA differences on States' files would be closed out. Therefore, HCFA will NOT be doing any more adjustments.

Note: When many of the larger labelers realized that our calculation was slightly different from theirs, they changed their calculation to match ours (2 wrongs to make a right!!). We have informed labelers that they should not have made any corrections to their URA calculation method.

Do you have any questions on this confusing issue?? Please call Vince Powell on (410) 786-3314.

USING FIRST DATABANK DATA

It continues to be a concern that many states STILL rely on First DataBank to supply HCFA data to them. Any information regarding MDRI quarterly Baseline data should be taken directly from the HCFA tape, NOT from First DataBank files. There is no drug rebate data maintained by First DataBank that is not available from the quarterly URA tapes. Remember, it is the data supplied on the HCFA file that we support. If you get data (e.g. DESI codes, Unit Types) from other sources that does not match ours, you will be responsible for payment/nonpayment inappropriately made by you to the pharmacy.

Questions or comments should be directed to Vince Powell on (410) 786-3314.

CPI-U VALUE TABLE FOR YOUR RECORDS

Attached please find a table showing CPI-U values for all months from September, 1990 (benchmark CPI-U) through December, 1998. Please keep for future reference.

NEW LABELERS

The following labelers have entered into drug rebate agreements and are joining the rebate program effective July 1, 1999:

Geritrex Corporation (Labeler Code 54162); and
Hawthorn Pharmaceuticals (Labeler Code 63717).

OTHER 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

3 Attachments

cc:

All State Drug Rebate Technical Contacts

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid