

DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
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Baltimore, MD 21244-1850

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MEDICAID DRUG REBATE PROGRAM

RELEASE #93

TODAY'S NEWS
for State Medicaid Directors

SPECIAL ANNOUNCEMENT

DISPUTE RESOLUTION PROJECT (DRP) SELECTED AS A NATIONAL FINALIST FOR THE 1999 "INNOVATIONS IN AMERICAN GOVERNMENT AWARD"

We are pleased to announce to all States and pharmaceutical manufacturers that the Medicaid Prescription Drug DRP is one of 25 finalists for the prestigious "Innovations in American Government Award" sponsored by the John F. Kennedy School of Government at Harvard University in partnership with the Council for Excellence in Government. The Innovations in American Government Award, which is funded by the Ford Foundation, is designed to identify and promote creative problem-solving in the public sector and confers public recognition and monetary grants on innovative government programs. The DRP was one of over 1,600 Federal, State and local government programs nominated nationwide for this honor.

As a national finalist, HCFA, on behalf of the DRP, will receive a \$20,000 grant from the Ford Foundation to be used to communicate the effectiveness of the project to a wide range of government and non-government audiences. In mid-October, HCFA will participate in the program's 1999 Innovations Award final competition in Washington, D.C., for designation as one of the nation's ten best innovative programs. Each of the ten programs selected will receive an additional grant of \$80,000 each to be used to enhance and replicate the innovation to other areas within and outside the respective agencies. We are profoundly proud and appreciative of this recognition and the program.

The DRP was initially developed in 1994 as a pilot effort in cooperation with our Boston regional office, the Health and Human Services Departmental Appeals Board, the State Medicaid agencies of the Boston region, and selected pharmaceutical manufacturers. Throughout the ensuing months, it became evident that the pilot provided States, manufacturers and HCFA an extremely cost-effective process to resolve disputes under the Medicaid drug rebate program.

In 1996, we expanded the pilot to other regions and, in 1998, established our Denver regional office as the national site for the DRP meetings. Most recent figures indicate that over \$520 million in formerly disputed rebates have been resolved through the DRP. With virtually every State and every major manufacturer taking part in the DRP at some point since its inception, the DRP clearly has been shown to be a beneficial effort for all participants.

The DRP has fostered a spirit of cooperation, effective communication and trust in the Medicaid drug rebate program through a true partnership approach. The DRP is evidence that, by working together, the public and private sectors can effectively create and implement solutions to complex problems in a major national program. Without the contributions, support and participation of our Regional Offices, State Medicaid agencies, pharmaceutical manufacturers, and private data, communication and consulting companies, the DRP would not be possible.

We specifically acknowledge the members of the DRP Best Practices Advisory Panel who have been instrumental partners in the success of the DRP and its related efforts:

Diana Davis, Glaxo Wellcome, Incorporated
Diane Dunstan, Denver HCFA Regional Office, HCFA
Lynn Hebenheimer, Missouri Medicaid
Tonya Lackey, Med Data Research, Incorporated
Benny Ridout, North Carolina Medicaid
Bob Shah, Data Niche Associates, Incorporated
Carlos Torruellas, Bristol-Myers Squibb Company

Our special thanks also go to Veronica Ayala and Kathy Feegel of Parexel, Medicaid Marketing Services, who played a key role in producing "The Best Practices Guide for Dispute Resolution Under the Medicaid Drug Rebate Program," which will soon be provided to all regions, States and manufacturers. Also, Tami Bruce of HCFA, provided invaluable assistance in this endeavor to Mike Keogh and Vince Powell, HCFA's DRP coordinators.

Our thanks also go to Bill Baxter of Johnson & Johnson, Incorporated and Laurie Squartsoff from Nevada Medicaid who traveled to Baltimore in June to participate on behalf of the DRP in the evaluation phase of the award competition process.

To all States and manufacturers, please accept our congratulations and thanks for your essential roles in the DRP's being selected as a finalist for the "Innovations in American Government Award." This is truly an award for everyone involved. We are committed to providing the leadership role in assisting States and manufacturers through the dispute resolution process. We look forward to building on our mutual success to date through the DRP, and, by working together in partnership, continually seek ways to improve the Medicaid drug rebate program in the year 2000 and beyond.

Rachel Block
Deputy Director

cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid