

August 15, 2001

MEDICAID DRUG REBATE PROGRAM RELEASE #108

For State Medicaid Directors

HCFA HAS A NEW NAME

Effective immediately, HCFA has changed its name to the Centers for Medicare & Medicaid Services (CMS). All current stock of letterhead, forms, etc., will be used before new stock is printed. If you have any forms which are generated electronically, e.g., invoice, please change HCFA to CMS on your system.

DATA SHARING DURING THE DISPUTE RESOLUTION PROCESS

Approximately \$750 million in formerly disputed rebates have been resolved through the Dispute Resolution Program (DRP) since its inception in 1994. This significant effort continues to succeed because of the improvements in communication among CMS, states, and the pharmaceutical manufacturers that have been fostered through the DRP. The willingness of the parties to share data, methodologies and resolution strategies at the DRP meetings leads to mutually acceptable resolutions.

We are taking this opportunity to ask all states to continue to share data necessary for dispute resolution with pharmaceutical manufacturers through the DRP process. Data such as third-party reimbursement amounts, zip code and pharmacy level data very often provide information that leads to resolution of rebate disputes. While states are not required to

routinely provide these types of data, we have learned through hundreds of DRP meetings

that, for purposes of dispute resolution, this information is frequently necessary. Apart from resolving disputes, sharing data oftentimes *prevents* disputes. For example, states that have chosen to provide other payment amount data, i.e., third-party data, have seen a reduction in future disputes related to the level of Medicaid reimbursement.

Similarly, changes to individual state Medicaid drug programs ultimately affect disputes. When a state expands Medicaid drug coverage, for example, it follows that drug utilization will increase. Also, if a state has entered into a separate agreement with a manufacturer regarding specific drug coverage, there will be obvious effects on utilization as well. Other examples are changes to prescription quantity limits or the placement of drugs on prior authorization. These and other factors invariably lead to disputed rebates if manufacturers are not aware of them. Thus, to assist us in our efforts to effectively resolve and *prevent* disputes, we are requesting that all states advise the DRP Team of any significant changes to its prescription drug program.

Please contact any of the following DRP Team members for any rebate dispute-related issue: Mike Keogh, DRP Team Leader, mkeogh1@cms.hhs.gov; Tami Bruce, tbruce@cms.hhs.gov; Diane Dunstan, ddunstan@cms.hhs.gov; or Vince Powell, vpowell@cms.hhs.gov.

NEW LABELERS

Mandatory Coverage Optional Coverage

Labeler Name/Labeler Code Date Date

D&K HealthCare Resources, Inc.

(Labeler Code 05304) 10/01/2001 07/31/2001

D&K HealthCare Resources, Inc.

(Labeler Code 07985) 10/01/2001 07/31/2001

Leader (Labeler Code 08881) 10/01/2001 08/02/2001

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Baxter Healthcare Corporation

(Labeler Code 10019) 10/01/2001 06/28/2001

Leader (Labeler Code 36652) 10/01/2001 08/02/2001

Pharmaceutical Ventures, Ltd.

(Labeler Code 50057) 10/01/2001 06/29/2001

Mandatory Coverage Optional Coverage

Labeler Name/Labeler Code Date Date

Llorens Pharmaceutical (Labeler Code 54859) 10/01/2001 07/18/2001

Leader (Labeler Code 56151) 10/01/2001 08/02/2001

CollaGenex Pharmaceuticals, Inc.

(Labeler Code 64682) 10/01/2001 07/30/2001

D&K HealthCare Resources, Inc.

(Labeler Code 65759) 10/01/2001 07/31/2001

Actelion Pharmaceuticals (Labeler Code 66215) 10/01/2001 07/09/2001

NuPharmx, LLC (Labeler Code 66460) 10/01/2001 07/17/2001

D&K HealthCare Resources, Inc.

(Labeler Code 78622) 10/01/2001 07/31/2001

Contact information for these new labelers is attached for your convenience.

TERMINATED LABELERS

The following labeler is being terminated effective October 1, 2001:

ICN Pharmaceuticals, Inc. (Labeler Code 53095).

The following labeler is being voluntarily terminated effective October 1, 2001:

Drug Emporium, Inc. (Labeler Code 62865).

OTHER ATTACHMENTS

A copy of the topic index and a current listing of the 90-day treasury bill auction rates beginning with the period January 3, 2000, is 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.

David McNally, Deputy Director

Finance, Systems and Quality Group

Center for Medicaid and State Operations

3 Attachments

cc:

All State Drug Rebate Technical Contacts

All Regional Administrators