

September 19, 2001

**MEDICAID DRUG REBATE PROGRAM
#109**

RELEASE

For State Medicaid Directors

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OVERPAYMENTS DUE TO AVERAGE MANUFACTURER PRICE (AMP) RECALCULATIONS

As a result of AMP recalculations and our review of those recalculations, Merck & Co., (labeler code 00006) has submitted revised Baseline AMPs for the third quarter of 1990 and has begun to submit revised AMPs for the first quarter 1991 through fourth quarter 1999.

Beginning with third quarter 2001 invoices, Merck will begin recoupment of the overpayments resulting from incorrectly calculated AMPs. However, to minimize the financial impact on states, Merck is submitting their revised AMPs to CMS on a staggered monetary basis instead of chronologically. These recalculations are necessary since the company failed to properly compute AMP for pricing data prior to the first quarter 2000. In many states these recalculations resulted in significant overpayments.

Merck has indicated that it will contact each state representative to inform them of this action. In the meanwhile, states should continue to invoice Merck for current quarters as usual.

If you have any questions on this particular issue, please call Kim Howell on (410) 786-6762.

OPERATIONAL TRAINING GUIDE

CMS's Medicaid Drug Rebate Operational Training Guide has been rewritten and printed. A copy of the September, 2001 issue is being mailed shortly and should be received by all technical contacts within the next two weeks. Please discard your old copy. If you receive a copy of the guide and you are not the technical contact for your state, please forward it to the appropriate person and have that person complete and submit pages M10 and M11 in the guide.

NEW LABELERS

<u>Labeler Name/Labeler Code</u>	<u>Mandatory Coverage Date</u>	<u>Optional Coverage Date</u>
Xttrium Laboratories, Inc. (Labeler Code 00116)	01/01/2002	08/17/2001
Leader (Labeler Code 08881)	10/01/2001	08/02/2001
Berlex Laboratories (Labeler Code 11994)	01/01/2002	08/15/2001
Leader (Labeler Code 36652)	10/01/2001	08/02/2001
Leader (Labeler Code 56151)	10/01/2001	08/02/2001
PTS Labs, LLC (Labeler Code 65005)	01/01/2002	09/14/2001
PBM Pharmaceuticals, Inc. (Labeler Code 66213)	01/01/2002	08/24/2001

REINSTATED LABELER

Bioglan Pharma, Inc. (Labeler Code 62436) has submitted missing drug prices for all quarters and signed a new rebate agreement. They will be reinstated in the drug rebate program effective January 1, 2002.

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

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TERMINATED LABELERS

The following labelers are being voluntarily terminated effective January 1, 2002:

NutraMax Products, Inc. (Labeler Code 38206); and
Dawn Wholesale Pharmaceuticals, Inc. (Labeler Code 58865).

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