

October 25, 2001

MEDICAID DRUG REBATE PROGRAM RELEASE #110

For State Medicaid Directors

OVERPAYMENTS DUE TO AVERAGE MANUFACTURER PRICE (AMP) RECALCULATIONS

As a result of recalculations of its AMP and our review of those recalculations, Astra Zeneca Pharmaceuticals, for the former Zeneca Pharmaceuticals, labeler codes 00038 and 00310 will submit revised AMPs for the first quarter 1991 through fourth quarter 1999, and will be recovering overpayments from states for excessive rebates paid during those quarters. These recalculations are necessary since the company had failed to properly compute AMP for pricing data prior to the first quarter 2000. In many states, these recalculations resulted in significant overpayments.

Beginning with second quarter 2002 invoices, and on a state-by-state basis, Astra Zeneca will begin recoupment of the overpayments from current and subsequent quarterly rebates (if necessary) until the overpayments have been recovered. Astra Zeneca has indicated that it will contact state representatives to inform them of this action and has expressed a willingness to work with individual states to recover the overpayments over several quarters, if necessary, to minimize financial hardship. During the recoupment process, states should continue to invoice Astra Zeneca as usual.

If you have any questions on this issue, please call Kim Howell of the drug rebate staff on (410) 786-6762.

NEW LABELERS

Mandatory Coverage Optional Coverage

Labeler Name/Labeler Code Date Date

Biocodex Incorporated (Labeler Code 04142) 01/01/2002 09/24/2001

Summers Laboratories, Inc.

(Labeler Code 11086) 01/01/2002 10/15/2001

LiquiSource, Inc. (Labeler Code 66572) 01/01/2002 10/04/2001

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

TERMINATED LABELERS

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

Aaron Industries, Incorporated (Labeler Code 49580); and

Albemarle Corporation, formerly Winsor Pharmaceuticals (Labeler Code 59004).

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

Royce Laboratories (Labeler Code 51875);

Invamed Inc. (Labeler Code 52189); and

Watson Pharmaceuticals (Labeler Code 62109).

OTHER ATTACHMENTS

A copy of the topic index and a current listing of the 90-day treasury bill auction rates beginning with the period July 31, 2000, is attached.

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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