

November 21, 2002

MEDICAID DRUG REBATE PROGRAM

RELEASE #120

## For State Medicaid Directors

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### **OFFICE OF INSPECTOR GENERAL (OIG) REPORT: “MEDICAID PHARMACY-ADDITIONAL ANALYSIS OF THE ACTUAL ACQUISITION COST OF PRESCRIPTION DRUG PRODUCTS” (A-06-02-00041)**

As a follow-up to the OIG’s previous work on Medicaid drug reimbursement, additional analysis of the actual acquisition cost of prescription drugs has been published in the OIG report “Medicaid Pharmacy-Additional Analysis of the Actual Acquisition Cost of Prescription Drug Products” (A-06-02-00041). This report furthers the discussion of Medicaid drug reimbursement issues that were included in previously issued OIG reports to CMS on the actual acquisition cost of brand and generic Medicaid prescription drug products (A-06-00-00023 dated August 10, 2001 and A-06-01-00053 dated March 14, 2002). The reports and findings may be obtained on the OIG web page at:

<http://oig.hhs.gov/oas/oas.html>.

### **HHS OFFICE OF INSPECTOR GENERAL REVIEWING STATE DRUG REBATE COLLECTIONS**

The HHS Office of Inspector General, Office of Audit Services (OAS) is currently conducting audits of the States’ Medicaid Prescription Programs (including supplemental rebate programs where they exist). Region VI and its Little Rock, Arkansas Field Office is the lead Region for the audits. The OAS plans to visit each of 49 States (Arizona is excluded) and the District of Columbia. The objectives of the audits are to (1) identify the amount of uncollected rebates as of June 30, 2002, (2) evaluate the States’ internal controls over rebate funds, and (3) evaluate the States’ procedures for resolving disputed rebate billings. The OAS will also review and report on state best practices in these areas. Most States will be contacted by the OIG early in calendar year 2003. Additionally, the CMS regional offices will be contacted.

**NEW LABELERS**

<u>Labeler Name/Labeler Code</u>	<u>Mandatory Coverage Date</u>	<u>Optional Coverage Date</u>
Dr. Reddy's Laboratories, Inc. (Labeler Code 55111)	04/01/2003	11/08/2002
Syntho Pharmaceuticals, Inc. (Labeler Code 66576)	01/01/2003	11/01/2002
MPM Medical, Inc. (Labeler Code 66977)	01/01/2003	10/18/2002
Verum Pharmaceuticals, Inc. (Labeler Code 67000)	01/01/2003	09/27/2002
STADA Pharmaceuticals, Inc. (Labeler Code 67253)	01/01/2003	10/10/2002
Graben Pharma, Inc. (Labeler Code 67445)	01/01/2003	09/23/2002

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

**TERMINATED LABELER**

Effective immediately, For Ever Young Products, Inc. (Labeler Code 67197) is terminated from the Medicaid Drug Rebate Program. This labeler has no products listed with the FDA.

**OTHER ATTACHMENT**

A copy of the current listing of the 90-day treasury bill auction rates beginning with the period September 24, 2001, 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.

Wayne Smith  
Acting Director  
Finance, Systems and Quality Group  
Center for Medicaid and State Operations

2 Attachments

cc:

All State Drug Rebate Technical Contacts  
All Regional Administrators