

Unit Rebate Amount (URA) Calculation for Single Source or Innovator Multiple Source Drugs

The Centers for Medicare & Medicaid Services' Medicaid Drug Rebate (MDR) system calculates the unit rebate amount (URA) using the labeler's reported pricing. The specific methodology used is determined by law and depends upon whether a drug is classified as single source ("S" drug category), innovator multiple source ("I" drug category), non-innovator multiple source ("N" drug category), a clotting factor drug (CF), or an exclusively pediatric drug (EP).

Definition of Baseline AMP and Baseline CPI-U

A drug's Baseline AMP and Baseline CPI-U values vary depending upon the drug's Market Date. The current definitions for both the Baseline AMP and the Baseline CPI-U follow:

Baseline AMP* – The AMP for the first quarter after the drug's Market Date.

Baseline CPI-U* – The CPI-U for the month prior to the first quarter after the drug's Market Date.

* Please note that this methodology is applied to drugs with Market Dates of October 1, 1993 or greater.

Definition of Quarterly CPI-U

The quarterly CPI-U is equal to the CPI-U value of the month prior to the quarter being calculated.

URA Calculation Example for "S" or "I" Drugs

Product "X" Baseline AMP = 0.277450

Product "X" Quarterly AMP = 0.311824

Product "X" Quarterly BP = 0.267440

Product "X" Baseline CPI-U = 151.6

Quarter "X" Quarterly CPI-U = 175.0

Step 1 – Basic URA

Formula: Basic URA = the greater of AMP x 23.1% or AMP – BP

• AMP x 23.1% = 0.311824 x 23.1% = 0.0720313

• AMP – BP = 0.311824 - 0.267440 = 0.044384

The greater of the two results (0.0720313 and 0.044384) is 0.0720313

Basic URA = 0.0720313

Step 2 – Additional URA

Formula = (Baseline AMP / Baseline CPI-U) x Quarterly CPI-U

• Baseline AMP / Baseline CPI-U = (0.277450 / 151.6) x 175 = 0.3202675

• Compare this number to quarterly AMP: if the number is less than the quarterly AMP, subtract it from the quarterly AMP to determine the additional URA; if the number is equal to or greater than the quarter's AMP, the additional URA is equal to zero.

• 0.3202675 is greater than 0.311824

• Additional URA = zero.

Step 3 – Total URA

Formula: Total URA = Basic URA + Additional URA

Basic URA + Additional URA = 0.0720313 + 0.000000 = 0.0720313

Total URA = 0.0720313

The Total URA is calculated to 6 decimal places and rounded to four.

• Total URA = 0.07203

• Final URA = 0.0720

Step 4 – Comparison of Total URA to Quarterly AMP

If the total URA is greater than quarterly AMP, it is reduced to equal AMP.

Total URA = 0.07203

Quarterly AMP = 0.311824

Since Quarterly AMP is greater than Total URA, Total URA does not change

URA Calculation Example for Clotting Factor and Exclusively Pediatric Drugs

Product "X" Baseline AMP = 0.277450

Product "X" Quarterly AMP = 0.311824

Product "X" Quarterly BP = 0.267440

Product "X" Baseline CPI-U = 151.6

Quarter "X" Quarterly CPI-U = 175.0

Step 1 – Basic URA

Formula: Basic URA = the greater of AMP x 17.1% or AMP – BP

• AMP x 17.1% = 0.311824 x 17.1% = 0.0533219

• AMP – BP = 0.311824 - 0.267440 = 0.044384

The greater of the two results (0.0533219 and 0.044384) is 0.0533219

Basic URA = 0.0533219

Step 2 – Additional URA

Formula = (Baseline AMP / Baseline CPI-U) x Quarterly CPI-U

- $\text{Baseline AMP} / \text{Baseline CPI-U} = (0.277450 / 151.6) \times 175 = 0.3202675$
- Compare this number to quarterly AMP: if the number is less than the quarterly AMP, subtract it from the quarterly AMP to determine the additional URA; if the number is equal to or greater than the quarter's AMP, the additional URA is equal to zero.
- 0.3202675 is greater than 0.311824
- Additional URA = zero.

Step 3 – Total URA

Formula: Total URA = Basic URA + Additional URA

Basic URA + Additional URA = 0.0533219 + 0.000000 = 0.0533219

Total URA = 0.0533219

The Total URA is calculated to 6 decimal places and rounded to four.

- Total URA = 0.053321
- Final URA = 0.0533

Step 4 – Comparison of Total URA to Quarterly AMP

If the total URA is greater than quarterly AMP, it is reduced to equal AMP.

Total URA = 0.053321

Quarterly AMP = .311824

Since Quarterly AMP is greater than Total URA, Total URA does not change

Step 1 – Basic URA

Formula: Basic URA = the greater of AMP x 23.1% or AMP – BP

- $\text{AMP} \times 23.1\% = .311824 \times 23.1\% = 0.0720313$
- $\text{AMP} - \text{BP} = .311824 - .267440 = 0.044384$

The greater of the two results (.0720313 and .044384) is 0.0720313

Basic URA = 0.0720313

Step 2 – Additional URA

Formula = (Baseline AMP / Baseline CPI-U) x Quarterly CPI-U

- $\text{Baseline AMP} / \text{Baseline CPI-U} = (.277450 / 151.6) \times 175 = 0.3202675$ • Compare this number to quarterly AMP: if the number is less than the quarterly AMP, subtract it from the quarterly AMP to determine the additional URA; if the number is equal to or greater than the quarter's AMP, the additional URA is equal to zero.
- 0.3202675 is greater than 0.311824
- Additional URA = zero.

Step 3 – Total URA

Formula: Total URA = Basic URA + Additional URA

Basic URA + Additional URA = Total URA

$0.0720313 + 0.000000 = 0.0720313$

Total URA = 0.0720313

The Total URA is calculated to 6 decimal places and rounded to four.

- Total URA = 0.07203
- Final URA = 0.0720

Step 4 – Comparison of Total URA to Quarterly AMP

If the total URA is greater than quarterly AMP, it is reduced to equal AMP.

Total URA = 0.07203

Quarterly AMP = .311824

Therefore, Total URA does not change

URA Calculation Example for Clotting Factor and Exclusively Pediatric Drugs

Product "X" Baseline AMP = 0.277450

Product "X" Quarterly AMP = 0.311824

Product "X" Quarterly BP = 0.267440

Product "X" Baseline CPI-U = 151.6

Quarter "X" Quarterly CPI-U = 175.0

Step 1 – Basic URA

Formula: Basic URA = the greater of AMP x 17.1% or AMP – BP

- $\text{AMP} \times 17.1\% = 0.311824 \times 17.1\% = 0.0533219$
- $\text{AMP} - \text{BP} = 0.311824 - 0.267440 = 0.044384$

The greater of the two results (0.0533219 and 0.044384) is 0.0533219

Basic URA = 0.0533219

Step 2 – Additional URA

Formula = $(\text{Baseline AMP} / \text{Baseline CPI-U}) \times \text{Quarterly CPI-U}$

- $\text{Baseline AMP} / \text{Baseline CPI-U} = (.277450 / 151.6) \times 175 = 0.3202675$

- Compare this number to quarterly AMP: if the number is less than the quarterly AMP, subtract it from the quarterly AMP to determine the additional URA; if the number is equal to or greater than the quarter's AMP, the additional URA is equal to zero.

- 0.3202675 is greater than 0.311824

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Step 3 – Total URA

Formula: Total URA = Basic URA + Additional URA

Basic URA + Additional URA = 0.0533219 + 0.000000 = 0.0533219

Total URA = 0.0533219

The Total URA is calculated to 6 decimal places and rounded to four.

- Total URA = 0.053321

- Final URA = 0.0533

Step 4 – Comparison of Total URA to Quarterly AMP

If the total URA is greater than quarterly AMP, it is reduced to equal AMP.

Total URA = 0.053321

Quarterly AMP = 0.311824

Since Quarterly AMP is greater than Total URA, Total URA does not change

