

Sent to State Technical and Rebate Contacts on 03/02/2017

Dear State Technical and Rebate Contacts,

In accordance with section 1927(b)(2)(A) of the Social Security Act (the Act), states are required to submit all Medicaid drug rebate utilization data, including physician administered drug utilization and managed care organization (MCO) drug utilization, to CMS within 60 days of the end of each quarter. CMS stores this utilization data in the Medicaid Drug Rebate (MDR) system and also performs nightly updates of this data in the Drug Data Reporting for Medicaid (DDR) system. Additionally, CMS periodically posts most of the data on the CMS website at <https://www.medicaid.gov/medicaid/prescription-drugs/state-drug-utilization-data/index.html>; however, as this data is only updated quarterly, states should use the data in DDR for the most current utilization data status.

Further, state utilization continues to be used as part of the methodology for establishing an annual fee on branded prescription drug manufacturers that was enacted by section 9008 of the Affordable Care Act. While the Department of Treasury is responsible for imposing these fees, the government drug programs specified in section 9008 (e.g., Medicaid, Medicare Part B and Medicare Part D) are required to report drug sales information to the Department each year so that the fees can be accurately calculated. For purposes of the Medicaid data, CMS does not want to impose a new reporting requirement on the states as part of this process; therefore, the state utilization data that are currently reported under section 1927(b)(2)(A) of the Act are being provided to the Department of Treasury as one element of Medicaid's drug sales information. However, if a state has not reported its utilization data, these new fees cannot be appropriately calculated; therefore, timely and complete state utilization data reporting is essential to this process. **We will be reviewing your state's utilization file submissions for all quarters of 2016 to ensure that CMS has received the data, and that the state has responded to any utilization emails or reports that it has received from CMS. Please review the utilization data that has been submitted for 2016 to determine whether any additional submissions or corrections are necessary. If so, please submit the additional data/corrections by September 30, 2017, via the normal drug rebate utilization data transmission process.**

Please note that if states fail to update or correct overstated or understated state utilization data reported to CMS, it may result in compliance action to recover the amount the erroneous data submission caused to be calculated or omitted from the calculation of sales owed to the federal government under the branded prescription drug fee program.

Thank you for your cooperation with this effort. If you have any questions, please feel free to contact us via this email resource box, MedicaidBPD@cms.hhs.gov.

Sincerely,

CMS Medicaid BPD Team