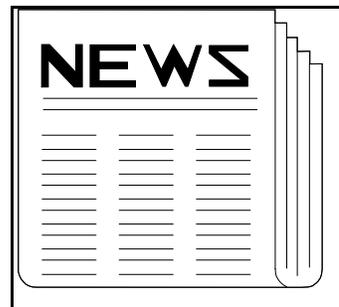


June 12, 1996



**MEDICAID DRUG REBATE PROGRAM Release No. 22**

**\* \* \* IMMEDIATE ATTENTION REQUIRED \* \* \***

**NOTE TO: All Participating Drug Manufacturers**

**APPROVAL OF THE RECONCILIATION OF STATE INVOICE (ROSI) AND  
THE PRIOR QUARTER ADJUSTMENT STATEMENT (PQAS)**

HCFA has received approval from the Office of Management and Budget (OMB) for the ROSI, form HCFA-304, and the PQAS, form HCFA-304a. OMB APPROVAL MANDATES THE USE OF THESE FORMS BY ALL LABELERS.

However, please note that HCFA is providing an implementation period of two quarters for these forms. Therefore, labelers **MUST** complete these forms as required beginning with the receipt of the State invoice in the first quarter of 1997, i.e., the State invoice for the October-December 1996 quarter. Of course, you may optionally use these forms prior to expiration of the implementation period.

The draft copies of these forms, with their instructions, electronic fields, data element definitions, and the adjustment/dispute code listing sent in release number 20 **are now considered final.** Attached to this release are clean copies of the forms and a revised appendix C to the form instructions. Notice of a revision to this appendix was given in release number 21. Also, attached is an additional page to the form instructions (page 3) incorporating the OMB required disclosure statement.

If you have any questions regarding these forms or the OMB approval, please contact Sue Williams at (410) 786-3334.

**DRUG REBATE OPERATIONS GUIDE - HANDS ON TRAINING**

The Drug Team is completing an operations guide which will be distributed to all drug labelers. We are considering holding a 2-to-3-day hands-on training session that would cover all aspects of the system from signing the contract, to initial "baseline" submission, to quarterly submission, to URA calculation, to working with State invoices, Dispute Resolution, and everything in between.

Both operations and policy analysts from the drug rebate program will be on hand to conduct the training.

Attached is a questionnaire that is critical in determining what hands-on training, if any, will be offered. Costs will be held to a minimum. Wherever training may be held, there will be absolutely NO FEES charged by HCFA. Your costs will be travel, meals and lodging. We ask that everyone please take the time to complete this survey as soon as possible and send it to us per the instructions on the survey form. Your input is imperative to us so we may look at conducting training best suited to you.

**UTILIZATION ADJUSTMENTS**

Please be reminded that when reviewing the utilization reported on the State's invoice that you cannot, except under limited circumstances, change the number of units invoiced by the State. The circumstances under which you may adjust the units invoiced by the State are outlined in Appendix B to the instructions for the ROSI and the PQAS forms. Please review Appendix B to fully understand your limitations on adjusting units. Briefly, the limited circumstances for unit adjustments are:

1. Mutual agreement between State/labeler through correspondence/telephone contact.
2. Mutual understanding between State/labeler regarding routine adjustments.
3. Obvious non-routine errors; no response by State to labeler's correspondence/telephone call attempting agreement of an adjusted number.

Under no circumstances, other than those listed above, can a labeler adjust the units invoiced by the State. The above circumstances were developed by the Remittance Advice Report Workgroup to assist in reducing the number of units disputed.

Once units are adjusted under the circumstances above, if needed, the remaining units are, of course, subject to dispute. Any adjustments to units once they are officially disputed are made only by the State and must be determined using the documentation presented by the labeler and the State under the dispute resolution process.

**CORRECT CPI-U VALUE FOR 96-1 ADDITIONAL REBATE CALCULATION**

We have received several calls questioning Unit Rebate Amounts (URAs) for the 96-1 quarter. It appears that our "CPI-U Creep" calculation is slightly different from yours. The problem is in the value used for the December, 1995 CPI-U. When calling the Department of Labor, several people used the 1995 average CPI-U instead of the December value. Please note that the CPI-U value from December, 1995, that is used as the CPI-U for 96-1 additional rebate calculations is **153.5**. Please DO NOT use any other values.

**CORRECTION**

On some previous transmittals, the treasury bill auction rate for November 27, 1995 was erroneously shown as 5.438. Please be advised that the correct rate for this period is 5.483. We apologize for any inconvenience this error has caused.

**OTHER ATTACHMENTS**

Copies of the topic index and the latest listing of the 90-day treasury bill auction rates for the period of August 7, 1995 through June 10, 1996 are attached.

Please remember to direct your drug rebate questions to a staff member on the listing we provided with release number 18.

Sally K. Richardson  
Director  
Medicaid Bureau

8 Attachments

cc:

All Regional Administrators  
All Associate Regional Administrators, Division of Medicaid

