

**DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration
Center for Medicaid and State Operations**

June 2, 1998

MEDICAID DRUG REBATE PROGRAM RELEASE #35

**TODAY'S NEWS
for Participating Drug Manufacturers**

1Q98 UNIT REBATE AMOUNT (URA) STATE FILE - INCORRECT URAS

After the release of the 1Q98 URA file to all States, it was discovered that, for the current quarter only, a calculation error caused many "S" and "I" drugs to have their URA calculated incorrectly. This has been fixed and the MDRI file now has all correct URAs.

There were several options that could be used in correcting the state files and we believe that the following is the best and easiest solution. A diskette containing ALL NDCs with (initially) incorrect URAs was prepared with the corrected URAs and sent to all states along with a field by field record layout. States were asked to use this file to update their master file for 1Q98. Prior Period Adjustments (PPAs) for those URAs incorrectly calculated will NOT BE SENT next quarter. A hard copy of the corrected URAs is being sent to all affected labelers. Labelers should correct the states' invoices and use the ROSI form when submitting payment to states.

We considered either sending replacement files to states (which would cause states to re-send invoices) or waiting until next quarter and including PPAs for the affected NDCs. We decided that the diskette approach outlined above is cleaner and easier on all affected states and labelers.

We apologize for any inconveniences this may have caused. Questions on this issue should be directed to Vince Powell on (410) 786-3314.

Keep an eye out for our next release. You'll find valuable information about our internal move occurring in June. If you send us any pricing data or other correspondence via overnight delivery, you'll want to be sure to read the next HCFA release.

Please remember to direct your drug rebate questions to a staff member listed in section "O" of the Medicaid Drug Rebate Operational Training Guide.

Sally K. Richardson
Director

cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid