

March 11, 2003

MEDICAID DRUG REBATE PROGRAM

RELEASE #58

## For Participating Drug Manufacturers

### **TRANSFER OF DISPUTE RESOLUTION PROGRAM (DRP) FUNCTION**

Organizational responsibility of the DRP was transferred from Policy Coordination and Planning Group to the Finance, Systems and Budget Group (FSBG), formerly the Finance, Systems and Quality Group (FSGQ).

In addition to this organizational change, we would like to inform you that Mike Keogh, former Team Leader for the DRP, will be retiring after 31 years of Government service.

Sue Gaston has accepted a reassignment to FSBG and will be utilizing her knowledge related to the Medicaid Drug Rebate Program and pharmacy issues to take the lead on all aspects of the DRP. Tami Bruce, who will remain on the Drug Rebate Operations Team within CMSO, will continue to assist in the DRP. Also, Diane Dunstan remains our lead Regional Office DRP coordinator and will continue to assist Sue and Tami to further the DRP.

As a reminder, all state specific DRP related issues should be directed to the Regional Office DRP Team members. Many of you are familiar with your RO DRP Team members; however, if you don't know who to contact in your region please call Diane Dunstan at (303) 844-7040. The DRP Team plans to have its own web page up and running in the near future that will contain DRP team contacts and other DRP related information. For non-state specific DRP questions please contact Sue Gaston at (410) 786-6918 or Tami Bruce at (410) 786-1519.

## INTEREST CLARIFICATION WHEN PRIOR PERIOD ADJUSTMENTS (PPAs) ARE SUBMITTED

The purpose of this information is to provide clarification as to:

- • When does interest apply when Prior Period Adjustments (PPAs) are submitted?
  - ○ Interest applies to disputed or unpaid rebate amounts and late rebate payments.
  - ○ Interest does not apply to PPAs of unit rebate amounts.
  - ○ Interest does apply if the rebate amount due from the PPA is not paid timely.
- • When does interest begin accruing on unpaid or disputed rebate payments that were generated due to PPAs?
  - ○ Interest begins accruing 38 calendar days after the date the state receives the PPA/Unit Rebate Amounts (URAs), included on the current quarterly URA data file.

Interest is applied to disputed or unpaid rebate amounts and late rebate payments. Interest is **not** applied to PPAs of unit rebate amounts or to state utilization adjustments. PPAs are unit rebate amount changes caused by a correction to a pricing record or a change to a baseline Average Manufacturer Price (AMP) or Market Date submitted by a manufacturer to CMS for Medicaid drug rebate update and inclusion on the next quarterly pricing/product file to the states. As noted, Manufacturer Program Release No. 18, dated August 1995, the practice of states invoicing for PPAs is no longer allowed. This decision was made in keeping with the intent of the Federal statute requiring manufacturers to remit rebate payments based on accurate pricing data.

When a baseline AMP or Market Date changes or a pricing record is changed, which causes the recalculation of one or more URAs, the manufacturer may owe an additional rebate to states, which is considered a rebate amount due. Interest cannot be applied when the PPA is initially submitted by CMS to states. Interest may be applied if the rebate amount generated by the PPA is not paid timely. In such a case, it is considered a late rebate payment and interest will begin accruing.

Generally, interest starts accruing 38 calendar days from the date the state mails the state invoice to the manufacturers. Since states can't invoice for PPAs, some states have asked when interest would start accruing if a rebate payment, resulting from a PPA, was not paid timely. Interest accrual may be determined based on the postmarked date the state receives the PPA/URAs, which is the same time they receive the current quarterly URAs.

Note: An overview of the interest provisions of the Medicaid drug rebate program may be found in State Program Release No. 6 & 29 and Manufacturer Program Release No. 7.

**UPDATES TO THE OPERATIONAL TRAINING GUIDE**

Attached are updated pages O2 and O4 through O7 to the Medicaid Drug Rebate Operational Training Guide. Please share the updates with all staff involved in the program and replace these pages in your guide.

**ATTACHMENT**

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

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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 Budget Group

2 Attachments

cc:

All Regional Administrators

All Associate Regional Administrators, Division of Medicaid

## WEEKLY U.S. T-BILL DISCOUNT RATE

weekly 90-day treasury bill auction rates

Date of Auction	Discount Rate	Date of Auction	Discount Rate	Date of Auction	Discount Rate
09-24-01	2.429	04-22-02	1.720	11-18-02	1.227
10-01-01	2.364	04-29-02	1.760	11-25-02	1.228
10-09-01	2.222	05-06-02	1.773	12-02-02	1.231
10-15-01	2.243	05-13-02	1.781	12-09-02	1.215
10-22-01	2.214	05-20-02	1.760	12-16-02	1.219
10-29-01	2.089	05-28-02	1.760	12-23-02	1.207
11-05-01	2.012	06-03-02	1.752	12-30-02	1.207
11-13-01	1.850	06-10-02	1.752	01-06-03	1.207
11-19-01	1.936	06-17-02	1.732	01-13-03	1.199
11-26-01	1.955	06-24-02	1.712	01-21-03	1.179
12-03-01	1.769	07-01-02	1.719	01-27-03	1.159
12-10-01	1.704	07-08-02	1.724	02-03-03	1.175
12-17-01	1.760	07-15-02	1.712	02-10-03	1.171
12-26-01	1.752	07-22-02	1.692	02-18-03	1.179
12-31-01	1.740	07-29-02	1.712	02-24-03	1.195
01-07-02	1.684	08-05-02	1.627	03-03-03	1.198
01-14-02	1.558	08-12-02	1.659	03-10-03	1.077
01-22-02	1.700	08-19-02	1.659		
01-28-02	1.748	08-26-02	1.661		
02-04-02	1.769	09-03-02	1.639		
02-11-02	1.748	09-09-02	1.676		
02-19-02	1.760	09-16-02	1.692		
02-25-02	1.769	09-23-02	1.639		
03-04-02	1.793	09-30-02	1.566		
03-11-02	1.858	10-07-02	1.615		
03-18-02	1.874	10-15-02	1.659		
03-25-02	1.854	10-21-02	1.696		
04-01-02	1.821	10-28-02	1.578		
04-08-02	1.740	11-04-02	1.433		
04-15-02	1.712	11-12-02	1.211		

# CMS DRUG REBATE PROGRAM

## Area Code 410

### OPERATIONS

-  
Judy Allison 786-3330  
Tamara Bruce 786-1519  
Chris Holmes 786-3328  
Vince Powell (Technical Director) 786-3314  
Linda Sapperstein 786-3317  
Sue Williams 786-3334

### POLICY

Christie Cahee 786-6614  
Claire Hardwick 786-6777  
Tammi Hessen 786-1025  
Chris Hinds 786-4578  
Kim Howell 786-6762  
Christina Lyon 786-3332  
Cindy Pelter 786-1176  
Carl Tepper 786-2137  
Marge Watchorn 786-4361  
Larry Reed/Deirdre Duzor (Co-Directors) 786-3325/786-4626

### SYSTEM MAINTENANCE

Kay Alexander 786-0252  
Dona Coffman (Technical Director) 786-0260

### DISPUTE RESOLUTION PROGRAM

Sue Gaston 786-6918  
Tamara Bruce 786-1519  
Diane Dunstan 303-844-7040

**FAX** 786-0390 - Operations/Systems  
786-8534 – Policy

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**WEBSITE** [www.cms.hhs.gov/medicaid/drugs/drughmpg.asp](http://www.cms.hhs.gov/medicaid/drugs/drughmpg.asp)

**CMS DRUG REBATE PROGRAM  
PRIMARY FUNCTIONS/CONTACT PERSON**

<b><u>Primary Function</u></b>	<b><u>Contact Person</u></b>
Contact Changes (labelers and states)	Judy Allison Linda Sapperstein
CPI-U Values	Linda Sapperstein
Data Edit Reports	Judy Allison Vince Powell
Data Submission (labelers)	Kay Alexander Judy Allison Vince Powell
Data Submission (states)	Vince Powell
Diskette Installation/Problems	Kay Alexander
Dispute Resolution	Sue Gaston Tamara Bruce
Federal Upper Limits	Cindy Pelter Christie Cahee
HIV/AIDS Drugs	Marge Watchorn
Interest Calculation	Vince Powell Tamara Bruce
Invoice	Sue Williams
Policy Issues (general)	Christie Cahee, Claire Hardwick, Tammi Hessen, Chris Hinds, Kim Howell, Christina Lyon, Cindy Pelter, Carl Tepper, Marge Watchorn
Prior Quarter Adjustment Statement	Sue Williams
Prior Period Adjustments	Vince Powell
Pricing Data/Product Elements	Vince Powell
Reconciliation of State Invoice	Sue Williams
State Tape	Kay Alexander
T-bill Rates	Linda Sapperstein
Training Guide	Sue Williams
VHCA/340B Drug Pricing	Marge Watchorn

## **CMS REGIONAL CONSORTIA DRUG REBATE/DRP COORDINATORS**

As part of an agency-wide reorganization in July of 1997, CMS's regional offices were restructured into four regional consortia. Below is a breakdown of the consortia and the coordinators for each. The coordinator for these consortia has responsibility for disseminating drug program policy, dispute resolution, and Drug Utilization Review for those states within the consortia.

### **NORTHEASTERN CONSORTIUM**

- **Boston Region** (Connecticut, New Hampshire, Maine, Massachusetts, Rhode Island, and Vermont)

**Coordinator: Leo (Alex) Reveliotty**  
**Telephone: 617-565-1201**

- ● **New York Region** (New Jersey and New York)

**Coordinator: Robert Cochrane**  
**Telephone: 212-264-3885**

- **Philadelphia Region** (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia)

**Coordinator: Tom Zlakowski**  
**Telephone: 215-861-4275**

## **SOUTHERN CONSORTIUM**

- **Atlanta Region** (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee)

**Coordinator: Elaine Elmore**  
**Telephone: 404-562-7408**

- **Dallas Region** (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas)

**Coordinator: Mike Jones**  
**Telephone: 214-767-6279**

## **MIDWEST CONSORTIUM**

- **Chicago Region** (Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin)

**Coordinator: Vera Drivalas**  
**Telephone: 312-886-0792**

- **Kansas City Region** (Iowa, Kansas, Missouri, and Nebraska)

**Coordinator: Frank Campbell**  
**Telephone: 816-426-5925 ext. 3310**

## **WESTERN CONSORTIUM**

- **Denver Region** (Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming)

**Coordinator: Diane Dunstan**  
**Telephone: 303-844-7040**

- **San Francisco Region** (Arizona, California, Nevada, and Hawaii)

**Coordinator: Beth Reno**  
**Telephone: 415-744-2977**

- **Seattle Region** (Alaska, Idaho, Oregon, and Washington)

**Coordinator: Maria Garza**  
**Telephone: 206-615-2542**