



Drug Rebate Newsletter

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Reduction in FPACT Rebate Due Beginning 4th Quarter 2008 Invoice

Background:

California Medicaid's "Family Planning Access to Care and Treatment" (FPACT) Program is eligible for drug rebates under a waiver granted by the Centers for Medicare and Medicaid Services (CMS). CMS notified the state that it has determined that 24 percent of the units invoiced for FPACT drugs would not be eligible for rebates commencing with claims paid on October 1, 2008. This percentage represents the estimated number of undocumented immigrants who receive services from the FPACT program and are not eligible for federal financial participation under this waiver.



Currently, our rebate accounting system does not have the capability to automatically reduce the invoiced units by 24 percent. Therefore, the only mechanism available for manufacturers to take this reduction is through the unit dispute process. Until the state can make the necessary system changes to automate the process, please follow the instructions on the next page.

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Important Dates to Remember

January 8, 2009 (Estimated)
2008Q3 Payment Due

February 1, 2009
2008Q4 AMP data due to CMS and DHCS

Reduction in FPACT Rebate Due Beginning 4th Quarter 2008 Invoice (Continued)

Percentage Reduction Instructions:

Effective with the FPACT invoice for 4th Quarter 2008, you should complete the following steps before sending your payment along with the Reconciliation of State Invoice (ROSI):

- Subtract 24 percent from the number of units for each NDC on the FPACT federal, FPACT supplemental (if applicable), FPACT HCPCS, and FPACT HCPCS supplemental (if applicable) invoices, and pay the net number of units.
- Indicate that routine reduction by using dispute code "C: Units Invoiced adjusted through mutual agreement between labeler and state."
- If you have additional dispute issues associated with an NDC, continue to use the applicable dispute codes.

Initially, the invoices you receive will continue to show an outstanding balance. Your California rebate analyst will make the 24 percent reduction adjustments as soon as possible, which should eliminate the majority of the FPACT outstanding balances. However, if you have other dispute issues to resolve, it may take longer to make the adjustments since they will have to be resolved through a formal dispute resolution.

Questions?

If you have any questions regarding this notice, please contact your labeler liaison.

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<http://www.dhcs.ca.gov/provgovpart/Pages/DrugRebateBranch.aspx>