

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: Bryan Amick, Pharmacy Director

PRESENTED BY: Deirdra Singleton, Deputy Director, Health Programs

DATE: July 16, 2013

SUBJECT: Changes to the National Medicaid Pooling Initiative (NMPI) Supplemental Drug Rebate Agreement (SRA)

OBJECTIVE: This State Plan Amendment (SPA) will facilitate SC Medicaid's continued participation in the NMPI supplemental rebate program. No changes to provider reimbursement, benefit design, beneficiary cost share, or preferred drug list (PDL) status will result from this SPA.

BACKGROUND: SCDHHS participates in the National Medicaid Pooling Initiative. The NMPI is administered by Magellan Medicaid Administration (MMA) and facilitates the creation of contractual relationships between Medicaid programs and pharmaceutical manufacturers. Pursuant to these contractual relationships, pharmaceutical manufacturers make payment, in the form of supplemental rebates, to Medicaid programs for inclusion as preferred product on the program's PDL.

A primary intent of the SRA is to allow Medicaid programs to garner supplemental rebates for managed care populations in those cases where the Medicaid program retains control of the PDL. While the new contract language will allow for this option in the future, the current issue at hand is only CMS review of the update to the contract template.

The specific modifications being made to the SRA template include:

- Clarified the terms under which supplemental rebates accrue for partial quarter invoicing.
- Revised the Confidentiality provision.
- Revised the Notice provision to reduce the administrative burden on the State.
- Revised the Participating State Amendments (PSAs) to reduce the administrative burden on the State by linking the PSA to the Contract and not the individual manufacturer.
- Provided for the Participation Agreement to renew automatically for one-year terms, as long as the controlling agreement between Magellan/Provider Synergies and Participating State is active.
- Removed tiers from the bid grid.
- Added option to use alternative supplemental rebate calculation types to allow for different rebate accrual calculations than Guaranteed Net Unit Price (GNUP).

BUDGETARY IMPACT: Cost neutral.

EXPECTED OUTCOMES: This change will allow SC Medicaid to continue participation in the NMPI and garner the resulting supplemental rebates.

EXTERNAL GROUPS AFFECTED: As the only modification is the template used between MMA and manufacturers, there are no other affected groups. This change will not impact beneficiaries, prescribers, pharmacists, or managed care organizations.

RECOMMENDATION: Submission of the SPA requesting CMS approval of the SRA template.

EFFECTIVE DATE: New agreement template to be effective October 1, 2013.