



P R O V I D E R B U L L E T I N

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D A T E

To: All Indiana Health Coverage Programs Providers

Subject: Reporting Requirements/Guidelines for Provider Discounts and Rebates

Overview

In accordance with Public Law #224-2003 (House Bill 1001), Section 68, this bulletin is to notify providers of new reporting requirements mandated by the Indiana General Assembly, which are applicable to all Medicaid providers. This legislation mandates that any provider that is reimbursed by the Office of Medicaid Policy and Planning (OMPP) for goods or services provided to Indiana Medicaid recipients shall report to the OMPP all rebates, discounts, and other price concessions received from a supplier of goods or services, for such goods and services provided to Indiana Medicaid recipients. Although the legislation applies to all providers, it has specific requirements on how OMPP uses the information for pharmacy providers.

In administering the Section 68 reporting requirements mandated by the General Assembly, the OMPP wishes to do so in such a way that minimizes the administrative burden on providers. Reporting will occur in a two step process for all providers with the exception of long-term care and retail pharmacies, who will be required to submit detailed information quarterly to comply with the legislative mandate. The OMPP recently requested feedback from various provider organizations on a preliminary draft for reporting detailed information and will continue to seek input from the provider community to streamline the proper reporting formats necessary to obtain the mandated information.

Providers shall be required to submit the referenced information to the OMPP, on a quarterly basis in the requested format. This reporting requirement will become effective for calendar quarters beginning on or after July 1, 2003. Further requirements under Section 68 include the following:

- In addition to the routine quarterly reporting, providers are required to submit the referenced information upon request by the OMPP within forty-five (45) days of such request
- Providers are required to submit the referenced information in the format requested by the OMPP
- The OMPP shall use the referenced information to determine the appropriate reimbursement for the drug ingredient cost and professional services fee to dispense the drugs

Discounts, Rebates, and Price Concessions

For purposes of Section 68 reporting, a discount is generally considered a reduction that is either given as part of or separate from the invoice (or proof of purchase) and is deducted on or separate from the invoice (or proof of purchase) to arrive at the net amount to be paid for goods and services. Additionally, for purposes of Section 68, any reduction to the “normal” or usual acquisition price that a provider pays for pharmaceuticals shall be considered as a discount.

For purposes of Section 68 reporting, a rebate is considered revenue or a cost reduction received from a supplier of goods or services subsequent to the initial, corresponding transaction. A provider may or may not have to make a claim to receive the rebate and this rebate amount may not appear on an invoice or proof of purchase.

For purposes of Section 68 reporting, a price concession includes all other price reduction or in-kind arrangements received from suppliers whereby Medicaid subsequently reimburses the provider for goods or services provided to Indiana Medicaid recipients.

For the purpose of Section 68 reporting, providers that receive free samples and give the free samples to Medicaid recipients are not required to report these samples to OMPP.

Although discounts, rebates, and price concessions may vary among the broad base of Indiana Medicaid providers, most are realized through incentives that pertain to purchase quantities and dollar values, seasonal and promotional sales, prompt payment arrangements, customer longevity, and group purchasing programs.

Reporting Guidelines for All Providers - Excluding Long-Term Care Pharmacies and Retail Pharmacies

The OMPP will follow a two-step process to obtain the required information from all providers that for purposes of this section are neither a long-term care pharmacy nor a retail pharmacy.

Step 1

Step one requires a limited, quarterly reporting of all discounts, rebates, and price concessions received for purchases made during the reporting period. Please note this requirement is not reduced to only drug-related purchases, it applies to all goods and services that are related to reimbursement for Medicaid recipients. Providers that receive discounts, rebates, and price concessions will be required to complete and submit the reporting form shown in Exhibit 1 within fifteen (15) days of the quarter ending. Please forward all completed forms to:

Myers and Stauffer LC
Section 68 Provider Report Form-Limited
8555 North River Road, Suite 360
Indianapolis, IN 46240
(800) 877-6927
c/o Scott Brechmacher
sbrechmacher@mslc.com

Please note the Section 68 Provider Report Form-Limited is a downloadable report form that is available on the Internet at www.mslcindy.com/section68.

The Section 68 reporting mandate pertains only to billing providers, thus excluding rendering providers in instances whereby they are not one in the same. Additionally, providers that do not receive rebates, discounts, or price concessions during the reporting period are not required to submit a quarterly form.

Step 2

In step two the OMPP will request more detailed, supporting documentation from selected providers specific to rebates, discounts, and other price concessions that may or may not have been reported in step one. The current Medicaid reimbursement methodologies among the varying provider types will be heavily considered when determining which providers to request additional information, especially if it is determined that such information has been accounted for within existing systems or reporting mechanisms (i.e., cost reports).

Providers that are selected to provide detailed information necessary to support the rebates, discounts, or other price concessions reported in step one shall be required to complete and submit the reporting form shown in Exhibit 2 within forty-five (45) days of the OMPP's request. Discounts, rebates, and price concessions relating to drug, medical supply, and durable medical equipment purchases shall be itemized (unbundled) and reported in conjunction with its applicable unit identifier (e.g., NDC, UPC). Please forward all completed forms and all other supporting documentation requested by the OMPP to:

Myers and Stauffer LC
Section 68 Provider Report Form-Detailed

8555 North River Road, Suite 360
Indianapolis, IN 46240
(800) 877-6927
c/o Scott Brechmacher
sbrechmacher@mslc.com

Please note the Section 68 Provider Report Form-Detailed is a downloadable report form that is available on the Internet at www.mslcindy.com/section68

Reporting Guidelines for Long-Term Care Pharmacies and Retail Pharmacies

All retail pharmacies and those pharmacies that provide products or services to a long-term care facility will be required to submit on a quarterly basis a detailed reporting of all discounts, rebates, and price concessions received for purchases made during the reporting period. Essentially, step one of the two-step approach described above shall be omitted for retail and long-term care pharmacy providers, as they will not be required to complete the limited (step one) form shown in Exhibit 1.

However, retail and long-term care pharmacy providers will be required to complete and submit the detailed (step two) form shown in Exhibit 2 within forty-five (45) days of the quarter ending. Discounts, rebates, and price concessions relating to drug, medical supply, and durable medical equipment purchases shall be itemized (unbundled) and reported in conjunction with its applicable unit identifier (e.g., NDC, UPC). Itemized or individual product level detail will not be required for all other reported discounts, rebates, and price concessions. All completed forms shall be forwarded to the address referenced in the above section under step two.

The OMPP will review the detailed discount, rebate, and price concession data each quarter and will determine thereafter if there are instances or isolated circumstances whereby certain long-term care or retail pharmacy providers shall no longer be required to submit the detailed (step two) form shown in Exhibit 2.

Questions

Please contact Zachary Jackson with the Office of Medicaid Policy and Planning at (317) 234-2928, Zjackson@fssa.state.in.us or Terry Moritz of Myers and Stauffer at (800) 877-6927, tmoritz@mslc.com should you have any questions related to these new reporting requirements.

Indiana Health Coverage Programs Provider Rebate Reporting Form – Step 2 (Detailed)

Please complete all sections of this form to report any and all rebates, discounts, and price concessions received from suppliers.

Provider Name: _____
 Provider Type/Specialty: _____
 Contact Name/Title: _____

Provider Number _____
 Period of Report _____ to _____
 Contact Name Phone: _____

SAMPLE FORM:

Appropriate unit identifier (i.e., UPC, NDC, HCPCS)	Description of rebated/discounted Product(s)/Service(s)	Quantity Purchased at Acquisition	Name/address of supplier	Type of rebate, discount or other price concession received by provider (including but not limited to coupons, volume/quantity discounts, multi-line or bundling discounts, or other)	Specific Terms of the rebate, discount, or other price concession	Cost of product/service before rebate, discount or other concession	Amount of rebate, discount, or other concession	Cost of product/service after rebate, discount, or other concession	Rebate, discount obligator type (manufacturer, wholesaler, etc)	Other / Exception, please describe
00053766804	MONONINE 1000U VIAL (drug)	100,000 Vials – 100,000 Medicaid Units	Smith Distributors; PO Box 100 Chicago, IL 24680	Unit/quantity discount	10,000 – 50,000 vials - 3% discount; 50,001 + units – 8%	\$.90 each, \$90,000 total	\$7,200	\$.828 each, \$82,800 total	Manufacturer	
A4452	WATERPROOF TAPE (medical supply)	500 Rolls - Johnson & Johnson Medical Waterproof Tape, 1" x 10 yards (20 Medicaid units per roll - 500 * 20 = 10,000 total Medicaid units)	ABC Medical Supply Wholesaler; 1234 W. Main NY, NY 12345	Quantity discount	100-250 rolls - 2% discount, 251-500 rolls - 5% discount, 501 or more – 6% discount	\$3.50 per roll, \$1750 total	\$87.50	\$3.325 per roll, \$1,662.50 total	Wholesaler	
E0776	IV POLE (DME Equipment)	25 – Generic IV Poles (25 Medicaid units)	Equipment Unlimited; 222 Congressional Blvd., Detroit, MI 54321	Other discount	Generic item discount, 50% off Zimmer brand	Zimmer Brand \$140 each, \$3,500 total	Germeric \$1,750	\$70 each, \$1,750 total	Wholesaler	Wholesaler special for July – buy generic item, save 50%

