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MEDICAID DRUG REBATE PROGRAM

Rebate Programs

The Pharmacy Program administers the federally mandated drug rebate program and the State Supplemental Drug Rebate Program for Louisiana's Medicaid Program. The Pharmacy Program contracts with the University of New Orleans (UNO) to operate both drug rebate programs.

Pharmacists must bill the actual national drug code (NDC) of the drug dispensed to ensure that the rebate paid by the drug manufacturer is correct.

Manufacturers are allowed to audit utilization data of both rebate programs. The Pharmacy Program also audits this data to ensure accurate provider billing as this data is used to calculate the rebate amounts. Providers may be contacted by rebate staff in an effort to resolve rebate disputes with the manufacturers. Providers must respond to the auditor's request for information.

The state supplemental and federal unit rebate amounts are confidential and cannot be disclosed for purposes other than rebate invoicing and verification.

Federally Mandated Drug Rebate Program

The federally mandated drug rebate program is one of the provisions included by Congress in its budget bill, the Omnibus Budget Reconciliation Act of 1990 (OBRA '90). It is the result of Congress' attempt to reduce and control federal and state expenditures for prescription drug products provided to Medicaid patients and to eliminate discriminatory pricing.

The law requires a drug manufacturer to enter into, and have in effect, a national rebate agreement with the Secretary of the Department of Health and Human Services (DHHS) for states to receive federal funding for outpatient drugs dispensed to Medicaid patients.

The drug rebate program is administered at the national level by the DHHS Centers for Medicare and Medicaid Services (CMS)' Center for Medicaid and State Operations (CMSO).

State Supplemental Drug Rebate Program

Louisiana Medicaid's State Supplemental Drug Rebate Program provides state and manufacturer contracted rebates in addition to those received through the federally mandated rebate program.

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Effective October 1, 2004, CMS authorized the state to expand its supplemental rebate program and enter into a Multi-State Pooling Supplemental Rebate Agreement (SRA) with the intent of increasing efficiency and economy in the Medicaid program.

The state separately reports the supplemental rebate agreements to the Secretary of DHHS.