

# Unit Rebate Amount (URA) Calculation

## URA Calculation Example for “N” Drugs

### Step 1 – URA Calculation

Product “X” AMP = 0.1243

Formula: URA = AMP x 11%

- $0.1243 \times 11\% = 0.013673$

URA = 0.013673

### Step 2 - Rounding

The resulting URA is calculated to 6 decimal places and rounded to 4.

- URA = 0.013673
- Final URA = 0.0137

## Definition of Baseline AMP and Baseline CPI-U

A drug’s Baseline AMP and Baseline CPI-U values vary depending upon the drug’s Market Date. The current definitions for both the Baseline AMP and the Baseline CPI-U follow:

**Baseline AMP\*** – The AMP for the first quarter after the drug’s Market Date.

**Baseline CPI-U\*** – The CPI-U for the month prior to the first quarter after the drug’s Market Date.

\* Please note that this methodology is applied to drugs with Market Dates of October 1, 1993 or greater.

## Definition of Quarterly CPI-U

The quarterly CPI-U is equal to the CPI-U value of the month prior to the quarter being calculated.

## URA Calculation Example for “S” or “I” Drugs

Product “X” Baseline AMP = .277450

Product “X” Quarterly AMP = .311824

Product “X” Quarterly BP = .267440

Product “X” Baseline CPI-U = 151.6

Quarter “X” Quarterly CPI-U = 175.0

### Step 1 – Basic URA

Formula: Basic URA = the greater of AMP x 15.1% or AMP – BP

- AMP x 15.1% = .311824 x 15.1% = 0.047085
- AMP – BP = .311824 - .267440 = 0.044384

The greater of the two results (.047085 and .044384) is 0.047085

Basic URA = 0.047085

### Step 2 – Additional URA

Formulas =  $\frac{\text{Baseline AMP}}{\text{Baseline CPI-U}} \times \text{Resulting Number from First Formula} \times \text{Quarterly CPI-U}$

- Baseline AMP / Baseline CPI-U = .277450 / 151.6 = 0.001830
- Resulting Number x Quarterly CPI-U = .001830 x 175.0 = 0.320250
- Compare this number to quarterly AMP: if the number is less than the quarterly AMP, subtract it from the quarterly AMP to determine the additional URA; if the number is equal to or greater than the quarter's AMP, the additional URA is equal to zero.
- 0.320250 is greater than 0.311824
- Additional URA = zero.

### Step 3 – Total URA

Formula: Total URA = Basic URA + Additional URA

Basic URA + Additional URA = 0.047085 + 0.000000 = 0.047085

Total URA = 0.047085

### Step 4 – Rounding

The Total URA is calculated to 6 decimal places and rounded to four.

- Total URA = 0.047085
- Final URA = 0.0471