RIDER 40 REPORT

Semi-Annual Performance Report for the Prescription Drug Rebate Program

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Table of Contents

Executive Summary 1
Background..... 5
Rider 40 5
Rebate Process 5
Pharmacy Claims and Rebate Administration Contractor 6
Appendices A1 through A5 Description 6
Drug Rebate Collections 7
Cumulative 7
Federal Medicaid Rebate Program 7
Supplemental Medicaid Rebates 8
J-Code Drugs – Drugs Provided in Physicians' Offices 9
Children's Health Insurance Program (CHIP) – Federal-State Funds 10
Children's Health Insurance Program (CHIP) – State Funds 10
Kidney Health Care (KHC) Program 10
Children with Special Health Care Needs (CSHCN) Program 11
State Auditor's Office (SAO) Audit 03-029 Data Integrity Issues 11
Background 11
Outstanding Balances Calendar Year 1991 through Second Quarter 1995 12
Appendices A1 through A5 13

Executive Summary

The *Semi-Annual Performance Report for the Prescription Drug Rebate Program* is required pursuant to the 2006-07 General Appropriations Act (Article II, Health and Human Services Commission, Rider 40, S.B. 1, 79th Legislature, Regular Session, 2005). Rider 40 requires the Health and Human Services Commission (HHSC) to provide to the Governor's Office, the Legislative Budget Board, and the State Auditor's Office (SAO) a report that details the outstanding prescription drug rebate balances for the Texas Medicaid program, Children's Health Insurance Program (CHIP), Kidney Health Care program (KHC), and Children with Special Health Care Needs program (CSHCN). The report also addresses data integrity issues related to the calculation of outstanding balances.

The federal Medicaid drug rebate program requires drug manufacturers to enter into a national rebate agreement with the United States Department of Health and Human Services. The contracted manufacturers must report their current product and pricing information to the federal government. Rebates are calculated and paid to state Medicaid programs by the drug manufacturers based on that product and pricing information. State drug programs are required to include all of the contracted manufacturers' drug products in their Medicaid formularies. States also are required to invoice and collect rebates from these manufacturers for all quantities of their products dispensed to Medicaid clients by outpatient pharmacies. Additionally, states may collect Medicaid rebates for single-source, brand name products administered by physicians in their offices. States are required to share the rebates with the federal government at the same rate as the Federal Medical Assistance Percentage (FMAP).

In addition to the federally-mandated Medicaid rebates, Texas implemented a supplemental rebate program in January 2004. Manufacturers who enter into supplemental rebate contracts with the Texas Medicaid program have their products considered for the Preferred Drug List (PDL). The HHSC Pharmaceutical and Therapeutics Committee applies clinical, safety, and cost effectiveness criteria to determine which products are assigned a "preferred" or "non-preferred" PDL status. Non-preferred products require prior authorization before the drugs can be dispensed. Preferred products require no prior authorization, which provides an incentive for manufacturers to participate in the supplemental rebate program. HHSC invoices and collects rebates from manufacturers for their preferred products. These rebate dollars are also shared with the federal government at the FMAP rate.

A number of manufacturers also voluntarily participate in separate CHIP, KHC, and CSHCN rebate programs. Although CHIP rebates are shared with the federal government at an enhanced FMAP rate, collected rebate dollars for the KHC and CSHCN programs are entirely returned to the state program budgets. HHSC invoices each drug manufacturer quarterly for all rebate payments, based on paid claims data. The invoices are based on the calendar quarter in which the claims were paid.

Tables 1 and 2 present the rebate receivables information by program and calendar year. Appendices A1 through A5 provide the supporting documentation for Tables 1 and 2.

Table 1 provides total Rebates Billed and Collected for each program for calendar years 1991 through 2006, as of February 28, 2007. During that time period, HHSC collected $3,940,697,071 (all funds) for the Medicaid rebate program and $4,404,908,250 (all funds) for all programs subject to rebates.

Table 1
Total Rebate Collections by Program (All Funds)
Calendar Years 1991 Through 2006
as of February 28, 2007

Program	Adjusted Billed Amount	Cumulative Rebates Collected	Principal Outstanding	Interest Outstanding
Medicaid	$ 4,306,711,295	$ 3,940,697,071	$ 366,014,224	$ 42,486,965
Supplemental Medicaid	249,054,440	345,145,095	(96,090,655)	1,187,411
Physician Administered Medicaid Drugs (J-Code)	76,102,467	54,916,822	21,185,645	3,071,329
CHIP - Federal-State Funded	31,797,731	41,124,831	(9,327,101)	270,345
CHIP - State Funded	604,648	783,826	(179,178)	5,462
Kidney Health	18,866,340	19,748,765	778,095	690,030
Children with Special Health Care Needs	2,712,954	2,491,840	221,110	26,800
Totals	**$ 4,685,849,875**	**$ 4,404,908,250**	**$ 282,602,140**	**$ 47,738,342**

The average collections rate for all programs for the 16-year period is 94 percent. The outstanding principal was $282,602,140 and was largely due to the inclusion of the fourth quarter 2006 invoices (excluding Supplemental Invoices) along with CMS' prior period rate adjustments. These amounts were included in the Amounts Billed columns, but are not yet reflected in the Collections column since payments are not due until April 2007. Resolution of these factors will bring the collections rate to approximately 99 percent. The remaining outstanding balances will be resolved following CMS' dispute resolution process.

Table 2 shows Total Rebates Collected by year for the past 16 years, which reflects total receivables of $330,340,482 (Total Principal Outstanding plus Total Interest Outstanding) as of February 28, 2007 (see Appendix A1).

Table 2
Total Rebate Collections for All Programs (All Funds)
by Calendar Year, as of February 28, 2007

Calendar Year	Total Adjusted Billed	Total Rebates Collected	Total Principal Outstanding	Total Interest Outstanding	Annual Collection Rate
1991	$ 45,097,140	$ 40,427,900	$ 4,669,240	$ 4,588,609	89.6%
1992	78,351,462	77,685,615	665,847	1,667,906	99.2%
1993	96,848,687	92,498,084	4,350,602	23,933,583	95.5%
1994	100,456,737	100,755,165	(298,427)	1,748,085	100.3%
1995	110,734,722	109,709,482	1,025,240	913,930	99.1%
1996	122,365,135	121,264,082	1,101,053	1,356,181	99.1%
1997	142,532,076	141,633,427	901,057	363,024	99.4%
1998	172,021,773	171,892,859	140,371	233,462	99.9%
1999	216,254,432	215,145,282	1,146,261	556,519	99.5%
2000	258,503,297	258,627,060	(91,579)	784,977	100.0%
2001	310,624,669	307,452,393	2,884,746	195,048	99.1%
2002	386,441,728	384,202,833	1,817,744	383,504	99.5%
2003	482,643,292	477,928,202	4,625,421	1,148,125	99.0%
2004	700,887,778	688,756,266	12,814,942	3,064,611	98.2%
2005	797,043,670	817,894,451	(20,676,066)	3,843,098	102.6%
2006	665,043,277	399,035,149	267,525,688	2,957,680	59.9%
Totals	**$4,685,849,875**	**$4,404,908,250**	**$282,602,140**	**$47,738,342**	**94.0%**

Collection rates are always subject to change because of retroactive adjustments to pricing and utilization, as well as future collections. Collection rates can exceed 100 percent if manufacturers are slow (or fail) to report pricing changes. Also, the formula for the Supplemental Medicaid rebate rate is contingent upon the regular Medicaid rebate rate. Manufacturers often provide updated pricing information to the Centers for Medicare and Medicaid Services (CMS) that retroactively changes the regular Medicaid rebate rate. An increase in what is owed in the regular Medicaid rebate program causes a corresponding decrease in what is owed in the Supplemental Medicaid rebate program, and vice versa. This relationship accounts for most of the apparent credit balance in the Principal Outstanding for Supplemental Medicaid rebates in Table 1, and also increases the balance owed for regular Medicaid rebates. As manufacturers adjust their payments accordingly (following retroactive price adjustments), the Supplemental Medicaid credit balance will decrease, as will the balance owed for regular Medicaid rebates.

As mentioned previously in the 2006 Annual Report, the collection rates for 1991 through 1993 were understated due to frequent changes to the units of measure for creams, liquids, and reconstituted vials and their associated rebate rates. HHSC's contractor, First Health Services Corporation (First Health), has started applying the appropriate unit adjustments. These corrections have resulted in lower Adjusted Billed Amounts and a corresponding increase in the

Collection Rate. Not all of the outstanding interest amounts attributable to these adjustments have been corrected at this time, resulting in outstanding interest balances as high as $23 million in 1993. The Collection Rates for calendar years 1991 through 1993 increased from an average of 72 percent as of August 31, 2006, to almost 95 percent to date.

Background

Rider 40

The *Semi-Annual Performance Report for the Prescription Drug Rebate Program* is required pursuant to the 2006-07 General Appropriations Act (Article II, Health and Human Services Commission, Rider 40, S.B. 1, 79th Legislature, Regular Session, 2005). Rider 40 requires the following.

> "The Commission shall report on a semi-annual basis the following information to the Legislative Budget Board, the State Auditor's Office, and the Governor: the outstanding prescription drug rebate balances for the Medicaid, CHIP, Kidney Health, and Children with Special Health Care Needs programs. The report shall include rebate principal and interest outstanding, age of receivables, and annual collection rates. The reports shall specify amounts billed, dollar value of pricing and utilization adjustments, and dollars collected. The Commission shall report these data on each year for which the prescription drug rebate program has collected rebates and also on a cumulative basis for all years. In addition, the Commission shall provide no later than August 31, 2006, a separate report to the Legislative Budget Board, State Auditor's office, and the Governor's office detailing the outstanding Medicaid prescription drug rebates and interest balances for the period from 1991 through the second quarter of calendar year 1995 in the format specified above.
>
> In order to fully comply with this rider, the Commission should address data integrity issues related to the calculation of outstanding balances, cited in the State Auditor's Office report number 03-029, An Audit Report on the Health and Human Services Commission Prescription Drug Rebate Program."

Rebate Process

Thirty days after the end of the calendar quarter, manufacturers submit their rebate pricing to CMS. CMS uses the pricing data from the manufacturers to calculate the rebate rate and sends the data to the states. In compliance with federal law, HHSC matches the rate from CMS and the utilization based on claims paid during the quarter and sends invoices within 60 days after the end of the quarter. Manufacturers have 38 days to pay the balance before interest accrues. The following chart illustrates the rebate process timeline.

Claims Paid	Invoices Sent	Payment Due
January – March	May 30	July 7
April – June	August 28	October 6
July – September	November 30	January 7
October - December	February 28	April 5

Manufacturers are required to calculate and pay rebates based on their most current pricing and sales information. This means that the rebate rate can change between the time HHSC submits the invoices and the time the manufacturer makes payment. The resulting payments will cause a difference that will appear as an under or overpayment in the system. The difference will remain in the rebate reporting system until CMS receives the pricing changes from the manufacturer and transmits the changes with their next quarterly update. In addition, manufacturers can make retroactive price adjustments for up to 12 calendar quarters after their original submission to CMS. Retroactive changes can be made to utilization as well. If a claim has been reversed, or research shows that a pharmacy made an error in a claim affecting an earlier invoice, the invoice is changed retroactively. Utilization changes can continue to affect adjusted billed amounts as far back as 1991.

Since manufacturers have the right to dispute the number of units that a state invoices, they may withhold payment pending resolution of the dispute. Manufacturers most commonly dispute a state's utilization because the state did not reimburse pharmacies at a rate that should cover the pharmacies' cost for their product, or the manufacturer's sales records do not substantiate the number of units invoiced.

The last calendar year for which HHSC has a full year of data is 2005. As of February 28, 2007, First Health had sent and collected on invoices for the first three calendar quarters of 2006, and mailed the invoices for the fourth calendar quarter of 2006. Collections for the fourth quarter invoices are due in early April 2007. All of the Medicaid programs and the CHIP – federal/state-funded program receive a certain percentage of federal financial participation and are required to share the rebates with the federal government at that same rate.

Pharmacy Claims and Rebate Administration Contractor
On February 13, 2006, First Health assumed responsibility for HHSC's rebate administration. Their FirstRebate™ system replaced the Pharmacy Rebate Information Management (PRIMS) System, and the data formerly in PRIMS was transferred to the FirstRebate™ system. First Health is responsible for rebate billing, collections, dispute resolution, and data integrity.

Appendices A1 through A5 Description
Appendices A1 through A5 provide detailed rebate billing and collection history for each of the rebate programs. These programs include the following.

- Totals for all rebate programs (A1)
- Medicaid federal rebates (A2)
- Medicaid supplemental rebates (A3)
- J-code rebates (Drugs Provided in Physicians' Offices) (A3)
- Children's Health Insurance Program
  - Federal-State Funded (A4)
  - State Funded (A4)
- Kidney Health Care (A5)
- Children with Special Health Care Needs (A5)

For each of the rebate programs, appendices A1 through A5 include the following information.

- Amounts billed
- Cumulative dollar value of pricing and utilization adjustments
- Dollars collected
- Outstanding principal and interest
- Annual collection rates

Appendices A1 through A5 include data through February 28, 2007. In all appendices, the Principal Outstanding (column H) represents the total receivables, which is the difference between the Adjusted Billed Amount (column E) and Cumulative Rebates Collected (column G), and is aged based on the calendar year.

The two factors that cause adjustments to billed amounts over time are retroactive price and utilization adjustments. For CHIP and CSHCN, HHSC relies on manufacturers to provide rebate-pricing information. If the data submitted by a manufacturer contains errors, the rebate amount per unit can be overstated or understated, and may result in large rebate adjustments when corrected.

For some of HHSC's older rebate data and for drugs administered in a physician's office (J-codes), some outstanding balances are due to incorrect product package sizes and unit conversions, and will require future manual adjustments by First Health rebate staff. In addition, CMS has recently provided guidance that only J-codes that have one and only one corresponding National Drug Code (NDC) can be invoiced. Many manufacturers have disputed J-code utilization previously invoiced based on this recent guidance, which has resulted in significant adjustments.

Drug Rebate Collections

Cumulative
At the midpoint of fiscal year 2007, HHSC had collected $4,404,908,250 in rebates. Appendix A1 contains the summary breakdown by year and program.

Federal Medicaid Rebate Program
The federal Medicaid drug rebate program requires a drug manufacturer to enter into a national rebate agreement with the Department of Health and Human Services in order for a drug to be included in a state's Medicaid formulary. The manufacturer pays the state an agreed-upon rebate amount for each outpatient drug dispensed to a Medicaid patient.

As shown in Appendix A2, as of February 28, 2007, Texas had collected $3,940,697,071 for the federal Medicaid rebate program, a 92 percent collection rate. For the 1994 through 2005 period, collection rates ranged between 97 and 100 percent. The 49 percent collection rate reported for 2006 is a result of the following factors:

- The value of the fourth quarter 2006 invoices ($111,394,653) is included in the Amounts Billed. However, the payments are not due until April 2007 and do not appear in the 2006 Collections.
- Retroactive pricing adjustments from CMS for two manufacturers, for two drugs, caused a $209.2 million erroneous increase in the outstanding balances in Medicaid for 2006. This increase is shown in the Price Adjustment column.

With these two factors removed, the Collections Rate for 2006 would be 98 percent and the Medicaid Collections Rate for the 16-year period would be 99 percent.

As mentioned in the previous 2006 Annual Report, the collection rates for 1991 through 1993 were overstated due to frequent changes to the units of measure for creams, liquids, and reconstituted vials and their associated rebate rates. The reconciliation is ongoing, and the work done to date has caused an increase in the Collection Rate. At the time the data was reported, not all of the outstanding interest amounts attributable to these adjustments had been corrected (outstanding interest balances as high as $23 million for 1993).

Supplemental Medicaid Rebates

Texas implemented a supplemental rebate program in January 2004. Manufacturers who offer a supplemental rebate (cash or a Program Benefit Agreement - services in lieu of cash) to the Texas Medicaid program have their products considered for the Preferred Drug List (PDL). Although federal law requires states to cover all products for which a manufacturer enters into a rebate agreement, states may impose prior authorization requirements on these products.

Products included in the PDL, for which a supplemental rebate agreement or a program benefit agreement is approved, do not require prior authorization. HHSC submitted the first supplemental rebate invoices to manufacturers at the end of May 2004.

The Supplemental Medicaid rebate rate is dependent on the regular Medicaid rebate rate. Manufacturers often provide updated pricing information to CMS that retroactively changes the regular Medicaid rebate rate, which increases the amount owed in the regular Medicaid rebate program, but decreases what is owed in the Supplemental Medicaid rebate program. This dynamic accounts for most of the apparent credit balance in the Principal Outstanding for Supplemental Medicaid rebates. As manufacturers adjust their payments accordingly to these retroactive price adjustments, the Supplemental Medicaid credit balance will decrease, as will the balance owed for regular Medicaid rebates.

As of February 28, 2007, HHSC collected $345,145,095 in supplemental rebates (see Appendix A3). The Supplemental Collections Rate exceeds 100 percent due to the following factors:

- An increase in the regular Medicaid rate causes a decrease in the Supplemental rate. If a manufacturer paid their invoice prior to the rate change, then the account will show a credit balance after the rate change until the manufacturer uses the credit (usually to pay their increased Medicaid liability).
- Several manufacturers have incorrectly overpaid their Supplemental rebates, and have not taken the credit yet.
- At the time this report was compiled, the fourth quarter 2006 Supplemental rebate invoices were not generated, so prior quarter pricing adjustments transmitted with the fourth quarter 2006 rates were not yet applied.

Collection rates are expected to run at the same rate as federal Medicaid rebates.

J-Code Drugs – Drugs Provided in Physicians' Offices

In fiscal year 2003, HHSC began invoicing and collecting federal Medicaid rebates on outpatient drugs provided in a physician's office or clinic. The Vendor Drug Program pays for pharmacy-dispensed drugs based on National Drug Codes (NDC), whereas Texas' acute care claims administrator, the Texas Medicaid and Healthcare Partnership, pays for drugs provided in physicians' offices based on Healthcare Common Procedure Coding System (HCPCS) codes. Drugs provided in physicians' offices are given codes that generally start with the letter 'J' and are commonly referred to as J-codes. Since Medicaid rebate billing is based on NDCs, HHSC must convert (i.e., crosswalk) J-code drugs into NDCs in order to bill and collect rebates. This crosswalk can only occur when there is a one-to-one relationship between the J-code drug and the NDC number, as with single source drugs. For multiple source drugs (for example, drugs with more than one package size), J-codes do not provide a sufficient means to identify the specific NDC dispensed. As a result, multiple source drugs are not eligible for rebates at this time.

HHSC collected $54,916,822 for J-code drugs as of February 28, 2007 (see Appendix A3). Rebates on drugs provided in physicians' offices are subject to numerous disputes. The 72 percent collection rate is a result of:

- Manufacturers dispute a larger portion of their J-code invoices.
- J-code rebates are disputed because of the crosswalking procedure used to map the J-code to a specific NDC.
- J-code claims must be converted from the unit of measure used to pay the claim (HCPC units) to the rebate unit of measure. (Example: Tobramycin, J-3260 – the HCPC description is INJECTION, TOBRAMYCIN SULFATE, UP TO 80 MG. The CMS rebate unit type is milliliters. There are 20 mg. in the 2 ml. vial (10 mg./ml.). A claim for 1 unit of HCPC J-3260 would be converted to 80 mg., and then further converted for rebate purposes to 8 ml. (80 mg./10 mg. per ml.).
- J-code claims are not consistent in their use of the HCPC unit, resulting in the incorrect conversion to rebate units. (From the example above: Some doctors will enter the actual

number of milligrams, rather than the required '1' for up to 80 milligrams. If a doctor bills for 40 mg. rather than the HCPC unit of .5, then the claim is further converted to (40 x 80)/10 = 320 ml. In this case the manufacturer is billed for 320 ml. of Tobramycin rather than the 8 mls. it should have been if the doctor had submitted correctly.)

Children's Health Insurance Program (CHIP) – Federal-State Funded
The CHIP rebate program is a voluntary state rebate program which began in March 2002. CHIP is divided into two subprograms depending on the funding source: the federally matched federal-state funded (FSF) and the state funded only (SF). For the CHIP-FSF program, HHSC collected $41,124,831 in rebates as of February 28, 2007 (see Appendix A4).

HHSC cannot receive the same rebate levels for CHIP drugs as it does for Medicaid drugs due to the federal Medicaid best price requirements included in Section 1927 of the federal Social Security Act. Because of this federal law, manufacturers are only willing to pay a certain level of CHIP rebates. If they paid higher CHIP rebates, they might have to pay higher federal Medicaid rebates nationwide.

For CHIP, manufacturers are required to report rebate pricing to HHSC on a quarterly basis. If a manufacturer fails to comply with price reporting requirements, HHSC mails a utilization invoice, and pursuant to the terms of the contract, the manufacturer is responsible for calculation and payment. As a result, it appears in the rebate system as though HHSC has been overpaid (greater than 100 percent collections) until the manufacturer corrects the pricing data from the previous quarter. If a manufacturer's pricing file contains errors, the rebate amount per unit can be overstated, and result in large price adjustments when corrected. In 2005, there were two manufacturers whose rebate amounts per unit were overstated, which caused invoices to be overstated by approximately $20 million (column B in Appendix A4).

Children's Health Insurance Program (CHIP) – State Funded
The CHIP-SF rebate program covers prescriptions for legal immigrants. This program is funded entirely from general revenue. This program is much smaller than the CHIP-FSF program. HHSC collected $783,826 in rebates as of February 28, 2007 (see Appendix A4). Like the CHIP-FSF, CHIP-SF faces challenges related to manufacturer data, including the overstatement in 2005 of certain manufacturers' rebate amounts per unit.

Kidney Health Care (KHC) Program
In 1997, to offset the costs of upgrading and integrating KHC claims processing into the electronic point-of-sale system, KHC approached drug manufacturers to participate in its new, voluntary drug rebate program. Because KHC qualifies as a State Pharmaceutical Assistance Program (SPAP), it is able to achieve the same level of rebates as Medicaid, without jeopardizing the manufacturers' Medicaid rate. HHSC's Vendor Drug Program administers this program for the Department of State Health Services.

HHSC collected $19,748,765 in KHC drug rebates as of February 28, 2007 (see Appendix A5). Collections have averaged 96 percent of the amount invoiced, due in part to the fact that KHC invoiced for rebates on 'covered products' that included other non-drug items such as lancets and syringes. Since manufacturers are not calculating rates or paying rebates on non-drug products

under Medicaid, their systems have not been modified to include non-drug products for the KHC program.

Children with Special Health Care Needs (CSHCN) Program
Like KHC, CSHCN began collecting rebates in 1997 in order to help fund the program's inclusion in the electronic claims system. Prior to June 2003, the CSHCN program was considered a SPAP. In June 2003, CMS issued new guidance clarifying what type of programs qualified as a SPAP.

With the clarification, CSHCN no longer qualified as a SPAP and was no longer eligible to receive Medicaid rebate levels. At that time, the Department of State Health Services (DSHS) contacted the manufacturers that had existing contracts and requested that these manufacturers re-contract at a new rate for CSHCN rebates. Manufacturers were instructed to provide information on the new rates. Many manufacturers did not respond to the request from DSHS to re-contract, nor did they cancel their existing contracts with Texas. As a result, HHSC continues to send utilization invoices, and the manufacturers are responsible for calculation and payment. HHSC's Vendor Drug Program administers this program for the Department of State Health Services.

HHSC collected $2,491,840 in CSHCN rebates as of February 28, 2007 (see Appendix A5). The change in the SPAP status in 2003 caused collection rates to exceed 100 percent of the amount invoiced for the next two years as manufacturers became aware of the requirements to provide their rate data. Since that time, the collection rate has dropped, as some manufacturers that have not submitted updated rebate pricing data continue to pay rebates and others are reviewing their liability.

State Auditor's Office (SAO) Audit 03-029 Data Integrity Issues

Background
SAO Audit 03-029 concluded that HHSC could not account for all the outstanding prescription drug rebate revenue owed to the State. The audit cited the rebate period from calendar year 1991 through the second quarter of 1995 as a problem. At the time of the audit, the records for this period (calendar year 1991 through the second quarter of 1995) were maintained on paper and did not exist in the automated system of record, the Pharmacy Rebate Information Management System (PRIMS).

In 2004, HHSC obtained an electronic copy of the original invoice data from the non-automated period, calendar year 1991 through the second quarter of 1995 from CMS. HHSC loaded this data into PRIMS and subsequently posted all paper payment records (the payment posting project) into the automated system. The data was transferred during the transition to First Health. These actions addressed the SAO's concern regarding the availability of all rebate data in one system of record.

During the early years of the Medicaid rebate program, the unit of measure for creams, liquids, and reconstituted vials changed often, as did their rebate rates. In many cases, the units used to invoice were changed subsequent to the invoice, resulting in different units of measure being

used for rebate calculations. For example, a manufacturer may have been invoiced for the number of ounces in a tube. When the manufacturer paid the rebate, however, their payment was based on the number of tubes rather than the number of ounces.

Outstanding Balances Calendar Year 1991 through Second Quarter 1995

In the 2006 Annual Report, Appendix A2 showed an outstanding rebate amount of $82 million for the years 1991 through 1995. The unit of measure inconsistencies continue to be reconciled and the current outstanding balances for 1991 through 1995 have decreased to $10.5 million. The collection rates for 1991 through 1993 have increased from an average of 72 percent as of August 31, 2006, to an average of almost 95 percent as of February 27, 2007. HHSC continues the reconciliation process and correction of the unit of measure inconsistencies as well as resolution of any remaining disputes.

Appendices A1 through A5

ALL DRUG REBATES BY CALENDAR YEAR

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
1991	$ 176,786,329	$ (4,362,410)	$ (127,326,779)	$ (11,326,953)	$ 45,097,140	$ 12	$ 40,427,900	$ 4,669,240	$ 4,588,609	90%
1992	517,816,429	23,037,752	(462,502,719)	(26,891,816)	78,351,462	215	77,685,615	665,847	1,667,906	99%
1993	145,030,736	(11,560,822)	(36,621,227)	(33,788,714)	96,848,687	186	92,498,084	4,350,602	23,933,583	96%
1994	101,903,535	670,565	(2,117,362)	2,630	100,456,737	(849)	100,755,165	(298,427)	1,748,085	100%
1995	110,900,588	958,894	(1,124,761)	(4,693)	110,734,722	(14,808)	109,709,482	1,025,240	913,930	99%
1996	120,069,642	2,568,635	(273,143)	6,991	122,365,135	(9,699)	121,264,082	1,101,053	1,356,181	99%
1997	139,394,348	6,468,757	(3,328,620)	15,940	142,532,076	(12,062)	141,633,427	901,057	363,024	99%
1998	167,988,372	7,097,005	(3,052,147)	43,187	172,021,773	51,860	171,892,859	140,371	233,462	100%
1999	205,879,066	20,718,159	(10,305,682)	(1,639)	216,254,432	(12,237)	215,145,282	1,146,261	556,519	99%
2000	257,101,138	15,489,967	(14,055,625)	(7,085)	258,503,297	(15,549)	258,627,060	(91,579)	784,977	100%
2001	323,037,085	12,697,961	(25,397,893)	1,567,661	310,624,669	385,841	307,452,393	2,884,746	195,048	99%
2002	475,035,927	15,629,308	(104,644,661)	594,731	386,441,728	872,420	384,202,833	1,817,744	383,504	100%
2003	510,476,446	4,558,025	(32,481,503)	179,488	482,643,292	2,298,472	477,928,202	4,625,421	1,148,125	99%
2004	724,404,202	(12,493,065)	(10,340,693)	(1,484,091)	700,887,778	(334,210)	688,756,266	12,814,942	3,064,611	98%
2005	823,752,757	(5,847,644)	(20,692,107)	(7,423,910)	797,043,670	333,203	817,894,451	(20,676,066)	3,843,098	103%
2006	422,347,453	216,025,710	27,991,536	209,012,997	665,043,277	340,794,380	399,035,149	267,525,688	2,957,680	60%
Totals	**$ 5,221,924,053**	**$ 291,656,797**	**$ (826,273,386)**	**$ 130,494,724**	**$ 4,685,849,875**	**$ 344,337,175**	**$ 4,404,908,250**	**$ 282,602,140**	**$ 47,738,342**	**94%**

SUMMARY BY PROGRAM

Medicaid	$ 4,531,342,786	$ 315,545,954	$ (540,177,436)	$ 130,985,403	$ 4,306,711,295	$ 264,156,640	$ 3,940,697,071	$ 366,014,224	$ 42,486,965	92%
Supplemental	$ 257,103,686	$ (8,175,468)	$ 126,222	$ 416,878	$ 249,054,440	$ 63,607,775	$ 345,145,095	$ (96,090,655)	$ 1,187,411	139%
J-Codes	$ 352,894,264	$ 1,673,182	$ (278,464,981)	$ (1,157,477)	$ 76,102,467	$ 6,274,648	$ 54,916,822	$ 21,185,645	$ 3,071,329	72%
CHIP-Federal/State Funded	$ 57,838,976	$ (19,679,929)	$ (6,361,317)	$ 187,910	$ 31,797,731	$ 9,897,203	$ 41,124,831	$ (9,327,101)	$ 270,345	129%
CHIP State Funded	$ 959,585	$ (352,592)	$ (2,344)	$ 2,598	$ 604,648	$ 148,138	$ 783,826	$ (179,178)	$ 5,462	130%
Kidney Health	$ 19,054,211	$ 2,013,335	$ (743,622)	$ -	$ 18,866,340	$ 89,086	$ 19,748,765	$ 778,095	$ 690,030	96%
Children w/Special Health Care Needs	$ 2,730,545	$ 632,315	$ (649,908)	$ 59,412	$ 2,712,954	$ 163,685	$ 2,491,840	$ 221,110	$ 26,800	92%
Totals	**$ 5,221,924,053**	**$ 291,656,797**	**$ (826,273,386)**	**$ 130,494,724**	**$ 4,685,849,875**	**$ 344,337,175**	**$ 4,404,908,250**	**$ 282,602,140**	**$ 47,738,342**	**94%**

MEDICAID REBATES

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
1991	$ 176,786,318	$ (4,362,419)	$ (127,326,779)	$ (11,326,962)	$ 45,097,120	$ 12	$ 40,427,891	$ 4,669,229	$ 4,588,609	90%
1992	517,815,512	23,037,735	(462,502,128)	(26,891,833)	78,351,119	215	77,685,311	665,807	1,667,905	99%
1993	145,029,864	(11,560,822)	(36,620,785)	(33,788,714)	96,848,257	186	92,497,853	4,350,404	23,933,564	96%
1994	101,659,769	670,565	(1,999,511)	2,630	100,330,823	583	100,597,005	(266,182)	1,747,933	100%
1995	110,136,718	958,894	(774,171)	(4,693)	110,321,442	(1,720)	109,176,776	1,144,666	913,193	99%
1996	119,557,532	2,568,634	(1,123,292)	6,991	121,002,874	(1,188)	119,974,690	1,028,184	1,330,343	99%
1997	136,227,936	6,467,885	(2,253,267)	15,940	140,442,554	1,175	139,539,997	902,557	319,890	99%
1998	160,683,335	7,038,094	861,157	43,187	168,582,585	76,664	168,654,507	(71,921)	152,575	100%
1999	190,393,486	20,001,263	(10,002)	(1,639)	210,384,747	5,496	209,862,447	522,300	406,918	100%
2000	232,445,834	15,664,002	2,606,237	(7,085)	250,716,074	957	250,930,116	(214,042)	355,136	100%
2001	288,608,331	12,401,787	780,632	1,654,777	301,790,736	466,156	300,381,834	1,408,902	303,613	100%
2002	355,401,106	14,271,767	(2,193,917)	766,931	367,478,959	675,561	365,761,447	1,717,512	340,950	100%
2003	424,130,333	3,961,068	33,869,409	319,499	461,960,810	943,968	456,779,396	5,181,414	748,773	99%
2004	545,886,476	(9,486,091)	28,308,865	(1,542,758)	564,709,250	(1,917,275)	565,141,257	(432,007)	1,037,425	100%
2005	630,792,240	14,644,192	5,288,577	(8,065,041)	650,725,010	(6,537,541)	631,068,675	19,656,335	2,412,595	97%
2006	395,787,996	219,269,400	22,911,539	209,804,173	637,968,935	270,443,391	312,217,869	325,751,066	2,227,543	49%
Totals	**$ 4,531,342,786**	**$ 315,545,954**	**$ (540,177,436)**	**$ 130,985,403**	**$ 4,306,711,295**	**$ 264,156,640**	**$ 3,940,697,071**	**$ 366,014,224**	**$ 42,486,965**	**92%**

SUPPLEMENTAL REBATES

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
2004	$ 112,973,266	$ (1,331,455)	$ (76,092)	$ 292,556	$ 111,565,719	$ (108,337)	$ 106,429,344	$ 5,136,376	$ 495,958	95%
2005	135,859,343	(3,095,752)	(5,529,244)	789,667	127,234,348	4,875,361	168,671,276	(41,436,929)	539,507	133%
2006	8,271,077	(3,748,261)	5,731,558	(665,345)	10,254,373	58,840,751	70,044,475	(59,790,102)	151,946	683%
Totals	**$ 257,103,686**	**$ (8,175,468)**	**$ 126,222**	**$ 416,878**	**$ 249,054,440**	**$ 63,607,775**	**$ 345,145,095**	**$ (96,090,655)**	**$ 1,187,411**	**139%**

J-CODE REBATES

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
1991	$ 11	$ 9	$ -	$ 9	$ 20	$ -	$ 9	$ 11	$ -	45%
1992	917	17	(591)	17	343	-	304	40	1	88%
1993	872	0	(442)	-	430	-	231	198	19	54%
1994	243,766	0	(117,851)	-	125,914	(1,432)	158,160	(32,245)	152	126%
1995	763,870	0	(350,590)	-	413,280	(13,088)	532,706	(119,426)	737	129%
1996	512,110	1	850,149	-	1,362,261	(8,511)	1,289,392	72,869	25,838	95%
1997	3,125,968	0	(1,074,882)	-	2,051,086	(13,332)	2,054,797	(3,711)	42,323	100%
1998	6,783,030	86	(3,905,408)	-	2,877,708	(24,866)	2,677,621	200,087	68,029	93%
1999	13,883,665	$ (93,658)	(9,935,478)	-	3,854,529	(16,308)	3,305,498	549,031	106,879	86%
2000	21,860,807	$ (189,820)	(16,637,762)	-	5,033,226	(16,506)	4,946,843	86,383	396,775	98%
2001	31,972,781	$ (69,609)	(26,070,772)	(87,116)	5,832,400	-	4,079,487	1,752,913	171,084	70%
2002	105,399,278	$ (356,448)	(95,895,203)	(154,846)	9,147,628	-	7,588,051	1,559,576	368,330	83%
2003	75,751,811	$ (595,846)	(66,283,007)	(219,292)	8,872,959	(191,204)	7,140,961	1,731,998	412,439	80%
2004	53,565,640	$ (224,517)	(38,155,322)	(240,341)	15,185,801	44,322	6,422,379	8,763,422	760,889	42%
2005	26,792,670	$ 3,151,948	(20,100,253)	(166,388)	9,844,365	115,327	5,329,531	4,514,834	691,667	54%
2006	12,237,068	51,019	(787,569)	(289,520)	11,500,517	6,400,246	9,390,852	2,109,665	26,167	82%
Totals	**$ 352,894,264**	**$ 1,673,182**	**$ (278,464,981)**	**$ (1,157,477)**	**$ 76,102,467**	**$ 6,274,648**	**$ 54,916,822**	**$ 21,185,645**	**$ 3,071,329**	**72%**

CHIP- Federal/State Funded

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
2002	$ 11,095,754	$ 1,436,518	$ (6,236,016)	$ -	$ 6,296,256	$ 262,216	$ 7,302,931	$ (1,006,675)	$ 80,166	116%
2003	6,788,225	520,962	465,684	69,166	7,774,871	1,461,995	9,940,584	(2,165,713)	72,718	128%
2004	8,891,095	(1,518,549)	(381,659)	(167)	6,990,887	1,492,425	8,332,931	(1,342,044)	79,497	119%
2005	26,837,232	(20,376,161)	(334,836)	(4,614)	6,126,235	1,823,744	9,702,067	(3,575,832)	37,964	158%
2006	4,226,670	257,301	125,510	123,525	4,609,482	4,856,823	5,846,318	(1,236,837)		127%
Totals	**$ 57,838,976**	**$ (19,679,929)**	**$ (6,361,317)**	**$ 187,910**	**$ 31,797,731**	**$ 9,897,203**	**$ 41,124,831**	**$ (9,327,101)**	**$ 270,345**	**129%**

CHIP - State Funded

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
2002	$ 138,379	$ (54,698)	$ (211)	$ -	$ 83,470	$ 800	$ 102,564	$ (19,094)	$ 905	123%
2003	118,059	12,884	55	2,801	130,998	2,509	158,371	(27,373)	757	121%
2004	237,523	(58,039)	(3)	(6)	179,482	32,496	198,189	(18,707)	2,120	110%
2005	410,775	(256,871)	(284)	381	153,619	50,565	246,419	(92,800)	1,680	160%
2006	54,849	4,132	(1,901)	(578)	57,079	61,768	78,283	(21,204)		137%
Totals	**$ 959,585**	**$ (352,592)**	**$ (2,344)**	**$ 2,598**	**$ 604,648**	**$ 148,138**	**$ 783,826**	**$ (179,178)**	**$ 5,462**	**130%**

KIDNEY HEALTH CARE

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
Calendar Year	**Original**	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
1997	$ 33,803	$ 782	$ (4)	$ -	$ 32,172	$ 95	$ 32,172	$ 2,409	$ 792	93%
1998	450,221	48,153	(1,487)	-	485,431	62	485,431	11,456	11,595	98%
1999	1,370,228	230,225	156,805	-	1,720,146	(1,425)	1,720,146	37,112	38,482	98%
2000	2,350,455	(3,613)	(10,981)	-	2,303,677	-	2,303,677	32,184	31,687	99%
2001	2,003,143	348,264	(69,470)	-	2,569,467	(80,315)	2,569,467	(287,529)	(287,258)	113%
2002	2,530,367	386,305	(308,862)	-	3,028,960	(66,134)	3,028,965	(421,155)	(410,835)	116%
2003	3,418,239	656,873	(494,667)	-	3,670,767	89,052	3,673,936	(92,838)	(89,300)	103%
2004	2,610,777	144,945	(33,137)	-	2,039,918	118,808	2,041,121	682,226	685,971	75%
2005	2,720,615	80,760	(6,527)	-	2,625,510	4,207	2,641,899	158,328	156,872	94%
2006	1,566,363	120,641	24,708	-	390,292	24,736	1,251,951	655,902	552,024	66%
Totals	**$ 19,054,211**	**$ 2,013,335**	**$ (743,622)**	**$ -**	**$ 18,866,340**	**$ 89,086**	**$ 19,748,765**	**$ 778,095**	**$ 690,030**	**96%**

CHILDREN WITH SPECIAL HEALTH CARE NEEDS

	A	B	C	D	E	F	G	H	I	J
	Amount Billed					**Collections**		**Outstanding as of 2/28/07**		**Annual Collection Rates**
	Original	**Cummulative Value of Pricing Adjustments Since Original Billing**	**Cummulative Value of Utilization Adjustments Since Original Billing**	**Value of Changes (Billings and Adjustments) During SFY**	**Total Billed =A+B+C (Current Value of Invoices)**	**SFY 07 Rebate Collections**	**Cummulative Rebates Collected**	**Principal Outstanding = E-G**	**Interest Outstanding**	**J=G/(G+H)**
1997	$ 6,641	$ 90	$ (467)	$ -	$ 6,264	$ -	$ 6,461	$ (198)	$ 19	103%
1998	71,786	10,672	(6,409)	-	76,049	-	75,300	749	1,263	99%
1999	231,687	580,329	(517,007)	-	295,010	-	257,191	37,818	4,240	87%
2000	444,042	19,398	(13,119)	-	450,320	-	446,424	3,896	1,379	99%
2001	452,830	17,519	(38,283)	-	432,066	-	421,605	10,460	7,609	98%
2002	471,043	(54,136)	(10,452)	(17,354)	406,455	(23)	418,875	(12,420)	3,988	103%
2003	269,779	2,084	(38,977)	7,314	232,887	(7,848)	234,954	(2,067)	2,738	101%
2004	239,425	(19,359)	(3,345)	6,625	216,721	3,351	191,045	25,676	2,751	88%
2005	339,882	4,240	(9,540)	22,085	334,583	1,540	234,584	99,998	2,813	70%
2006	203,430	71,478	(12,309)	40,742	262,599	166,665	205,401	57,198		78%
Totals	**$ 2,730,545**	**$ 632,315**	**$ (649,908)**	**$ 59,412**	**$ 2,712,954**	**$ 163,685**	**$ 2,491,840**	**$ 221,110**	**$ 26,800**	**92%**