RIDER 26 REPORT

Annual Performance Report for the Prescription Drug Rebate Program

Health and Human Services Commission

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Executive Summary

The *Annual Performance Report for the Prescription Drug Rebate Program* is required pursuant to the 2008-09 General Appropriations Act (Article II, Health and Human Services Commission, Rider 26, H.B. 1, 80th Legislature, Regular Session, 2007). Rider 26 requires the Health and Human Services Commission (HHSC) to provide a report to the Governor's Office, the Legislative Budget Board, and the State Auditor's Office 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 federal Medicaid drug rebate program, which began as part of the Omnibus Budget Reconciliation Act of 1990 (OBRA '90), 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 the reported pricing information. State drug programs are required to include all of the contracted manufacturers' drug products in their Medicaid formularies. States are also required to invoice and collect rebates from these manufacturers for all quantities of their products dispensed to Medicaid recipients by outpatient pharmacies and for single source, brand name drugs administered by physicians. Effective January 1, 2008, states may begin invoicing for the top 20 generic drugs administered by physicians if the claims contain the specific drug information. States 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 shared with the federal government at the FMAP rate.

Manufacturers are encouraged to participate in separate CHIP, KHC, and CSHCN rebate programs. While CHIP rebates are shared with the federal government at an enhanced FMAP rate, collected rebate dollars for the KHC and CSHCN programs are returned entirely to the state program budgets.

The HHSC Vendor Drug Program sends invoices for rebates to each drug manufacturer through its contractor, First Health Services Corporation. Invoices are processed every calendar quarter using paid claims data and the contractual rebate rates for each program. Payment is due 38 days after the invoices are mailed.

It is important to note that collection rates for all years are subject to change. Rebate programs allow retroactive adjustments to pricing and utilization data. Manufacturers regularly provide late and/or updated pricing information to the Centers for Medicare and Medicaid Services (CMS) or HHSC. These updates to pricing information may retroactively change the rebate rates. Additionally, collection rates can exceed 100 percent when manufacturers report pricing changes after rebate invoices are sent.

The table below shows rebates receivable information by program. The table provides the total rebates billed and collected for each program for calendar years 1991 through 2007. The total collection for all programs is $5,234,095,175. The outstanding principle is $59,494,681. The average collection rate calculated for all programs is 98.88 percent for all years for all programs.

Total Rebate Collections by Program (All Funds)
Calendar Years 1991 Through 2007, as of April 30, 2008

Program	Adjusted Billed Amount	Cumulative Rebate Collections	Principal Outstanding	Interest Outstanding	Collection Rate
Medicaid - OBRA '90	$4,607,732,394	$4,603,260,906	$4,471,488	$13,799,866	99.90%
Medicaid - Supplemental	519,465,986	484,871,292	34,594,694	3,158,150	93.34%
Medicaid - Physician-Administered	73,699,314	64,008,941	9,690,373	3,325,983	86.85%
CHIP – Federal-State Funded	59,776,023	55,668,205	4,107,818	574,202	93.13%
CHIP - State Funded	1,024,248	938,866	85,382	11,352	91.66%
DSHS - Kidney Health Care	26,569,694	22,468,237	4,101,457	422,164	84.56%
DSHS - Children with Special Health Care Needs	5,322,197	2,878,728	2,443,469	101,249	54.09%
Totals	$5,293,589,856	$5,234,095,175	$59,494,681	$21,392,966	98.88%

Introduction

Summary

The *Annual Performance Report for the Prescription Drug Rebate Program* is required pursuant to the 2008-09 General Appropriations Act (Article II, Health and Human Services Commission, Rider 26, H.B. 1, 80th Legislature, Regular Session, 2007). Rider 26 requires the following:

> "The Commission shall report on an 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 report shall specify amounts billed, the 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."

This report 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). These programs include the following:

- Medicaid OBRA '90 rebates (Appendix A3);
- Medicaid supplemental rebates (Appendix A4);
- Medicaid physician-administered rebates (Appendix A5); and
- Children's Health Insurance Program.
  - Federal-State Funded (Appendix A6); and
  - State Funded (Appendix A7).
- Department of State Health Services;
  - Kidney Health Care (Appendix A8); and
  - Children with Special Health Care Needs (Appendix A9).

For each of the rebate programs, appendices A1 through A9 include the following information through April 30, 2008:

- amounts billed;
- cumulative dollar value of pricing and utilization adjustments;
- dollars collected;
- outstanding principal and interest; and
- annual collection rates.

Background

The federal Medicaid drug rebate program, which began as part of the Omnibus Budget Reconciliation Act of 1990 (OBRA '90), 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 the reported pricing information. State drug programs are required to include all of the contracted manufacturers' drug products in their Medicaid formularies. States are also required to invoice and collect rebates from these manufacturers for all quantities of their products dispensed to Medicaid recipients by outpatient pharmacies. Additionally, states may collect Medicaid rebates for single-source, brand name products administered by physicians; effective January 1, 2008, a new federal law requires states to invoice for the top 20 generic drugs. States 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.

Manufacturers are encouraged to participate in the voluntary CHIP, KHC, and CSHCN rebate programs. While CHIP rebates are shared with the federal government at an enhanced FMAP rate, collected rebate dollars for the KHC and CSHCN programs are returned entirely to the state program budgets.

On February 13, 2006, First Health Services Corporation (First Health) assumed responsibility for HHSC's rebate administration. First Health is responsible for rebate billing, collections, dispute resolution, and data integrity. Invoices are processed every calendar quarter using paid claims data and the contractual rebate rates for each program.

Rebate Process

Manufacturers submit their Medicaid rebate pricing to the Centers for Medicare and Medicaid Services (CMS) 30 days after the end of the calendar quarter. 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. HHSC 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. The rebate rate can change between the time CMS submits the rates to states and the time the manufacturer makes payment to the states. In those cases, the payments will include price adjustments and will differ from the invoiced amounts, which will appear as an under or overpayment in the rebate reporting system. For Medicaid rebates, the difference will remain in the system until CMS receives the pricing changes from the manufacturer and transmits the changes to the state with their next quarterly update. Manufacturers can make retroactive price adjustments for up to 12 calendar quarters after their original submission to CMS. 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.

Retroactive changes can be made to utilization data 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. Recently, First Health applied utilization adjustment based on dispute resolution completed by HHSC for 1991-1995, which corrected previous outstanding balances in the system.

Since manufacturers have the right to dispute the number of units a state invoices, they may withhold payment pending resolution of the dispute. The most common reasons manufacturers cite for disputes are (1) the state did not reimburse pharmacies at a rate that should cover the pharmacies' cost for their product, and (2) the manufacturer's sales records do not substantiate the number of units invoiced.

For some of HHSC's older rebate data, and for drugs administered by physicians, some outstanding balances are due to inconsistent reporting of quantities on submitted claims. These items will require future manual adjustments by First Health rebate staff. Currently, in the physician-administered program, HHSC is only invoicing for procedure codes that have one, and only one, corresponding National Drug Code (NDC). Many manufacturers have disputed physician-administered utilization previously invoiced, because they created new package sizes (i.e. multiple NDCs) or the drug became available from another manufacturer and the change was not reflected in the crosswalk table. This has resulted in significant adjustments to invoiced amounts in physician-administered rebate invoices. Beginning January 1, 2008, as part of the federal Deficit Reduction Act of 2005, physicians are required to submit the NDC of the specific drug dispensed, in addition to the procedure code. Hospital providers will be required to include the NDC on their claims beginning July 1, 2008. These changes should increase the invoice amounts and the collection rates associated with physician-administered rebates.

In appendices A1 through A9, 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.

HHSC Medicaid Programs – Drug Rebate Collections

Medicaid - OBRA '90 Rebate Program

The federal Medicaid drug rebate program, which began as part of OBRA '90, 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 A3, as of April 30, 2008, Texas had collected $4,603,260,906 for the federal Medicaid rebate program, which is a 99.9 percent collection rate. The most recent year shows a collection rate of 102.4 percent. This is due to the fact that manufacturers have paid at the most current rate, but have not reported the change to CMS yet, and some manufacturers did not clearly mark their payment, so some of the supplemental payments were inadvertently entered into the Medicaid database.

Medicaid - Supplemental Rebate Program

Texas implemented a supplemental rebate program in January 2004. Manufacturers who offer a supplemental rebate (cash or a Program Benefit Agreement (PBA) - services in lieu of cash) to the Texas Medicaid program have their products considered for the PDL. Products included in the PDL 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 particularly volatile, because it is dependent on the regular Medicaid rebate rate. Manufacturers often provide updated pricing information to CMS that retroactively changes the regular Medicaid OBRA '90 rebate rate. This causes a change in the amount owed in the supplemental Medicaid rebate program. As manufacturers adjust their payments to these retroactive price adjustments, the OBRA '90 rebates and supplemental Medicaid debits and credits will balance. In addition, some manufacturers did not clearly mark their payment, so some of the supplemental payments were inadvertently entered into the Medicaid database.

As of April 30, 2008, HHSC had collected $484,871,292 in supplemental rebates (Appendix A4). Several manufacturers had not adjusted their payments (due to rate changes) between OBRA '90 Medicaid rebates and their supplemental rebates, resulting in a portion of the outstanding balances. Additionally, some manufacturers have chosen to provide PBAs that run for a full year. Rebate balances are settled with the PBA benefits at the end of the contract period; until that time, the rebate system shows the balances as unpaid. Collection rates for supplemental rebates are expected to run at the same rate as federal Medicaid rebates.

Medicaid - Physician-administered Drug Rebate Program

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 identified by their NDC. However, Texas' acute care claims administrator, the

Texas Medicaid & Healthcare Partnership, pays for drugs provided in physicians' offices identified by the 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 billings are based on NDCs, HHSC must convert (i.e., crosswalk or map) physician-administered 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 HCPCS and the NDC number, as with single source drugs. For multiple source drugs (for example, generic drugs with more than one manufacturer and/or package size), HCPCS does not provide a sufficient means to identify the specific NDC dispensed.

The federal Deficit Reduction Act of 2005 requires that HHSC capture the NDC of the drug dispensed for at least the top 20 multiple source, physician-administered drugs beginning January 1, 2008. HHSC required physicians to begin using NDCs January 1, 2008 and hospitals will begin using NDCs on July 1, 2008. The rebate amounts invoiced and collected should increase beginning in calendar year 2008 as rebates are captured on multiple source drugs that could not previously be invoiced. The first invoice for claims containing NDCs will be sent in May 2008.

HHSC had collected $64,008,941 for physician-administered drugs as of April 30, 2008 (Appendix A5). Rebates on drugs provided in physicians' offices are subject to numerous disputes. The 86.85 percent collection rate is a result of the following issues:

- Manufacturers dispute a large portion of their physician-administered drug invoices because they question the cross-walk procedure used to map the HCPCS to a specific NDC. This should decrease beginning with the 2008 invoices.
- Physician-administered claims must be converted from the unit of measure used to pay the claim (HCPCS units) to the rebate unit of measure.
- Physician-administered claims are not consistent in their use of the HCPCS unit, resulting in the incorrect conversion to rebate units.

HHSC CHIP Programs – Drug Rebate Collections

Children's Health Insurance Program (CHIP) – Federal-State Funded

The CHIP rebate program is a voluntary state rebate program that 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 had collected $55,668,205 in rebates as of April 30, 2008 (Appendix A6).

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 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 an invoice that reports the utilization of each NDC, but does not calculate an amount due, because the current rate in the system is zero. Pursuant to the terms of the contract, the manufacturer is responsible for calculating the rebate amount and paying. As a result, it appears in the rebate system as though HHSC has been overpaid (greater than 100 percent collections) until the manufacturer corrects/provides the pricing data from the previous quarter. If a manufacturer's pricing file contains errors, it could result in large price adjustments when corrected. In 2005, there were two manufacturers whose rebate amounts per unit were overstated. This caused the original invoices to be overstated by approximately $15 million (column B in Appendix A6), which has since been corrected.

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 had collected $938,866 in rebates as of April 30, 2008 (Appendix A7). Like CHIP-FSF, CHIP-SF faces challenges related to manufacturer data, including the overstatement of certain manufacturers' rebate amounts per unit in 2005.

DSHS Programs - Drug Rebate Collections

Kidney Health Care (KHC) Program

In 1997, 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 (DSHS).

HHSC had collected $22,468,237 in KHC drug rebates as of April 30, 2008 (Appendix A8). Collections have averaged 84.56 percent of the amount invoiced, because KHC invoices for rebates on 'covered products' that included 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. In addition, there is one manufacturer that purchased a contracted manufacturer. At the time they notified HHSC of the acquisition, they stated that they would be bound by the contract; however they have failed to pay approximately $2 million in outstanding rebates.

Children with Special Health Care Needs (CSHCN) Program

Like KHC, CSHCN began collecting rebates in 1997 and HHSC's Vendor Drug Program administers this program for DSHS. Prior to June 2003, the CSHCN program was considered an SPAP. In June 2003, CMS issued new guidance clarifying what type of programs qualified as an SPAP.

With the clarification, CSHCN no longer qualified as an SPAP and was no longer eligible to receive Medicaid rebate levels. At that time, 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 had collected $2,878,728 in CSHCN rebates as of April 30, 2008 (Appendix A9). The change in the SPAP status in 2003 has caused numerous manufacturers to drop their rebate contracts. In addition, some manufacturers that have not submitted updated rebate pricing data continue to pay rebates, while others are reviewing their liability. This program also relies on manufacturers to provide pricing data. If the data is submitted incorrectly, the rebates can be grossly overstated (see Column B for 2006).

Summary

From 1991 through April 30, 2008, HHSC had collected a total of $5,234,095,178 in rebates, or 98.88 percent of the amounts invoiced. Appendix A1 contains the summary breakdown by year and program. The table on the next few pages show rebate receivable information by program and time period.

It is important to note that collection rates for all years are subject to change. Rebate programs allow retroactive adjustments to pricing and utilization data. Manufacturers regularly provide late and/or updated pricing information to CMS or HHSC. These updates to pricing information may retroactively change the rebate rates. Additionally, collection rates can exceed 100 percent when manufacturers report pricing changes after rebate invoices are sent.

Looking forward, the federal Deficit Reduction Act of 2005 will impact the rebates on physician-administered drugs. The Deficit Reduction Act requires providers begin submitting NDCs for physician-administered drugs beginning in 2008. This will allow the state to begin invoicing for rebates on multi-source, generic drugs administered in physicians' offices. However, increasing the collection rates will require a decrease in the number of disputes for this program.

Total Rebate Collections by Program (All Funds)
Calendar Years 1991 through 2007, as of April 30, 2008

Program	Adjusted Billed Amount	Cumulative Rebate Collections	Principal Outstanding	Interest Outstanding	Collection Rate
Medicaid - OBRA 90	$4,607,732,394	$4,603,260,906	$4,471,488	$13,799,866	99.90%
Medicaid - Supplemental	519,465,986	484,871,292	34,594,694	3,158,150	93.34%
Medicaid - Physician-administered	73,699,314	64,008,941	9,690,373	3,325,983	86.85%
CHIP – Federal-State Funded	59,776,023	55,668,205	4,107,818	574,202	93.13%
CHIP - State Funded	1,024,248	938,866	85,382	11,352	91.66%

Rider 26: Performance Report – Prescription Drug Rebate Program

Total Rebate Collections by Program (All Funds)
Calendar Years 1991 through 2007, as of April 30, 2008

Program	Adjusted Billed Amount	Cumulative Rebate Collections	Principal Outstanding	Interest Outstanding	Collection Rate
DSHS - Kidney Health Care	26,569,694	22,468,237	4,101,457	422,164	84.56%
DSHS - Children with Special Health Care Needs	5,322,197	2,878,728	2,443,469	101,249	54.09%
Totals	$5,293,589,856	$5,234,095,175	$59,494,681	$21,392,966	98.88%

Appendix A1: Summary by Calendar Year

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collection Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D (Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	Collection Rates
1991	$176,786,863	-$4,271,263	-$128,378,425	-$2,039,197	$42,097,978	$41,309,469	-$437,886	$40,871,583	$1,226,395	$844,030	97.1%
1992	517,266,130	23,347,676	-460,852,470	-3,197,554	76,563,782	76,611,220	-362,292	76,248,928	314,854	756,534	99.6%
1993	144,986,905	-11,403,162	-36,261,170	-3,126,620	94,195,953	92,288,959	306,854	92,595,813	1,600,140	2,498,486	98.3%
1994	101,905,748	803,025	-2,086,494	44,329	100,666,608	99,946,452	148,481	100,094,933	571,675	835,352	99.4%
1995	110,901,521	1,085,365	-987,215	-101,861	110,897,810	109,245,392	893,302	110,138,694	759,116	597,200	99.3%
1996	120,082,944	2,712,280	-436,322	76,924	122,435,826	121,088,296	147,176	121,235,472	1,200,354	544,466	99.0%
1997	139,402,901	6,599,044	-3,419,157	-56,569	142,526,219	141,368,925	201,044	141,569,969	956,250	400,896	99.3%
1998	168,020,814	7,240,818	-3,326,732	21,642	171,956,542	171,903,294	-213,280	171,690,014	266,528	299,855	99.8%
1999	205,954,260	20,901,491	-10,828,278	-262,835	215,764,638	215,346,509	-615,217	214,731,292	1,033,346	609,495	99.5%
2000	257,121,092	15,603,116	-14,570,270	-55,517	258,098,421	258,763,222	-1,509,264	257,253,958	844,463	809,864	99.7%
2001	323,086,197	13,160,834	-25,153,125	184,030	311,277,936	308,966,105	311,773	309,277,878	2,000,058	710,796	99.4%
2002	471,607,769	17,805,806	-104,361,253	3,600,729	388,653,051	384,282,788	199,939	384,482,727	4,170,324	1,262,214	98.9%
2003	510,535,413	7,314,239	-32,044,063	47,835	485,853,424	478,231,103	2,484,496	480,715,599	5,137,825	1,716,157	98.9%
2004	724,803,292	-9,209,517	-12,312,086	-7,804,861	695,476,828	690,466,172	817,705	691,283,877	4,192,951	3,415,648	99.4%
2005	860,902,209	3,392,939	-40,146,919	12,181,941	836,330,170	819,574,181	2,174,834	821,749,015	14,581,155	4,232,814	98.3%
2006	523,136,768	16,550,061	25,302,282	-6,984,653	558,004,458	544,984,588	724,275	545,708,863	12,295,595	1,587,639	97.8%
2007	682,237,399	11,074,441	-5,742,673	-4,778,954	682,790,213	161,858,454	512,588,109	674,446,563	8,343,650	271,521	98.8%
Totals	**$6,038,738,225**	**$122,707,193**	**-$855,604,370)**	**-$12,251,191)**	**$5,293,589,857**	**$4,716,235,129**	**$517,860,049**	**$5,234,095,178**	**$59,494,679**	**$21,392,967**	**98.8%**

Appendix A2: Summary by Program

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D -Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
Medicaid OBRA 90	$5,078,966,625	$115,082,437	-$551,258,517	-$35,058,151	$4,607,732,394	$4,179,701,561	$423,559,345	$4,603,260,906	$4,471,488	$13,799,866	99.9%
Medicaid Supplemental	517,693,261	184,418	-1,631,076	3,219,383	519,465,986	407,029,735	77,841,557	484,871,292	34,594,694	3,158,150	93.3%
Medicaid Physician Administered	361,776,019	1,076,803	-294,426,753	5,273,245	73,699,314	58,622,080	5,386,861	64,008,941	9,690,373	3,325,983	86.9%
CHIP – Federal-State Funded	52,491,590	-1,407,326	-6,809,107	15,500,866	59,776,023	47,026,091	8,642,114	55,668,205	4,107,818	574,202	93.1%
CHIP - State Funded	927,107	-22,599	-8,164	127,904	1,024,248	859,445	79,421	938,866	85,382	11,352	91.7%
DSHS - Kidney Health Care	23,792,903	4,726,487	-811,145	-1,138,551	26,569,694	20,372,659	2,095,578	22,468,237	4,101,457	422,164	84.6%
DSHS - Children with Special Health Care Needs	3,090,721	3,066,971	-659,608	-175,887	5,322,197	2,623,556	255,172	2,878,728	2,443,469	101,249	54.1%
Totals	**$6,038,738,226**	**$122,707,191**	**-$855,604,370)**	**-$12,251,191)**	**$5,293,589,856**	**$4,716,235,127**	**$517,860,048**	**$5,234,095,175**	**$59,494,681**	**$21,392,966**	**98.9%**

Appendix A3: Medicaid OBRA '90 Rebates

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D -Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
1991	$ 176,786,852	$ -4,271,272	$ -128,378,416	$ -2,039,197	$ 42,097,967	$ 41,309,460	$ -437,886	$ 40,871,574	$ 1,226,393	$ 844,030	97.1%
1992	517,265,213	23,347,659	-460,851,852	-3,197,554	76,563,466	76,610,924	-362,292	76,248,632	314,834	756,533	99.6%
1993	144,986,033	-11,403,162	-36,260,728	-3,126,620	94,195,523	92,288,732	306,854	92,595,586	1,599,937	2,498,455	98.3%
1994	101,661,513	803,025	-1,968,642	43,775	100,539,671	99,818,499	150,922	99,969,421	570,250	835,010	99.4%
1995	110,137,651	1,085,365	-636,615	-107,248	110,479,153	108,832,267	899,666	109,731,933	747,220	595,830	99.3%
1996	119,570,834	2,712,279	-1,286,464	75,117	121,071,766	119,760,788	153,793	119,914,581	1,157,185	505,699	99.0%
1997	136,236,487	6,597,741	-2,343,798	-57,767	140,432,663	139,333,203	207,546	139,540,749	891,914	340,782	99.4%
1998	160,715,978	7,181,159	829,795	7,444	168,734,376	168,578,402	108,514	168,686,916	47,460	192,748	100.0%
1999	190,468,999	20,173,254	-4,681	-232,254	210,405,318	209,838,158	98,815	209,936,973	468,345	432,023	99.8%
2000	232,465,787	15,776,830	2,597,086	-87,069	250,752,634	250,688,764	94,743	250,783,507	-30,873	336,685	100.0%
2001	288,657,766	12,552,300	792,716	-68,062	301,934,720	301,758,043	-202,243	301,555,800	378,920	422,561	99.9%
2002	355,460,204	14,413,590	-2,125,807	-53,060	367,694,927	365,840,103	-376,648	365,463,455	2,231,472	607,311	99.4%
2003	424,133,289	4,022,120	34,061,839	-26,336	462,190,912	457,166,102	1,763,688	458,929,790	3,261,122	964,337	99.3%
2004	546,027,941	-8,506,729	26,855,107	-777,784	563,598,535	565,658,946	-533,361	565,125,585	-1,527,050	1,233,120	100.3%
2005	630,583,386	13,469,637	1,365,170	-17,784,839	627,633,354	622,369,257	1,402,792	623,772,049	3,861,305	2,223,822	99.4%
2006	398,607,419	7,697,552	20,779,352	-5,210,261	421,874,062	425,586,696	-5,930,620	419,656,076	2,217,986	852,297	99.5%
2007	545,201,273	9,431,089	-4,682,579	-2,416,436	547,533,347	134,263,217	426,215,062	560,478,279	-12,944,932	158,623	102.4%
Totals	**$5,078,966,625**	**$115,082,437**	**-$551,258,517**	**-$35,058,151**	**$4,607,732,394**	**$4,179,701,561**	**$423,559,345**	**$4,603,260,906**	**$4,471,488**	**$13,799,866**	**99.9%**

Appendix A4: Medicaid Supplemental Rebates

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
2004	$ 112,973,266	$ 210,465	$ -689,866	$ 1,269,657	$ 113,763,522	$ 107,414,261	$ 1,246,962	$ 108,661,223	$ 5,102,299	$ 1,166,652	95.5%
2005	190,687,412	1,533,709	-4,979,652	-33,120	187,208,349	179,152,716	534,180	179,686,896	7,521,453	1,553,515	96.0%
2006	99,595,054	1,030,898	4,776,681	1,881,114	107,283,747	97,596,008	5,539,356	103,135,364	4,148,383	384,583	96.1%
2007	114,437,529	-2,590,654	-738,239	101,732	111,210,368	22,866,750	70,521,059	93,387,809	17,822,559	53,400	84.0%
Totals	**$ 517,693,261**	**$ 184,418**	**$ -1,631,076**	**$ 3,219,383**	**$ 519,465,986**	**$ 407,029,735**	**$ 77,841,557**	**$ 484,871,292**	**$ 34,594,694**	**$ 3,158,150**	**93.3%**

Appendix A5: Medicaid Physician-Administered Rebates

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
1991	$ 11	$ 9	$ -9	$ 0	$ 11	$ 9	$ 0	$ 9	$ 2	$ 0	81.8%
1992	917	17	-618	0	316	296	0	296	20	1	93.7%
1993	872	0	-442	0	430	227	0	227	203	31	52.8%
1994	244,235	0	-117,852	554	126,937	127,953	-2,441	125,512	1,425	342	98.9%
1995	763,870	0	-350,600	5,387	418,657	413,125	-6,364	406,761	11,896	1,370	97.2%
1996	512,110	1	850,142	1,807	1,364,060	1,327,508	-6,617	1,320,891	43,169	38,767	96.8%
1997	3,125,968	0	-1,074,888	2,836	2,053,916	1,997,136	-7,411	1,989,725	64,191	59,879	96.9%
1998	6,783,031	86	-4,148,605	14,014	2,648,526	2,764,373	-328,075	2,436,298	212,228	98,359	92.0%
1999	13,883,666	-82,213	-10,467,697	-26,267	3,307,489	3,536,539	-714,620	2,821,919	485,570	148,109	85.3%
2000	21,860,808	-189,820	-17,143,262	32,158	4,559,884	5,324,314	-1,599,342	3,724,972	834,912	461,870	81.7%
2001	31,972,781	-69,609	-25,838,088	251,586	6,316,670	4,217,885	509,806	4,727,691	1,588,979	273,579	74.8%
2002	105,399,279	-356,361	-95,679,712	149,133	9,512,339	7,543,551	447,570	7,991,121	1,521,218	515,430	84.0%
2003	75,751,858	-819,314	-66,037,960	146,493	9,041,077	6,999,267	751,695	7,750,962	1,290,115	554,780	85.7%
2004	53,565,642	-1,066,116	-38,047,321	-7,970,122	6,482,083	6,592,504	196,129	6,788,633	-306,550	832,750	104.7%
2005	26,792,668	3,039,270	-36,133,112	13,006,216	6,705,042	5,288,768	143,101	5,431,869	1,273,173	210,268	81.0%
2006	14,080,439	474,406	-55,487	-268,257	14,231,101	11,401,913	977,951	12,379,864	1,851,237	122,546	87.0%
2007	7,037,864	146,447	-181,242	-72,293	6,930,776	1,086,712	5,025,479	6,112,191	818,585	7,902	88.2%
Totals	**$ 361,776,019**	**$ 1,076,803**	**$ -294,426,753**	**$ 5,273,245**	**$ 73,699,314**	**$ 58,622,080**	**$ 5,386,861**	**$ 64,008,941**	**$ 9,690,373**	**$ 3,325,983**	**86.9%**

Appendix A6: CHIP – Federal-State Funded Rebates

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
2002	$ 7,687,147	$ 2,918,467	$ -6,236,042	$ 3,417,249	$ 7,786,821	$ 7,349,864	$ 122,649	$ 7,472,513	$ 314,308	$ 112,610	96.0%
2003	6,860,401	2,759,934	465,666	-89,612	9,996,389	9,962,028	-32,853	9,929,175	67,214	91,171	99.3%
2004	9,150,732	-29,912	-389,756	-334,405	8,396,659	8,351,061	-123,176	8,227,885	168,774	83,827	98.0%
2005	9,533,735	-14,773,466	-379,118	16,863,378	11,244,529	9,643,365	-15,786	9,627,579	1,616,950	144,833	85.6%
2006	8,292,629	4,991,724	-187,515	-3,157,434	9,939,404	8,602,421	132,116	8,734,537	1,204,867	124,071	87.9%
2007	10,966,945	2,725,929	-82,342	-1,198,310	12,412,222	3,117,354	8,559,165	11,676,519	735,703	17,691	94.1%
Totals	**$ 52,491,590**	**$ -1,407,326**	**$ -6,809,107**	**$ 15,500,866**	**$ 59,776,023**	**$ 47,026,091**	**$ 8,642,114**	**$ 55,668,205**	**$ 4,107,818**	**$ 574,202**	**93.1%**

Appendix A7: CHIP - State Funded

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collection Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
2002	$ 96,654	$ -41,893	$ -264	$ 41,626	$ 96,123	$ 103,580	$ -809	$ 102,771	$ -6,648	$ 1,143	106.9%
2003	119,278	54,459	38	-3,851	169,924	158,455	-114	158,341	11,583	1,873	93.2%
2004	241,068	-28,854	-3,148	-4,378	204,688	197,859	5,561	203,420	1,268	2,568	99.4%
2005	250,867	-103,234	-461	144,187	291,359	243,465	-969	242,496	48,863	4,524	83.2%
2006	101,267	60,963	-3,912	-34,960	123,358	112,980	-3,145	109,835	13,523	1,090	89.0%
2007	117,973	35,960	-417	-14,720	138,796	43,106	78,897	122,003	16,793	154	87.9%
Totals	**$ 927,107**	**$ -22,599**	**$ -8,164**	**$ 127,904**	**$ 1,024,248**	**$ 859,445**	**$ 79,421**	**$ 938,866**	**$ 85,382**	**$ 11,352**	**91.7%**

Appendix A8: DSHS - Kidney Health Care Rebates

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
1997	$ 33,803	$ 782	$ -4	$ -1,635	$ 32,946	$ 32,154	$ 903	$ 33,057	$ -111	$ 196	100.3%
1998	450,019	48,682	-1,487	185	497,399	485,272	5,887	491,159	6,240	7,338	98.7%
1999	1,369,908	229,903	161,325	-4,222	1,756,914	1,714,508	743	1,715,251	41,663	22,774	97.6%
2000	2,350,455	-3,321	-10,975	-560	2,335,599	2,303,618	324	2,303,942	31,657	9,227	98.6%
2001	2,003,143	660,358	-69,470	0	2,594,031	2,568,985	2,493	2,571,478	22,553	6,166	99.1%
2002	2,530,422	916,402	-308,976	9,879	3,147,727	3,025,766	-183	3,025,583	122,144	18,440	96.1%
2003	3,418,245	1,255,989	-494,667	-6	4,179,561	3,707,242	3,466	3,710,708	468,853	96,282	88.8%
2004	2,610,790	199,447	-33,603	9,926	2,786,560	2,063,250	27,250	2,090,500	696,060	89,034	75.0%
2005	2,720,625	189,042	-8,832	-1,663	2,899,172	2,640,313	111,853	2,752,166	147,006	81,012	94.9%
2006	2,179,323	90,354	9,033	-105,149	2,173,561	1,415,722	14,472	1,430,194	743,367	60,213	65.8%
2007	4,126,170	1,138,849	-53,489	-1,045,306	4,166,224	415,829	1,928,370	2,344,199	1,822,025	31,482	56.3%
Totals	**$23,792,903**	**$4,726,487**	**-$811,145**	**-$1,138,551**	**$26,569,694**	**$20,372,659**	**$2,095,578**	**$22,468,237**	**$4,101,457**	**$422,164**	**84.6%**

Appendix A9: DSHS - Children with Special Health Care Needs Program

	A	B	C	D	E	F	G	H	I	J	K
	Amounts Billed					Collections			Outstanding as of 4/30/2008		Collec-tion Rates
Year	Original	Pricing Adjustments since billing	Utilization Adjustments since billing	Other Adjustments	Total Billed =A+B+C+D - Current Value of Invoices)	Collections Prior to Current SFY	SFY 08 Collections	Total Collected =F+G	Principal I=E-H	Interest	K=H/-H+I)
1997	$ 6,643	$ 521	$ -467	$ -3	$ 6,694	$ 6,432	$ 6	$ 6,438	$ 256	$ 39	96.2%
1998	71,786	10,891	-6,435	-1	76,241	75,247	394	75,641	600	1,410	99.2%
1999	231,687	580,547	-517,225	-92	294,917	257,304	-155	257,149	37,768	6,589	87.2%
2000	444,042	19,427	-13,119	-46	450,304	446,526	-4,989	441,537	8,767	2,082	98.1%
2001	452,507	17,785	-38,283	506	432,515	421,192	1,717	422,909	9,606	8,490	97.8%
2002	434,063	-44,399	-10,452	35,902	415,114	419,924	7,360	427,284	-12,170	7,280	102.9%
2003	252,342	41,051	-38,979	21,147	275,561	238,009	-1,386	236,623	38,938	7,714	85.9%
2004	233,853	12,182	-3,499	2,245	244,781	188,291	-1,660	186,631	58,150	7,697	76.2%
2005	333,516	37,981	-10,914	-12,218	348,365	236,297	-337	235,960	112,405	14,840	67.7%
2006	280,637	2,204,164	-15,870	-89,706	2,379,225	268,848	-5,855	262,993	2,116,232	42,839	11.1%
2007	349,645	186,821	-4,365	-133,621	398,480	65,486	260,077	325,563	72,917	2,269	81.7%
Totals	**$3,090,721**	**$3,066,971**	**-$659,608**	**-$175,887**	**$5,322,197**	**$2,623,556**	**$255,172**	**$2,878,728**	**$2,443,469**	**$101,249**	**54.1%**