RIDER 40 REPORT

Fiscal Year 2006 Annual Report Performance Reporting for the Prescription Drug Rebate Program

Health and Human Services Commission

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Fiscal Year 2006 Annual Report

Executive Summary

The *Fiscal Year 2006 Annual Report on Performance Reporting 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.

Rider 40 requires the semi-annual submission of this Performance Report. At the time the mid-year report was due, HHSC was transitioning the rebate program to the new pharmacy claims and rebate administration contractor, First Health Services Corporation (First Health). Therefore, this report contains data for the full fiscal year 2006.

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 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 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 program totals from 1991 through August 31, 2006. During that time period, HHSC collected $3,676,540,450 (all funds) for the Medicaid rebate program and $4,059,778,928 (all funds) for all programs subject to rebates.

Table 1
Total Rebate Collections by Program (All Funds)
Calendar Year 1991 Through 2006
as of August 31, 2006

Program	Adjusted Billed Amount	Cumulative Rebates Collected	Principal Outstanding	Interest Outstanding
Medicaid	$ 3,961,925,125	$ 3,676,540,450	$ 285,384,675	$ 47,569,711
Supplemental Medicaid	248,637,562	281,537,321	(32,899,759)	189,026
Physician Administered Medicaid Drugs (J-Code)	73,316,289	48,642,151	24,674,136	2,664,551
CHIP - Federal-State Funded	29,586,033	31,227,629	(1,641,595)	270,345
CHIP - State Funded	563,735	635,687	(71,952)	5,462
Kidney Health	19,897,686	18,867,527	1,030,160	160,711
Children with Special Health Care Needs	2,544,386	2,328,163	216,220	27,218
Program Totals	**$ 4,336,470,816**	**$ 4,059,778,928**	**$ 276,691,885**	**$ 50,887,024**

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 to report pricing or utilization 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 CMS that retroactively changes the regular Medicaid rebate rate, which increases what is owed in the regular Medicaid rebate program and decreases what is owed in the Supplemental Medicaid rebate program. This accounts for most of the apparent credit balance in the Principal Outstanding for Supplemental Medicaid rebates, 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.

Table 2 shows rebate receivables by year for the past 16 years, which reflects total receivables of $276,691,885 as of August 31, 2006 (see Appendix A1). The average collection rate calculated for all programs for the 16-year period is 94 percent.

Table 2
All Funds, All Programs
by Calendar Year
as of August 31, 2006

Calendar Year	Adjusted Billed Amount	Total Rebates Collected	Total Principal Outstanding	Total Interest Outstanding	Annual Collection Rate
1991	$ 56,424,093	$ 40,427,888	$ 15,996,204	$ 6,644,498	72%
1992	105,243,278	77,685,400	27,557,878	3,686,195	74
1993	130,637,400	92,497,898	38,139,501	27,651,796	71
1994	100,454,106	100,756,014	(301,907)	1,695,484	100
1995	110,739,415	109,724,290	1,015,125	850,192	99
1996	122,358,143	121,273,779	1,084,363	1,309,477	99
1997	142,518,450	141,645,584	872,865	319,246	99
1998	171,979,447	171,841,061	138,387	212,795	100
1999	216,294,595	215,156,094	1,138,500	485,465	99
2000	258,542,457	258,642,608	(100,151)	698,004	100
2001	308,849,705	306,986,237	1,863,467	454,668	99
2002	385,515,087	383,264,275	2,250,811	757,425	99
2003	482,267,670	475,715,612	6,552,058	1,121,643	99
2004	702,603,084	689,208,080	13,395,004	1,888,510	98
2005	804,187,239	817,550,262	(13,363,021)	2,637,047	102
2006	237,856,647	57,403,846	180,452,801	474,579	24
Totals	**$4,336,470,816**	**$4,059,778,928**	**$276,691,885**	**50,887,024**	**94**

According to federal law, rebates are invoiced 60 days after the end of the calendar quarter in which the claims were paid, and manufacturers have 38 days after the postmark date of the invoices to send payment. Based on this billing and collection cycle, complete calendar year 2006 rebate data will be available in April 2007. The 2006 collection rate in Table 2 indicates, as of August 31, 2006, invoices were sent for the first and second calendar quarters in 2006. However, payments for the second quarter were not due until early October 2006.

The lower than average collection rates for 1991 through 1993 are a result of an overstated Adjusted Billed Amounts. The Adjusted Billed Amounts were overstated due to frequent changes to the units of measure for creams, liquids, and reconstituted vials and their associated 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.

Correcting the Adjusted Billed Amounts requires recording all collections and adjusting the original invoiced amounts. The entry of Total Rebates Collected information, from paper records, was completed by December 31, 2005. HHSC's new pharmacy claims and rebate administration contractor, First Health, is applying the appropriate unit adjustments as previously identified to reflect the current unit of measure. This will result in lower Adjusted Billed Amounts and a corresponding increase in the Collection Rate.

With the state's transition from in-house claims processing and rebate management to an outsourced vendor and the inclusion of the 1991 through second quarter 1995 data in the system, HHSC has taken significant steps to address the data integrity issues identified by the SAO.

Background

Rider 40

The *Fiscal Year 2006 Annual Report on Performance Reporting 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 the Centers for Medicare and Medicaid Services (CMS). CMS uses the data submitted by 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.

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. That 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 claims have been reversed, or research shows that a pharmacy made an error in a claim affecting an earlier invoice, the invoice is changed retroactively. These changes can continue to affect adjusted billed amounts as far back as 1991.

Since manufacturers have the right to dispute the utilization 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, and that 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 August 31, 2006, HHSC's contractor First Health Services Corporation (First Health) had sent and collected on first calendar quarter 2006 invoices, and had mailed the second calendar quarter 2006 invoices. Collections for the second quarter invoices are due in early October. 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 System (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
Detailed rebate billing and collection history is included as follows.

- 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)

Appendices A1 through A5 include the following information for all programs.

- 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 the end of fiscal year 2006 (August 31, 2006). 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 end of fiscal year 2006, HHSC had collected $4,059,778,928 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 states an agreed-upon rebate amount for each outpatient drug dispensed to a Medicaid patient.

The collection rate for the federal Medicaid rebate program was 93 percent as of August 31, 2006 ($3,676,540,450 collected). For the 1994 through 2005 period, collection rates ranged between 97 and 100 percent. The 19 percent collection rate reported for 2006 is largely due to the fact that the Adjusted Billed Amount column includes invoices only for the first and second calendar quarters in 2006. The Total Rebates Collected column only includes payments for the first quarter since payments for the second quarter were not due until early October 2006.

The lower than average collection rates for 1991 through 1993 are a result of an overstated Adjusted Billed Amounts. The Adjusted Billed Amounts were overstated due to frequent changes to the units of measure for creams, liquids, and reconstituted vials and their associated 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.

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 what is owed in the regular Medicaid rebate program, and decreases what is owed in the Supplemental Medicaid rebate program. This accounts for most of the apparent credit balance in the Principal Outstanding for Supplemental Medicaid rebates, 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 of August 31, 2006, HHSC had collected $281,537,321 in supplemental rebates (see Appendix A3). In addition to the overpayments based on the dependency on the Medicaid rate, there are several manufacturers that have incorrectly overpaid their supplemental rebates. These factors caused the annual collection rates to exceed 100 percent. 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 had collected $48,642,151 for J-code drugs as of August 31, 2006 (see Appendix A3). Rebates on drugs provided in physicians' offices are subject to numerous disputes. The collection

rate of 66 percent is a result of manufacturers not paying the full rebate invoiced. J-code rebates are disputed because of the crosswalking procedure used to map the J-code to a specific NDC, as well as the conversion process necessary to equate the number of units a doctor was paid for to the number of units that need to be invoiced for rebates.

Children's Health Insurance Program (CHIP) – Federal-State Funds
The CHIP rebate program began in March 2002, and is the largest of the three voluntary State rebate programs administered by HHSC. CHIP is divided by funding source into two subprograms: the federally matched federal-state funded (FSF) and the state funded only (SF). For the CHIP-FSF program, HHSC had collected $31,227,629 in rebates as of August 31, 2006 (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, because 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 A5).

Children's Health Insurance Program (CHIP) – State Funds
The CHIP-SF rebate program began in 2002, and encompasses prescriptions for legal immigrants, which are paid entirely from state funds. Because of the covered population, this program is much smaller than the CHIP-FSF program. HHSC had collected $635,687 as of August 31, 2006 (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 claim 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 had collected $18,867,527 in KHC drug rebates as of August 31, 2006 (see Appendix A5). Collections have averaged 95 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 claim system. 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 a SPAP.

With the clarification, CSHCN no longer qualified as an SPAP and was no longer eligible to receive Medicaid rebate levels. At that time, the Department of State Health Services (DSHS) made contact with the manufacturers that had existing contracts. DSHS 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 $2,328,163 in CSHCN rebates as of August 31, 2006 (see Appendix A5). The change in SPAP status in 2003 caused collection rates to exceed 100 percent of the amount invoiced. 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
While current data in Appendix A1 shows an outstanding rebate amount of $82 million for the years 1991 through 1995, a pending reconciliation and correction of data likely will result in a different

outstanding rebate amount. Unit of measure inconsistencies still affect the outstanding balances for 1991 through 1993.

With the state's conversion from in-house claims processing and rebate management to an outsourced vendor and the completion of the payment posting project, HHSC has taken significant steps to address the data integrity issues identified by the SAO. First Health will continue to correct unit of measure inconsistencies and resolve any remaining disputes.

Appendices A1 through A5

TOTAL OF ALL REBATE PROGRAMS

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
1991	176,786,329	(4,003,606)	(116,358,631)	11,153	56,424,093	1	40,427,888	15,996,204	6,644,498	72%
1992	517,816,429	16,687,546	(429,260,696)	(931,644)	105,243,278	0	77,685,400	27,557,878	3,686,195	74%
1993	145,030,736	(11,563,981)	(2,829,354)	1,326	130,637,400	0	92,497,898	38,139,501	27,651,796	71%
1994	101,903,535	667,934	(2,117,362)	(1,542,067)	100,454,106	551,208	100,756,014	(301,907)	1,695,484	100%
1995	110,900,588	963,587	(1,124,761)	130,074	110,739,415	312,919	109,724,290	1,015,125	850,192	99%
1996	120,069,641	2,561,644	(273,143)	196,904	122,358,143	203,454	121,273,779	1,084,363	1,309,477	99%
1997	139,394,348	6,452,721	(3,328,620)	202,458	142,518,450	448,326	141,645,584	872,865	319,246	99%
1998	167,977,838	7,053,757	(3,052,147)	154,257	171,979,447	189,677	171,841,061	138,387	212,795	100%
1999	205,879,052	20,721,223	(10,305,682)	216,718	216,294,595	108,281	215,156,094	1,138,500	485,465	99%
2000	257,101,029	15,497,053	(14,055,625)	212,176	258,542,457	34,277	258,642,608	(100,151)	698,004	100%
2001	323,036,996	11,123,484	(25,310,777)	(729,029)	308,849,705	(1,470,536)	306,986,237	1,863,467	454,668	99%
2002	475,059,032	14,945,668	(104,489,615)	(2,001,863)	385,515,087	(825,720)	383,264,275	2,250,811	757,425	99%
2003	510,459,687	4,123,603	(32,315,622)	(2,094,954)	482,267,670	490,781	475,715,612	6,552,058	1,121,643	99%
2004	724,071,559	(11,310,315)	(10,158,160)	(3,107,636)	702,603,084	(2,266,582)	689,208,080	13,395,004	1,888,510	98%
2005	823,307,286	(2,911,186)	(16,208,861)	(21,808,559)	804,187,239	627,819,344	817,550,262	(13,363,021)	2,637,047	102%
2006	202,877,137	3,309,323	31,670,188	38,389,213	237,856,647	57,403,846	57,403,846	180,452,801	474,579	24%
Totals	5,001,671,222	74,318,455	(739,518,868)	7,298,527	4,336,470,816	682,999,276	4,059,778,928	276,691,885	50,887,024	94%

PROGRAM SUMMARY:

Medicaid	4,317,542,020	103,251,747	(458,868,645)	41,216,449	3,961,925,125	520,536,702	3,676,540,450	285,384,675	47,569,711	93%
Supplementals	257,103,686	(12,827,533)	4,361,410	1,780,340	248,637,562	146,380,605	281,537,321	(32,899,759)	189,026	113%
J-codes	348,950,609	1,727,460	(277,361,784)	(16,142,336)	73,316,289	5,677,609	48,642,151	24,674,136	2,664,551	66%
CHIP - Federal-State Funded	55,815,187	(19,877,459)	(6,351,696)	(19,508,450)	29,586,033	7,006,997	31,227,629	(1,641,595)	270,345	106%
CHIP - State Funded	921,270	(357,678)	143	(222,461)	563,735	166,548	635,687	(71,952)	5,462	113%
KHC	18,717,058	1,847,529	(666,901)	170,939	19,897,686	2,990,460	18,867,527	1,030,160	160,711	95%
CSHCN	2,621,392	554,389	(631,395)	4,046	2,544,386	240,355	2,328,163	216,220	27,218	92%
Program Totals	5,001,671,222	74,318,455	(739,518,868)	7,298,527	4,336,470,816	682,999,276	4,059,778,928	276,691,885	50,887,024	94%

MEDICAID REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
1991	176,786,318	(4,003,606)	(116,358,631)	11,153	56,424,082	1	40,427,879	15,996,202	6,644,498	72%
1992	517,815,512	16,687,546	(429,260,105)	(931,644)	105,242,952	0	77,685,096	27,557,856	3,686,194	74%
1993	145,029,864	(11,563,981)	(2,828,912)	1,326	130,636,970	0	92,497,667	38,139,303	27,651,780	71%
1994	101,659,769	667,934	(1,999,511)	(1,541,513)	100,328,192	551,207	100,596,422	(268,230)	1,695,366	100%
1995	110,136,718	963,587	(774,171)	135,461	110,326,135	312,919	109,178,496	1,147,639	849,708	99%
1996	119,557,531	2,561,643	(1,123,292)	198,640	120,995,882	203,383	119,975,877	1,020,005	1,287,840	99%
1997	136,227,936	6,451,945	(2,253,267)	205,173	140,426,615	447,098	139,538,822	887,792	282,284	99%
1998	160,672,819	6,994,907	861,157	168,272	168,528,883	191,569	168,577,843	(48,959)	144,280	100%
1999	190,393,476	20,002,901	(10,002)	244,371	210,386,376	126,254	209,856,951	529,425	370,843	100%
2000	232,445,725	15,671,088	2,606,237	244,211	250,723,050	164,973	250,929,158	(206,108)	313,371	100%
2001	288,608,242	10,746,995	780,632	(479,706)	300,135,870	(862,557)	299,915,678	220,192	297,528	100%
2002	355,401,106	13,504,839	(2,193,917)	(1,836,929)	366,712,028	(527,222)	365,085,886	1,626,142	331,856	100%
2003	424,130,333	3,641,568	33,869,409	(1,630,618)	461,641,311	265,033	455,835,427	5,805,884	611,008	99%
2004	545,569,253	(7,943,333)	28,308,865	(9,007,468)	565,934,785	(6,599,128)	567,058,532	(1,123,747)	864,616	100%
2005	630,785,452	22,497,361	5,500,450	23,058,954	658,783,262	484,488,694	637,606,238	21,177,025	2,071,679	97%
2006	182,321,966	6,370,353	26,006,413	32,376,766	214,698,732	41,774,478	41,774,478	172,924,254	466,860	19%
Totals	4,317,542,020	103,251,747	(458,868,645)	41,216,449	3,961,925,125	520,536,702	3,676,540,450	285,384,675	47,569,711	93%

SUPPLEMENTAL REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
2004	112,973,266	(1,624,011)	(76,092)	6,435,804	111,273,163	4,070,419	106,537,681	4,735,482	159,224	96%
2005	135,859,343	(7,967,422)	(1,447,240)	(10,713,807)	126,444,681	131,106,462	163,795,916	(37,351,235)	29,802	130%
2006	8,271,077	(3,236,100)	5,884,742	6,058,343	10,919,718	11,203,724	11,203,724	(284,006)		103%
Totals	257,103,686	(12,827,533)	4,361,410	1,780,340	248,637,562	146,380,605	281,537,321	(32,899,759)	189,026	113%

J-CODE REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
1991	11	0	0	0	11	0	9	2	0	82%
1992	917	0	(591)	0	326	0	304	22	1	93%
1993	872	0	(442)	0	430	0	231	198	16	54%
1994	243,766	0	(117,851)	(554)	125,914	1	159,592	(33,677)	118	127%
1995	763,870	0	(350,590)	(5,387)	413,280	0	545,794	(132,514)	484	132%
1996	512,110	1	850,149	(1,736)	1,362,261	71	1,297,902	64,358	21,637	95%
1997	3,125,968	0	(1,074,882)	(2,715)	2,051,086	1,232	2,068,129	(17,043)	36,742	101%
1998	6,783,030	86	(3,905,408)	(14,015)	2,877,708	(1,877)	2,702,487	175,221	59,989	94%
1999	13,883,665	(93,658)	(9,935,478)	(27,653)	3,854,529	(55,010)	3,321,806	532,723	94,499	86%
2000	21,860,807	(189,820)	(16,637,762)	(32,039)	5,033,226	(136,946)	4,963,349	69,877	377,455	99%
2001	31,972,781	(69,609)	(25,983,656)	(249,369)	5,919,516	(600,554)	4,079,487	1,840,029	145,784	69%
2002	105,399,278	(356,648)	(95,740,157)	(161,861)	9,302,474	(327,427)	7,588,051	1,714,422	330,859	82%
2003	75,751,811	(542,435)	(66,117,126)	(588,845)	9,092,251	90,500	7,332,165	1,760,086	376,019	81%
2004	53,565,640	(165,212)	(37,974,286)	(54,608)	15,426,142	33,472	6,378,057	9,048,085	743,855	41%
2005	26,792,670	3,132,040	(19,913,958)	(14,556,523)	10,010,753	3,683,541	5,214,182	4,796,571	469,374	52%
2006	8,293,413	12,715	(459,746)	(447,031)	7,846,382	2,990,606	2,990,606	4,855,776	7,719	38%
Totals	348,950,609	1,727,460	(277,361,784)	(16,142,336)	73,316,289	5,677,609	48,642,151	24,674,136	2,664,551	66%

CHIP FEDERAL-STATE FUNDED REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
2002	11,118,667	1,436,518	(6,236,016)	(10,793)	6,319,170	(2,648)	7,040,716	(721,546)	80,166	111%
2003	6,771,194	451,797	465,684	95,287	7,688,675	4,043	8,478,589	(789,914)	72,718	110%
2004	8,876,553	(1,518,382)	(381,659)	(462,036)	6,976,512	34,985	6,840,506	136,006	79,497	98%
2005	26,428,485	(20,371,547)	(334,836)	(19,390,194)	5,722,102	5,981,122	7,878,323	(2,156,220)	37,964	138%
2006	2,620,288	124,155	135,131	259,286	2,879,574	989,495	989,495	1,890,079		34%
Totals	55,815,187	(19,877,459)	(6,351,696)	(19,508,450)	29,586,033	7,006,997	31,227,629	(1,641,595)	270,345	106%

CHIP STATE FUNDED REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
2002	138,515	(54,698)	(211)	217	83,606	1,577	101,764	(18,158)	905	122%
2003	115,452	10,082	55	2,115	125,589	(5,630)	155,862	(30,273)	757	124%
2004	236,889	(58,033)	(3)	(12,106)	178,853	2,927	165,692	13,161	2,120	93%
2005	396,649	(257,252)	(284)	(215,496)	139,113	151,159	195,854	(56,741)	1,680	141%
2006	33,765	2,223	586	2,809	36,574	16,515	16,515	20,059		45%
Totals	921,270	(357,678)	143	(222,461)	563,735	166,548	635,687	(71,952)	5,462	113%

KIDNEY HEALTH CARE REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
1997	33,803	686	(4)	0	34,485	(4)	32,172	2,314	201	93%
1998	450,203	48,092	(1,487)	0	496,807	(11)	485,431	11,376	7,263	98%
1999	1,370,224	231,651	156,805	0	1,758,680	37,037	1,720,146	38,534	15,883	98%
2000	2,350,455	(3,613)	(10,981)	4	2,335,861	6,181	2,303,677	32,184	5,799	99%
2001	2,003,143	428,579	(69,470)	(225)	2,362,253	(7,197)	2,569,467	(207,214)	3,747	109%
2002	2,530,367	452,439	(308,862)	5,915	2,673,944	28,598	3,028,960	(355,016)	9,651	113%
2003	3,418,239	567,821	(494,667)	12,337	3,491,393	137,835	3,670,767	(179,374)	58,251	105%
2004	2,610,761	26,137	(33,137)	(3,033)	2,603,761	189,861	2,039,918	563,843	36,239	78%
2005	2,719,720	76,537	(6,511)	35,328	2,789,746	2,207,868	2,626,697	163,049	23,677	94%
2006	1,230,143	19,200	101,413	120,613	1,350,756	390,292	390,292	960,464		29%
Totals	18,717,058	1,847,529	(666,901)	170,939	19,897,686	2,990,460	18,867,527	1,030,160	160,711	95%

CHILDREN WITH SPECIAL HEALTH CARE NEEDS REBATES

	A	B	C	D	E	F	G	H	I	J
	Amounts Billed					Collections		Outstanding Values		Collection Rates
Calendar Year	Original	Cumulative Value of Pricing Adjustments since original billing (1)	Cumulative Value of Utilization Adjustments since original billing (2)	Value of Changes done in SFY 06	Adjusted Billed Amount A+B+C (Current Value of Invoices)	SFY 06 Rebate Collections	Cumulative Rebates Collected	Principal Outstanding H=E-G	Interest Outstanding	J=G/(G+H)
1997	6,641	90	(467)	0	6,264	0	6,461	(198)	19	103%
1998	71,786	10,672	(6,409)	0	76,049	(4)	75,300	749	1,263	99%
1999	231,687	580,329	(517,007)	0	295,010	0	257,191	37,818	4,240	87%
2000	444,042	19,398	(13,119)	0	450,320	69	446,424	3,896	1,379	99%
2001	452,830	17,519	(38,283)	271	432,066	(228)	421,605	10,460	7,609	98%
2002	471,099	(36,782)	(10,452)	1,588	423,865	1,402	418,898	4,967	3,988	99%
2003	272,658	(5,230)	(38,977)	14,770	228,451	(1,000)	242,802	(14,351)	2,890	106%
2004	239,197	(27,481)	(1,848)	(4,189)	209,868	882	187,694	22,174	2,959	89%
2005	324,967	(20,903)	(6,482)	(26,821)	297,582	200,498	233,052	64,530	2,871	78%
2006	106,485	16,777	1,649	18,427	124,911	38,736	38,736	86,175		31%
Totals	2,621,392	554,389	(631,395)	4,046	2,544,386	240,355	2,328,163	216,220	27,218	92%