STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

P.O. Box 45080, Olympia, Washington 98504-5080

January 6, 2005

Dear Drug Manufacturers:

As announced at the July 9 ,2003 Drug Utilization and Education Council meeting, drug manufacturers may submit offers for supplemental rebates to the Medical Assistance Administration (MAA) prior to the Pharmacy and Therapeutics (P&T) Committee's review of drug classes. The federal Centers for Medicare and Medicaid Services (CMS) approved Washington Medicaid's State Plan Amendment for supplemental rebates in September 2002. CMS has also approved the contract template for supplemental rebates. The State Plan Amendment and the contract template are available from MAA by contacting the Pharmacy Policy Manager at (360) 725-1564.

Supplemental rebate offers must be received no later than one week prior to the meeting of the P&T Committee during which the drug classes are to be evaluated. MAA suggests that drug manufacturers who wish to participate in supplemental rebates to Washington Medicaid submit three (3) offers:

1) Net cost* as the single, exclusive preferred drug;
2) Net cost* if the drug is one of two preferred drugs; and
3) Net cost* if the drug is one of three preferred drugs.

*Net cost = (AWP – 14%) minus federal rebate minus supplemental rebate

The new interagency P&T committee will continue to evaluate the evidence showing relative safety, efficacy, and effectiveness when reviewing drugs in drug classes. Drug manufacturers of drugs in classes where the P&T Committee declares that all drugs in the class are essentially equal, have the opportunity to compete for lowest net cost. In order to broaden client access to drugs, MAA will consider supplemental rebate offers that result in cost-savings without impacting the quality of prescription drug therapy. Bids will be evaluated based on net cost to the state.

Interested drug manufacturers submitting offers for supplemental rebates for drugs in the Angiotensin II **Receptor Blockers and the Non-sedating Antihistamines drug classes** are asked to submit written offers by **close of business on February 9, 2005**.

Dennis Braddock, Secretary
Department of Social and Health Services
P.O. Box 45010
14th & Jefferson Street
Olympia, Washington 98504-5010

Faxes or electronic submissions will not be accepted. No bids will be entertained until the class of drugs is re-evaluated per the P&T Committee schedule. If you have questions about which specific drugs are included in these drug class reviews, please contact Siri Childs, Pharm D, at (360) 725-1564.

Thank you for continuing to work with MAA to ensure that Washington Medicaid clients receive quality prescription drug therapy.

Sincerely,

Douglas Porter, Assistant Secretary
Medical Assistance Administration