



**Sovereign
States
Drug
Consortium**

*Iowa
Maine
Mississippi
Oregon
Utah
Vermont
West Virginia
Wyoming*

March 1, 2013

Dear Manufacturer:

This letter is to inform you that the Member States of the Sovereign States Drug Consortium (SSDC) are now accepting supplemental rebate offers for drug products for rebate calendar year 2014 (January 1, 2014-December 31, 2014). Goold Health Systems (GHS) will again serve as the supplemental rebate vendor for the SSDC, with responsibility for soliciting, analyzing and negotiating supplemental rebate offers for the pool.

The SSDC is a Centers for Medicare and Medicaid Services (CMS)-approved Medicaid multistate purchasing pool, currently with eight Member States – Iowa, Maine, Mississippi, Oregon, Utah, Vermont, West Virginia, and Wyoming. Each Member State’s CMS approval letter and Supplemental Rebate Agreement (SRA), including any revisions submitted to CMS for review and approval, are available at www.rxssdc.org. All offers should be made with the understanding that the terms and conditions as found in each SRA apply in these negotiations. Manufacturers should carefully read each SRA as changes cannot be made to these documents. Cover letters that amend any portion of the States’ SRA language are not permitted and will result in rejection of the offer. Contracted manufacturers will be notified if changes occur to any of the Member States’ SRAs.

SSDC Member States are seeking offers for single- and multiple-source drug products in all therapeutic drug classes. Consideration will be given to all offers that are submitted in accordance with the submission process as long as the manufacturer is in good standing with respect to rebate payments. All offer information will remain confidential and, in accordance with Section 1927(b)(3)(D) of the Social Security Act, rebate amounts will not be disclosed.

Offer comments should be limited in length and not redundant to a SRA. In their initial offer, manufacturers should include language that is consistent with their existing SSDC contracts and Member States’ current criteria with regards to acceptable step edits, clinical edits, age or quantity limits, etc. Submission of language inconsistent with these criteria may result in rejection of the offer. Only those offer comments submitted through the SSDC offer system will be considered.

Detailed instructions for offer submittals are available at the SSDC website (www.rxssdc.org). No offers for products already on the market will be accepted after the March 29, 2013

submission deadline. After this deadline, initial offers will be accepted only for new drugs, i.e., those not on the market prior to March 1, 2013.

Manufacturers should consider their initial offer to be their best and final offer as subsequent submissions will be rejected unless a request for additional offers is initiated by the SSDC during the offer negotiation period. Manufacturers should not contact GHS or the SSDC Member States to solicit feedback on initial offers. Feedback on initial offers will be provided only during SSDC-initiated negotiations. The SSDC will only counter an initial offer if it is determined to be of benefit to the Member States. Counter offers will be sent to manufacturers by April 26, 2013. Responses to counter offers must be submitted through the SSDC website by May 10, 2013.

Offers will be presented by GHS to the Member States during the SSDC annual meeting on June 17-19, 2013. Member States will make their initial determinations of offer acceptance/rejection at this meeting.

Supplemental Rebate Agreements for all accepted offers must be executed prior to each Member State's annual Preferred Drug List (PDL) review by their respective Pharmaceutical & Therapeutics (P&T) Committees or Drug Utilization (DUR) Boards. Failure to provide an executed SRA prior to these meetings may result in rejection of the offer by the Member State.

Links to Member States' current PDL and criteria are available on the SSDC website (www.rxssdc.org).

Member States' utilization data is available at www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Medicaid-Drug-Programs-Data-and-Resources.html.

Any questions regarding the details of this process or requests for assistance may be directed to rxoffers@rxssdc.org.

Sincerely,
Sovereign States Drug Consortium
Iowa, Maine, Mississippi, Oregon, Utah, Vermont, West Virginia, and Wyoming

SSDC Offer Submission Process

Manufacturer Overview

All users are encouraged to download the full User Manual and review prior to submitting offers.

Registration

- Manufacturers are required to obtain a User ID via the SSDC website's registration page. Users are approved within 2 business days.
- Prior users will need to reset their password and re-enter their labeler numbers for security purposes.
- In order to assure timely bids, all registrations should be submitted within the first week of the bid session.

Offer Entry

- Offers for each individual NDC-11 must be entered through the SSDC website. Manufacturers are requested to submit offers for all NDCs of a drug product, excluding those packaged exclusively for institutional use.
- NDC drop-down boxes will be provided based on labeler information provided at registration.
- Offers may be made using one of two formulas: Percentage of WAC (%WAC) or Guaranteed Net Price (GNP).
 - **Formula 1, Percentage of WAC (%WAC):**
 - Manufacturers offer a fixed percentage of WAC (Wholesale Acquisition Cost).
 - Supplemental rebates are calculated as the offered percentage of WAC as published by MediSpan or First DataBank (depending on specific compendia used by each Member State).
 - Changes in WAC throughout the course of the contract year result in a change in supplemental rebate as determined by the fixed percentage offered.
 - **Formula 2: Guaranteed Net Price (GNP):**
 - Manufacturers offer a fixed guaranteed net price (GNP) for the State.
 - Supplemental rebates for each quarter are calculated as the WAC-URA-GNP, based on the WAC as of the last day of the quarter and the URA reported for the quarter.
 - Fluctuations in WAC and URA will affect the supplemental rebate calculated based on the fixed GNP offered.
- Offers must be entered for each of the state counts (1-8 states)
- After submission of the initial offer for an NDC, the formula cannot be changed for that NDC until the following year.

Preferred Brand Levels (Tiers)

Offers may be submitted for one or more Preferred Brand Level, or Tiers. Each Level corresponds to the number of innovator drug products that may be preferred in a therapeutic class or drug group. Manufacturers making Tier 1, 2 or 3 offers are encouraged to include, in the comments section of their offer, the market basket of drugs against which their drug should be positioned.

Level 1	Offer to be the ONLY preferred innovator drug product in a therapeutic class or drug group
Level 2	Offer to be ONE OF TWO preferred innovator drugs products in a given class or drug group
Level 3	Offer to be ONE OF THREE preferred innovator drugs in a therapeutic class or drug group
Level 4	Offer to be ONE OF FOUR OR MORE preferred drugs in a therapeutic class or drug group

SSDC Offer Submission Process Manufacturer Overview

Rejected/Countered/Accepted Offers

- Manufacturers will receive notification via email that offers have been received and will be directed to a labeler review screen within the SSDC website.
- Manufacturers will receive offer status via email and will be directed to the accepted/rejected offer review screen within the SSDC website.
- Manufacturers will be able to submit new offers based on current status until **March 29, 2013** and will be directed to a labeler review screen within the SSDC website.
- Manufacturers will be able to review offer history and will be directed to a labeler review screen or accepted/rejected offer review screen within the SSDC website.