



Sovereign
States
Drug
Consortium

Iowa
Maine
Utah
Vermont
West Virginia
Wyoming

May 8, 2009

Dear Manufacturer:

The purpose of this letter is to inform you that the Sovereign States Drug Consortium (SSDC) States of Iowa, Maine, Utah, Vermont, West Virginia and Wyoming are opening solicitation and negotiations for their multi-state supplemental rebate pool for rebate calendar year 2010. Oregon is in the process of joining the pool and seeking CMS approval for 2010. GHS Data Management is the vendor which will act on behalf of the SSDC.

The SSDC is approved by the Centers for Medicare and Medicaid Services (CMS) as a Medicaid supplemental rebate pool. You can find state-specific CMS approval letters for Iowa, Maine, Utah, Vermont, West Virginia and Wyoming under "Site Documents" at the www.rxssdc.org website. The website will be available May 18, 2009. The SSDC is working with other states to encourage additional participation. Manufacturers will be notified, if during the course of the negotiation period, a state or states opt to join the SSDC and the utilization data will be made available.

The Consortium States appreciate the collaborative relationships they have developed with manufacturers and hope that these partnerships will continue.

Please visit the www.rxssdc.org website to complete and submit the Supplemental Rebate Offer. This round of agreements will become effective January 1, 2010. Manufacturers with existing multi-year contracts extending through or beyond the end of 2010 do not need to re-submit initial offers though manufacturers may opt to improve their current offers if they wish. The Consortium has established a deadline of June 12, 2009 for the submission of initial/improved, completed Supplemental Rebate Offers. Offers received after that date will not be considered until the next annual open offer period. The only potential exceptions will be for new products subsequently entering the market.

The Consortium will meet June 22, 2009 – June 23, 2009 to review the offers together and indicate their choices. It is important to emphasize that offers will only be reviewed from companies that are currently in good standing with respect to rebate payments to member states. Manufacturers that have submitted timely, valid offers will receive notices of tentative acceptance, rejection or counteroffers no later than July 3, 2009. If a company wishes to improve a rejected offer or respond to a counteroffer, it

must do so by July 17, 2009. Any bidders in PDL categories affected by improved offers will then be notified by August 4, 2009 and allowed to submit a best and final offer. All best and final offers (BAFO) must be received by August 14, 2009. For products affected by BAFOs, the tentative notice of disposition will occur September 4, 2009.

SSDC Contracts will be mailed out no later than November 30, 2009. All contracts and addendums will need to be returned no later than December 31, 2009.

Note, submitting a Supplemental Rebate Offer does not guarantee that a product will be placed on a Preferred Drug List (PDL), and the lack of a Supplemental Rebate Offer does not necessarily mean that a product will not be placed on a PDL.

Member SSDC states will continue to conduct their own P&T Committee Meetings. The Consortium may provide assistance to member states on optimal PDL design as requested, but each state will be responsible for the clinical input and review required. The participant state P&T Committees will then evaluate their draft PDL. The PDLs will become effective beginning January 1, 2010.

Attached you will find a brief overview of the process. A more detailed explanation is available at the website on May 18th. A few significant enhancements to the website have been completed to improve browser compatibility and performance.

The Consortium drug utilization data will be available at the website. This is Medicaid utilization data for the member states and does not include any utilization for Medicaid/Medicare beneficiaries for their Medicare Part D benefit that the states may have covered in this period.

Any questions regarding how to submit bids may be directed to Shelley Kelley-White (skelleywhite@ghsinc.com) or Shari Martin (shmartin@ghsinc.com) via email.

Sincerely,

Sovereign States Drug Consortium
Iowa, Maine, Utah, Vermont,
West Virginia & Wyoming



Sovereign
States
Drug
Consortium

*Iowa
Maine
Utah
Vermont
West Virginia
Wyoming*

Sovereign State Drug Consortium 2010 Multi-State Supplemental Rebate Process

How Multi-State Offers Work

For those familiar with making drug rebate offers one State at a time, the 2010 Multi-State offering system will work slightly different. Though the entering of offers will be similar, there are specific rules regarding offers that labelers should be aware of.

Changes have been made to the SSDC website. All users are encouraged to download the User Manual and review prior to submitting offers. ALL OFFERS SUBMITTED FOR THE 2010 CONTRACT YEAR WILL BE BASED ON WAC.

1. Registration –

- Manufacturers will be required to complete a User ID Registration Page on the SSDC web page
- There will be a 24 Hour Waiting Period to approve users
- On May 18, 2009, all prior users will need to reset their password and re-enter their labeler numbers for security purposes. Manufacturers should not submit offers until after May 18, 2009
- In order to assure timely bid offers, all registrations should be submitted more than 48 hours prior to June 12, 2009

2. Offer Entry –

- Offers must be entered through the SSDC web site
- Offers must be entered one NDC at a time
- NDC drop-down boxes will be provided based on labeler information provided at registration
- WAC/CMS Rebate will pre-fill for your review
- Select formula choice
- Enter offer, either as a percent of WAC or a guaranteed net price amount, depending on selected formula - formula definitions are listed in item 4, below
- An offer must be made for each of the state groups, 1 – 6
- Calculate

3. Offer Review –

- State net prices or supplemental rebate amount will be calculated based on offers submitted and formula selection
- Review offers and change if necessary
- Some SSDC member states contract using First DataBank. The website calculates the supplemental rebate using Medispan WAC. The website calculates the supplemental rebate using First DataBank behind the scenes and can be displayed through the question mark (?) hyperlink. Please see the User Manual for more detailed explanations.
- Acknowledge offer and submit
- A workspace has been added for manufacturers who wish to enter their offers but place them in a holding cell prior to submitting and can submit the saved offers in a batch if the user chooses to.

4. Formulas –

- Manufacturers may choose only one of the two following formulas for calculating per-unit rebate amounts, per NDC. Formulas will be locked in for all offers on a submitted NDC. The same formula choice will be used for all states per NDC.
 - **Formula 1, Percentage of WAC:**
A supplemental rebate dollar figure that is calculated on a percentage of WAC and as such will be paid for the term of the Agreement. If WAC changes, the supplemental rebate amount will fluctuate accordingly.
 - **Formula 2: Guaranteed Net Price (GNP):**
A guaranteed net price for State, proposed by the Manufacturer, for the duration of the Agreement. Fluctuations in WAC and CMS will affect the rebate amount to achieve the guaranteed net price offered to the State.

5. Preferred Brand Levels – *More fully defined in website instructions*

- Levels 1 - 4
 - Step-care will not be used to influence the preferred prescribing choices of physicians in these levels
- Levels 5 - 8
 - This offer assumes that every drug within this range is subject to Prior Authorization (PA) and that your drug would be designated as the first, second, third choice, etc. Step care will be used to influence the prescribing choices of physicians

6. Rejected/Countered/Accepted Offers –

- Manufacturer will receive notification via email that offers have been received and will be directed to a Labeler Review Screen within the SSDC website for review
- Manufacturer will receive offer status via email and will be directed to a Labeler Review Screen within the SSDC website for review
- Manufacturer will be able to submit new offer based on current status until bids close and will be directed to a Labeler Review Screen within the SSDC website for review
- Manufacturer will be able to review history of offer and will be directed to a Labeler Review Screen within the SSDC website for review