

# TennCare Supplemental Rebate Program

## Supplemental Rebate Bid Submission Instructions

- SXC Health Solutions, Inc. (SXC) will negotiate supplemental rebates on behalf of the Bureau of TennCare (TennCare) for products on the current TennCare Preferred Drug List (PDL) **in all therapeutic classes except for the following:**
  - Analgesics – Buprenorphine & Buprenorphine/Naloxone
  - Anti-Infectives – Antibiotics: Quinolones
  - Anti-Infectives – Hepatitis C: Non-Pegylated Interferons
  - Anti-Infectives – Hepatitis C: Pegylated Interferons
  - Anti-Infectives – Hepatitis C: Ribivirins
  - Central Nervous System – Antiparkinson's Agents: COMT Inhibitors & Combinations
  - Central Nervous System – Antipsychotics: Atypical
  - Central Nervous System – Antipsychotics: Typical
  - Dermatologics – Agents for Burns
  - Dermatologics – Antibiotic Agents for Acne
  - Dermatologics – Antibiotic Agents for MRSA
  - Dermatologics – Antipruritics/Antihistamines
  - Dermatologics – Antipsoriatics
  - Dermatologics – Antiseborrheic Agents
  - Dermatologics – Anti-Virals
  - Dermatologics – Pediculocides/Scabicides
  - Dermatologics – Topical Antibiotic Agents for Rosacea
  - Dermatologics – Topical Antifungal Agents
  - Endocrine & Metabolic Agents – Hematopoietic Agents
  - Oral Thrombopoietin Receptor Agonists (new therapeutic class – will be reviewed on 5/11/10 by the TennCare PAC)
  - Gastrointestinal – 5-ASA Derivatives: Oral
  - Gastrointestinal – 5-ASA Derivatives: Rectal
  - Gastrointestinal – 5HT-3 Receptor Antagonists (IBD)
  - Gastrointestinal – Antidiarrheals
  - Gastrointestinal – Anti-Emetics: Delta-9-THC Derivatives
  - Gastrointestinal – Antispasmodics-Anticholinergics
  - Gastrointestinal – Combination Products for H. Pylori
  - Gastrointestinal – Gallstone Solubilizing Agents
  - Gastrointestinal – Motility Agents
  - Gastrointestinal – Mucosal Protectants
  - Gastrointestinal – Saliva Stimulating Agents
  - Immunologic Agents – Immunomodulators
  - Respiratory – Beta Agonists: Combination Products
- The current TennCare PDL can be found at: <https://tnm.rxportal.sxc.com/rxclaim/portal/preLogin>.
- **All manufacturers** are invited and encouraged to participate.
- Both “preferred” and “non-preferred” products are subject to these negotiations and a product’s designation may change as a result of these negotiations.
- Supplemental rebate contracts negotiated by SXC and accepted by TennCare are expected to be effective October 1, 2010.
- TennCare will be seeking supplemental rebate contracts for one year in duration.

- Your company is invited to submit supplemental rebate bids based on varying levels of exclusivity within any particular therapeutic class. The exclusivity level is determined by the number of “preferred” agents within the therapeutic class. The exclusivity levels are as follows:
  - One-of-One (Exclusive)
  - One-of-Two
  - One-of-Three
  - One-of-Many (Defined as four or more preferred agents)
- Wholesale Acquisition Cost (WAC) will be utilized as the pricing reference for supplemental rebates. The supplemental rebate bid form requires that the WAC price be provided for each NDC bid. Please utilize the WAC price that is in effect on the date your supplemental rebate bid is submitted.
- Supplemental rebates are to be bid as a percentage of WAC. Please be aware that this percentage will be **in addition to and will not reduce** what is being paid for the Federal Rebate alone.
- Supplemental rebate unit rebate amounts will be calculated based on the bid percentage of WAC, utilizing the WAC that is in effect on the last day of the subject quarter as reported by MediSpan, First DataBank or other publications of drug pricing data.
- The supplemental rebate bid form requires the Federal Rebate Unit Rebate Amount (URA) be provided for each NDC bid. Please utilize 1Q2010 URAs. If your Federal Rebate URA has changed since your most recent submission to CMS, please provide the most current value. Please utilize the revised supplemental rebate form attached.
- The supplemental rebate bid form seeks the following additional information: Average Manufacturer Price (AMP), Best Price (BP), and Additional URA (CPI-U Penalty). The purpose for this information is to allow TennCare to analyze the impact of the Patient Protection and Affordable Care Act (Public Law 111-148) and the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152) on Medicaid Drug Rebates. Your cooperation in providing this additional information is needed and appreciated.
- **For manufacturers that currently have products under contract with TennCare** - please provide a supplemental rebate bid for **each and every** NDC which is currently under contract with TennCare. In the event your company does not want to offer a discount in excess of the Federal Rebate alone, please indicate that decision with a zero (0) percentage for each exclusivity level. This information will also be utilized in analyzing the impact on Medicaid Drug Rebates. Again, your cooperation is needed and appreciated.
- Guaranteed Net Unit Price (GNUP) or bids which attempt to place a cap on the supplemental rebate will not be accepted.
- Manufacturers with an exclusive position in a therapeutic class for the initial contract term, will have right to match any exclusive bid for the next contract term.
- Bundled bids or contracts will not be accepted.
- Product giveaways or disease state management programs will not be accepted in lieu of monetary supplemental rebates.
- Submission of a supplemental rebate bid will ensure that the product(s) is considered **but does not guarantee** “preferred” status on the TennCare PDL.

## **Supplemental Rebate Bid Tips**

- Submit your bid utilizing the process described above.
- Submit your bid as soon as possible - don't wait until the "eleventh hour".
- Make your "first bid", your "best bid" – don't assume that your company will be invited to submit a Best and Final Offer.
- Complete **every** column on the supplemental rebate bid form.
- Submit a bid for **each and every** exclusivity level – don't assume a bid in the One-of-Many exclusivity level will cover the One-of-One, One-of-Two and One-of-Three exclusivity levels.
- Supplemental rebate bids are to be password protected and sent to the dedicated email box maintained by SXC for TennCare: [TennCarePDL@SXC.com](mailto:TennCarePDL@SXC.com). Please send the password in a separate email to the same email address.

## **Supplemental Rebate Negotiation Time Line**

- **Supplemental rebate bids are due by Monday, June 7, 2010, at 5:00pm (EDST).**
- **If requested of your company by SXC, Best and Final Offers will be due in late June 2010. The specific due date for Best and Final Offers will be forthcoming.**

## **Contact for Supplemental Rebate Questions and Issues**

Rob Earnest, Pharm.D., J.D.  
(770) 776-2013  
[rob.earnest@sxc.com](mailto:rob.earnest@sxc.com)

## **Contact for Clinical Information Questions and Issues**

Manufacturers with products in the therapeutic classes being reviewed at the 3Q2010 meeting of the TennCare Pharmacy Advisory Committee (scheduled to be held on Thursday, August 26, 2010 at the Cool Springs Marriott, located at 700 Cool Springs Blvd., Franklin, TN 37067, 615-261-6100) may submit all clinical questions or clinical information to:

Jim Gagnon, Pharm.D., BCPS

- Requests for face-to-face meetings should be scheduled by contacting Dr. Gagnon's administrative assistant, Stephanie Roy at (508) 421-5627 or [stephanie.roy@umassmed.edu](mailto:stephanie.roy@umassmed.edu).
- Clinical information submissions and questions should be sent to [TennCare@umassmed.edu](mailto:TennCare@umassmed.edu).

The therapeutic classes that are currently scheduled to be reviewed at the 3Q2010 TennCare Pharmacy Advisory Committee meeting are as follows:

- Endocrine & Metabolic Agents – Incretin Mimetics
- Endocrine & Metabolic Agents – Androgens
- Analgesics – Long-Acting Narcotics
- Gastrointestinal – H2 Receptor Antagonists
- Gastrointestinal – Proton-Pump Inhibitors
- Immunologic Agents – MS Agents: Potassium Channel Blockers
- Otics – Quinolone Antibiotics
- Otics – Steroid and Antibiotic Combinations
- Otics - Miscellaneous