



Sovereign  
States  
Drug  
Consortium

**Iowa  
Maine  
Oregon  
Utah  
Vermont  
West Virginia  
Wyoming**

April 2, 2010

Dear Manufacturer:

The purpose of this letter is to inform you that the Member States of the Sovereign States Drug Consortium (SSDC) are opening solicitation and negotiations for their multi-state supplemental rebate pool for rebate calendar year 2011. Goold Health Systems (GHS) is the vendor which will act on behalf of the SSDC in this process.

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, Oregon, Utah, Vermont, West Virginia, and Wyoming on the SSDC's website at [www.rxssdc.org](http://www.rxssdc.org).

The SSDC is working with other states to encourage additional participation. Manufacturers will be notified if, during the course of the negotiation period or during the rebate calendar year, a state or states opt to join the SSDC. The SSDC website will indicate the status of each state's CMS approval. If a state joins during negotiations, additional utilization data will be made available.

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

As of April 12, 2010 you may use the [www.rxssdc.org](http://www.rxssdc.org) website to complete and submit any Supplemental Rebate Offer. As Medicaid supplemental rebates, you can be assured that rebate amounts are confidential and cannot be disclosed in accordance with Section 1927(b)(3)(D) of the Social Security Act.

It is strongly recommended that you review each individual Member State's Supplemental Rebate Agreement (SRA) posted on the [www.rxssdc.org](http://www.rxssdc.org) website prior to submitting your offer. The SRAs posted are as approved by CMS or as submitted to CMS for approval for the coming rebate calendar year. In the case of the latter, that CMS status is indicated.

Offers should be made with the understanding that the terms and conditions of the posted SRAs apply. The Member States of the SSDC will not modify SRAs at the request of individual manufacturers. If a manufacturer makes an offer with a proposal for a modification to a SRA or SRAs, the proposal may be summarily rejected by an affected Member State. Each Member State and its legal resources reserves the right to determine that a change to the form of its SRA is appropriate and will notify manufacturers of any such change during the course of the negotiations. Once a manufacturer's offer has been accepted and the terms have been mutually agreed to, no change in the SRA will be entertained for rebate calendar year 2011.

This round of agreements will become effective January 1, 2011. Manufacturers with existing multi-year contracts extending through or beyond the end of 2011 do not need to re-submit initial offers though manufacturers may opt to improve their current offers if they wish. The SSDC has established a deadline of May 11, 2010 for the submission of initial Supplemental Rebate Offers. Offers received after that date will not be considered until the best and final offer (BAFO) period.

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. The SSDC will meet June 15 and 16, 2010 to review the offers together and indicate their choices. Valid offers will receive notices with a tentative acceptance, rejection, or request for best and final offer (BAFO) no later than July 2, 2010. Any bidders in categories affected by improved offers or where offers were rejected will be allowed to submit a BAFO. All BAFOs must be received by July 16, 2010. For products affected by BAFOs, the tentative notice of disposition will occur August 6, 2010.

A supplemental rebate agreement must be completed on all agreed upon offers. The Member States of the SSDC will not present any bids for Preferred Drug List (PDL) consideration without signed agreements.

Note, submitting a Supplemental Rebate Offer does not guarantee that a product will be placed on a 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 Pharmacy and Therapeutics (P&T) Committee Meetings related to the review of their PDLs. The PDLs will become effective beginning January 1, 2011.

Attached you will find a brief overview of the process. A more detailed explanation will be available on the website on April 12, 2010.

SSDC drug utilization data will be available on 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 [rxoffers@rxssdc.org](mailto:rxoffers@rxssdc.org) or through the Support link on the website.

Sincerely,

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



Sovereign  
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## Sovereign State Drug Consortium 2011 Multi-State Supplemental Rebate Process

### *How SSDC Multi-State Offers Work*

For those familiar with making drug rebate offers one State at a time, the 2011 SSDC Multi-State offering system will work slightly different. Though the entering of offers will be similar, there are specific rules regarding offers.

**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 2011 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 April 12, 2010 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 April 12, 2010.
- In order to assure timely bid offers, all registrations should be submitted more than 48 hours prior to May 7, 2009 (initial offers due by May 11, 2010).

#### **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 – 7.
- 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
- NOTE: Some SSDC member states contract using First DataBank. The SSDC website calculates the supplemental rebate using Medispan WAC.
- Acknowledge offer and submit.
- NOTE: A workspace has been added for manufacturers who wish to enter their offers but place them in a holding cell prior to submitting. The user can then choose to submit the saved offers in a batch.

### 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
  - Level 1 one exclusive brand product.
  - Level 2 two co-preferred brand products
  - Level 3 three co-preferred brand products
  - Level 4 four or more preferred brand products.
  - Certain PDL classes may be affected by generic first requirements on a State by State basis. These situations will be clarified during the bidding process.
- 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 the Accepted/Rejected Offer 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 or Accepted/Rejected Offer Review screen within the SSDC website for review.