

ITEM 12. PRESCRIBED DRUGS, DENTURES, AND PROSTHETIC DEVICES;
EYEGASSES PRESCRIBED BY A PHYSICIAN SKILLED IN DISEASES OF
THE EYE OR BY AN OPTOMETRIST (Continued)

A. Prescribed Drugs (Continued)

10. Supplemental Rebate Agreements: Certain covered products in accordance with Section 1927 of the Social Security Act may not be among the baseline preferred drugs identified by the State of Vermont's Drug Utilization Review (DUR) Board and/or the Pharmacy and Therapeutics (P & T) Committee for various therapeutic classes. The state may negotiate supplemental rebate agreements that would reclassify any drug not designated as preferred in the baseline listing for as long as the agreement is in effect.

In addition the State has the following policies for the supplemental rebate program for the Medicaid population:

- Supplemental rebate agreements are unique to each state. The Centers for Medicare and Medicaid Services (CMS) has authorized the June 10, 2002 version of the Vermont Supplemental Rebate Agreement and the Supplemental Rebate Agreements submitted September 30, 2003 and amendments and exhibits in accordance with the Michigan Multi-State Pooling Agreement (MMSPA). These agreements were effective for drugs dispensed prior to January 1, 2006.

CMS has authorized Vermont to enter into "The Sovereign States Drug Consortium (SSDC)" Medicaid multi-State purchasing pool. The supplemental rebate agreement submitted to CMS on March 31, 2006 amends the June 10, 2002 version of the "Vermont State Supplemental Drug Rebate Agreement" authorized under Transmittal 03-15b. CMS has authorized this amended version of the "Vermont State Supplemental Drug Rebate Agreement and the July 17, 2006 addendum to this agreement, entitled "Sovereign States Drug Consortium, Addendum to Member States Agreements". This agreement and the Addendum apply to drugs dispensed beginning January 1, 2006.
- Funds received from supplemental rebate agreements will be reported to CMS. The state will remit the federal portion of any supplemental rebates collected.
- Manufacturers with supplemental rebate agreements are allowed to audit utilization data.
- The unit rebate amount is confidential and cannot be disclosed in accordance with Section 1927(b)(3)(D) of the Social Security Act.
- The Office of Vermont Health Access may require prior authorization for covered outpatient drugs. Non-preferred drugs are available with prior authorization.
- The prior authorization process for covered outpatient drugs will conform to the provisions of section 1927(d)(5) of the Social Security Act.

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Exhibit A1

Participating State's Non-Medicaid Programs Approved by CMS in the Medicaid State Plan(s)

Participating State: (Vermont)

Non-Medicaid programs approved by CMS in the Medicaid State Plan(s)- Date of Approval

1. None _____
2. _____
3. _____
4. _____
5. _____
6. _____

TN No. 03-15b

Supersedes

TN No. None

Approval Date: 04/22/04

Effective Date: 07/01/03