



February 5, 2007

Melissa Musotto
Office of Strategic Operations and Regulatory Affairs
Division of Regulations Development--A
Centers for Medicare and Medicaid Services, Room C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

Dear Ms. Musotto:

As President and CEO of Arizona's only children's hospital, I am compelled to provide you my thoughts regarding a proposed data submission requirement that would mandate collection of National Drug Code (NDC) information by State Medicaid agencies with respect to covered outpatient drugs that are "physician administered." The Notice appeared at 71 Federal Register pages 71178 to 71179.

On behalf of Phoenix Children's Hospital, I strongly oppose application of the new data submission requirement to drugs administered by medical professionals to patients in hospital outpatient clinics or departments. The enormous increase in administrative tasks will shift models of care away from being patient-centric. For an industry that faces continual fiscal challenges, incurring expenses for administrative processes and not for the improved health and well-being of our patients is action we cannot support.

The purpose of the proposed data submission is to enable State Medicaid agencies to collect rebates on drugs that are "physician administered" within the meaning of Section 1927(a)(7) of the Social Security Act, as amended by Section 6002 of the DRA. Although Arizona is not a Medicaid state, our understanding has been that drugs administered in outpatient settings in hospitals, use a formulary system for outpatient drugs and bills Medicaid as prescribed under the applicable Medicaid state plan, are exempt from the rebate requirements of Section 1927 of the Act. Accordingly, the very burdensome task of submitting NDC numbers on hospital-administered outpatient drugs would not serve the purpose of facilitating rebate collection, as drug manufacturers' statutory rebate payment obligations do not extend to these drugs in the first place.

Thank you for your consideration of these views in connection with the recently published Paperwork Reduction Act Notice.

Sincerely,

Robert Meyer
President and CEO