

### **Section 3: Invoice Process**

Within 60 days of the end of a calendar quarter, states are required to send invoices to each labeler's Invoice Contact for any drugs paid for during that quarter. The established invoice format is the OMB-approved form CMS-R-144 (a copy of this form, along with the related data definitions, can be found at the end of this section). States may opt to send invoices in a paper or electronic format; however, each invoice should be made available in paper format for those labelers that cannot utilize an electronic format. For each NDC, the state's invoice should report the following information:

- Record ID
- State Code
- Period Covered
- Labeler Code
- Product Code
- Package Size Code
- Drug Name
- Unit Rebate Amount
- Units Reimbursed
- Rebate Amount Claimed
- Number of Prescriptions
- Medicaid Amount Reimbursed
- Non-Medicaid Amount Reimbursed
- Total Amount Reimbursed
- Correction Flag

For various reasons, the quarterly CMS tape sometimes contains zero URAs; however, state invoices should include these NDCs with the URA reported as zero. Labelers should manually calculate a URA for all zero URAs on the invoice and send a rebate payment along with the Reconciliation of State Invoice (ROSI) (Form CMS-304). The next quarterly CMS tape should contain a valid URA for any NDC that had a zero URA on the previous tape. In the event that a state does not receive a valid URA on the next quarterly CMS tape, the state should contact the labeler directly to inform them that their URA is missing. If the labeler does not indicate that it will correct the zero URA, the state should contact CMS (see Section 7 on communication with CMS).

Labelers are not required to report product and pricing data until after the quarter in which the drug is first marketed. States that wish to bill labelers for rebates for new drugs that are not included on the CMS tape should ensure that such drugs are rebate-eligible prior to authorizing provider dispensing of these drugs.

All changes to URAs are sent to states on the quarterly tape as Prior Period Adjustments (PPAs). While states may attach a PPA list to their quarterly invoice for informational purposes, they may not include PPAs on the invoice itself.

### **Section 3: Invoice Process (continued)**

When preparing quarterly invoices, please note that there may be some differences in the standards used by the Medicaid Drug Rebate Program compared to those used by pharmacies. In those instances where the reimbursement standard used by pharmacies may be different from the rebate standard, states should perform conversions prior to invoicing labelers. Alternatively, states may make the labeler aware of the conversion factor used and have the labeler perform the conversion prior to rebate payment. However, if the state chooses this option, they should notify the labeler in writing and should remain consistent in applying the conversion factor.

#### **Tolerances**

If the total invoice for an individual labeler code is \$50 or less for a calendar quarter, the state may choose to forego sending an invoice to that labeler. If the \$50 tolerance is applied, the state should maintain documentation of the NDCs, applicable quarters, etc. In addition, states that choose to apply this tolerance should notify participating labelers of this practice.

#### **Reconciliation of State Invoice (ROSI)**

In the event that labelers disagree with the current state invoice, they should complete and submit a ROSI (form CMS-304) with their invoice payment (a copy of this form, along with instructions and related data definitions, can be found at the end of this section). The ROSI is used for both FFS and MCO unit adjustments and disputes and we expect labelers to pay the portion of the invoice for which there is no disagreement with the state. If a labeler has not paid an invoice in full and has not properly completed the ROSI to account for all unpaid invoice units, the state should consider the labeler to be out of compliance with its rebate payment requirements. Therefore, states should track those outstanding rebates owed as late payments with interest due.

#### **Prior Quarter Adjustment Statement (PQAS)**

Once the current invoice cycle has passed, labelers may discover FFS or MCO unit adjustments and/or disputes from a previous quarter. In these instances, labelers should complete and submit a PQAS (form CMS-304a) as official notification of the discrepancy (a copy of this form, along with instructions and related data definitions, can be found at the end of this section). Except for its use for prior quarter adjustments and disputes, the PQAS functions the same as the ROSI.