


DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Wells	12-9-10

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER	0002854	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____	
2. DATE SIGNED BY DIRECTOR	CC: Ms. Forkner, Deps, CMS File 	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action	

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26 12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP and Survey & Certification

Disabled and Elderly Health Programs Group

December 1, 2010

RECEIVED

DEC 06 2010

Ms. Emma Forkner, Director
Department of Health & Human Services
P. O. Box 8206
1801 Main Street
Columbia, South Carolina 29201-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Ms. Forkner:

This letter is to inform you that the estimated quarterly rebate offset amount (EQROA) for your State is \$2,158,757.00 for the second calendar quarter of 2010.

Effective January 1, 2010, the Patient Protection and Affordable Care Act, PL 111-148, and the Health Care and Education Reconciliation Act of 2010, PL 111-152, together called the Affordable Care Act, increased the minimum rebate amounts that drug manufacturers are required to pay under the Medicaid drug rebate program, with different formulas for single source and innovator multiple source (brand name) drugs and noninnovator multiple source (generic) drugs. Section 2501 of the Affordable Care Act also required that amounts attributable to these increased rebates be remitted to the Federal government. Therefore, in accordance with those provisions, we have estimated the amount of the offset based on utilization and other data. As we explained in SMDL #10-019, we are offsetting 50 percent of the total Quarterly Rebate Offset Amount.

We will populate this amount on behalf of the State onto the 64.9 base form, line 7A5 – Increased ACA Offset Fee for Service, as an offset. The EQROA provided to you in this letter is currently available for viewing on the CMS-64. As described in SMDL # 10-019, the EQROA will be reconciled with the total quarterly rebate offset amount (QROA) when CMS' systems are modified to provide States with the unit rebate offset amount (UROA).

If you have any question regarding the EQROA methodology or the EQROA provided in this letter, please contact Meagan Khan at meagan.khan@cms.hhs.gov.

Sincerely,

Barbara Coulter Edwards
Director

CMS Regional Administrator
Atlanta Regional Office

CMS Associate Regional Administrator
Division of Medicaid and Children's Health
Atlanta Regional Office