STATE OF WEST VIRGINIA
DEPARTMENT OF HUMAN SERVICES
BUREAU FOR MEDICAL SERVICES
SUPPLEMENTAL DRUG REBATE AGREEMENT

1. PARTIES/PERIOD

This Agreement is made and entered into this_____day of _ (YEAR), by and between the State of West Virginia (State), represented by the Department of Human Services (Department) and the Bureau for Medical Services (Bureau) and

_____ (Manufacturer), Labeler Code_____. This Agreement shall be effective on_____(MONTH, DAY, YEAR) and shall continue in force until_____(MONTH, DAY, YEAR). The parties, in consideration of the covenants, conditions, agreements, and stipulations expressed in this Agreement, do agree as follows:

2. PURPOSE

It is the intent of this Agreement that the Department will receive a Supplemental Rebate for the Medicaid population, as authorized pursuant to West Virginia Code § 9-5-15, in addition to rebates received under the CMS Rebate Agreement, pursuant to Section 1927 of the Social Security Act (42 USC 1396r-8), for the Manufacturer's Covered Product(s) quarterly utilization in the West Virginia Medicaid Program. The parties also intend for this Agreement to meet the requirements of federal law at Section 1927 of the Social Security Act (42 USC 1396r-8).

3. DEFINITIONS

3.1 **Average Manufacturer Price or AMP** shall mean the Average Manufacturer Price as set forth in 42 USC 1396r-8; as such statute may be amended from time to time.

3.2 **Best Price** shall mean Best Price as set forth in 42 USC 1396r-8; as such statute may be amended from time to time, excluding State Supplemental Rebate amounts.

3.3 **CMS** shall mean the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services, or any successor or renamed agency carrying out the functions and duties heretofore carried out by such office.

3.4 **CMS Agreement** means the Manufacturer's drug rebate contract with the CMS entered pursuant to Section 1927 of the Social Security Act (42 USC 1396r-8).

3.5 **CMS Basic Rebate** means, with respect to the Covered Product(s), the quarterly payment by the Manufacturer pursuant to the Manufacturer's CMS Agreement, made in accordance with Section 1927(c)(1) or Section 1927(c)(3) of the Social Security Act [42 USC 1396r-8(c)(1) and 42 USC 1396r-8(c)(3)].

3.6 **CMS CPI Rebate** means, with respect to the Covered Product(s), the quarterly payment by the Manufacturer pursuant to the Manufacturer's CMS Agreement, made in accordance with Section 1927(c)(2) of the Social Security Act [42 USC 1396r-8(c)(2)].

3.7 **Contract Quarter** means the quarters ending on March 31, June 30, September 30 and December 31 of each calendar year during the term of the Agreement.

3.8 **Covered Product(s)** means any prescription drug product listed in Attachment A, pursuant to section 1927 of the SSA (42 USC 1396r8).

3.9 **Guaranteed Net Price** (GNP) shall mean the final fixed price of the drug assured by the Manufacturer to the State. It shall be calculated as WAC minus the National rebate (as defined in 3.11) minus the State Supplemental Rebate necessary to equal the guaranteed net price to the State by the Manufacturer for the Covered Product for the contract quarter.

3.10 **Medicaid Member** shall mean any person enrolled in a Participating Medicaid Program and eligible to receive prescription drug benefits.

3.11 **Managed Care Organization-**An organization that agrees to provide Medicaid benefits to Medicaid members in exchange for a monthly payment from the state.

3.12 **National Rebate** shall mean the CMS Basic and the CMS CPI rebates collectively.

3.13 **P&T Committee or Pharmaceutical & Therapeutics Committee** shall mean the group of health care professionals and other individuals maintained by the Department for the purpose of developing a Preferred Drug List for the West Virginia Medicaid Program.

3.14 **Preferred Drug List** (PDL) shall mean the list recommended by the Pharmaceutical and Therapeutics Committee (P & T Committee) and adopted by the Department pursuant to West Virginia Code § 9-5-15.

3.15 **State Supplemental Rebate** means, with respect to the Covered Product(s), the quarterly payment by the Manufacturer pursuant to Section 4.2 of this Agreement. In no case may the State Supplemental Rebate amount be a negative amount.

3.16 **State Utilization Data** means the claims level data under the West Virginia Medicaid Program. State Utilization Data excludes data from covered entities identified in Title 42 USC 256b(a)(4) in accordance with Title 42 USC 256b(a)(4)(A).

3.17 **Step Therapy** shall mean a defined order of therapeutic choices within either the preferred or non-preferred drug list categories.

3.18 **Unit** means drug unit in the lowest identifiable amount (e.g. tablet or capsule for solid dosage forms, milliliter for liquid forms, gram for ointments or creams, etc.).

3.19 **Wholesale Acquisition Cost or WAC** shall mean the Direct Manufacturer Wholesale Unit Price as of the last day of a Contract Quarter published in the National Drug Data File by First Data Bank, Incorporated.

4. MANUFACTURER'S RESPONSIBILITIES

4.1 Nothing in this agreement shall be construed to relieve the Manufacturer from its obligation to provide the Department a National Rebate for the Covered Product(s).

4.2 In addition to the National Rebate, the Manufacturer will remit to the Department a State Supplemental Rebate for Covered Product(s) included on the Preferred Drug List for each Contract Quarter or portion thereof. The supplemental rebates shall be paid based on utilization data for both fee-for-service and managed care Medicaid members. The

Manufacturer shall pay to the Department the State Supplemental Rebate amount in accordance with the formula set forth in Attachment B. This State Supplemental Rebate is in addition to the National Rebate.

4.3 The quarters to be used for calculating the Rebates in Sections 4.1 and 4.2 of this Agreement will be those ending on March 31, June 30, September 30 and December 31 of each calendar year during the term of this Agreement, or any portion thereof.

4.4 Each participating Manufacturer will be required to submit the supplemental rebate payment within thirty-seven (37) days of the Supplemental Rebate Invoice postmark date from the Department. The Department shall submit the State Supplemental Rebate invoice to the Manufacturer within ninety (90) days after the Contract Quarter in which the Product was paid by the Department. Manufacturer shall notify the Department or its designee of any incomplete submission or dispute within thirty-seven (37) days of the invoice postmark date. Rebate payments mailed more than thirty-seven (37) days from the date of the postmark date of the Department's invoice shall include interest, calculated in accordance with Federal guidelines.

4.5 The Manufacturer will pay the State Supplemental Rebate, including any applicable interest in accordance with Section 1903(d)(5)(42 USC 1396b(d)) of the Act. Interest on the Rebates payable under Section 4.1 and 4.2 of this Agreement begins accruing 38 calendar days from postmark date of the Department's invoice sent to the Manufacturer and interest will continue to accrue until the postmark date of the Manufacturer's payment.

4.6 If any party discovers an error in the payment of State Supplemental Rebates by Manufacturer, it shall notify the other affected parties of such error. The Manufacturer may deduct any overpayment from subsequent State Supplemental Rebates payable under this Agreement. In the event that no subsequent State Supplemental Rebates are payable, the Department will refund any such overpayment to the Manufacturer within thirty (30) days after an acknowledgement or final determination that the overpayment has been made. The Manufacturer will remit any underpayment to the Department within thirty

(30) days after an acknowledgement or final determination that an underpayment has been made.

4.7 Manufacturer's failure to remit the State Supplemental Rebate amount in a timely manner may result in the removal of the relevant Product or Products from the Preferred Drug List, pursuant to the application of the dispute resolution process set forth in Section 6.

4.8 Nothing in this Agreement shall be construed to prohibit the Manufacturer from discontinuing production, marketing or distribution of any Covered Product or from transferring or licensing any Covered Product to a third party. If the Manufacturer elects to discontinue production, marketing or distribution of any Covered Product or to transfer or license any Covered Product to a third party, the Manufacturer shall make every reasonable effort to notify the Department prior to such action so that the Department can negotiate with such third party for State Supplemental Rebates on such Covered Product or remove such Covered Product from the Preferred Drug List. The Department has the right to terminate this Agreement without cause upon such notification. If Manufacturer fails to notify the Department, Manufacturer shall continue to be responsible for all State Supplemental Rebates until such notification is given. Upon notification of the Manufacturer's election to discontinue production, marketing or distribution of any Covered Product or to transfer or license any Covered Product to a third party, the Covered Product shall be removed from the definition of "Covered Products" on the Preferred Drug List.

4.9 Unless notified otherwise, the Manufacturer will send Rebate payments to the following address.

West Virginia Department of Human Services
Supplemental Drug Rebate Program
PO Box 11610
Charleston, WV 25339

5. DEPARTMENT RESPONSIBILITIES

5.1 Preferred Drug List:

(a) The Department shall provide for a Pharmaceutical and Therapeutics (P & T) Committee to review drugs within therapeutic categories. These drugs shall be reviewed for their safety, effectiveness, and overall value. Non-preferred drugs

will require prior authorization. Criteria for approving the prior authorization will be the responsibility of the Drug Utilization Review (DUR) Board. These criteria will meet generally accepted clinical standards of practice for the proper use of drugs. A 72-hour emergency supply of all drugs requiring prior authorization will be available to allow for the submission of appropriate documentation.

(b) The Department shall place Covered Products in an advantaged position relative to non-preferred Products regarding Preferred Drug List status, and depending on the designated preferred tier, the Department may place Covered products in an advantaged position relative to other preferred products (Step Therapy). Certain Preferred drugs, including Step Therapy drugs may be subject to prior authorization, i.e., preferred but with prior authorization. The established Preferred Drug List shall be state run and utilized for both the Medicaid fee-for- service and managed care populations. The Department will comply with all provisions of Section 1927(d) (42 USC 1396r-8(d)).

5.2 The Department shall communicate the inclusion of Covered Product on the preferred Drug List to State Medicaid Program providers through the standard notification process.

5.3 The Department will provide State Utilization Data for fee-for-service and managed care Medicaid members to the Manufacturer upon request to validate the Supplemental Rebate Invoice for dispute resolution. This data will be based on paid claims data for the West Virginia Medicaid Program.

5.4 The Department will maintain the data systems and audits as are necessary to ensure the accuracy of the data used to calculate the State Supplemental Drug Rebates. In the event material discrepancies are discovered, the Department will promptly justify its data or make an appropriate adjustment, which may include a credit as to the amount of the Rebates, a refund to the Manufacturer as the parties may agree, or a prior period adjustment.

5.5 The Department warrants that it received CMS authorization to receive State Supplemental Rebates for fee-for-service and managed care Medicaid members as provided under this Agreement and that the Manufacturer's participation in the West

Virginia Supplemental Drug Rebate Program will not affect the Manufacturer's Best Price and the AMP. Changes to this Agreement must be authorized by CMS.

5.6 The Department shall remit the federal share of State Supplemental Rebate payments for fee-for-service and managed care Medicaid members made under this Agreement to CMS as required under its approved state plan. As with the required sharing of Supplemental Rebate payments, so shall the State share any applicable interest received from manufacturers in accordance with Section 1903 (d)(5) of the Act.

6. DISPUTE RESOLUTION

6.1 Utilization disputes and interest calculations will be handled in the same manner as the Federal Drug Rebate program.

6.2 In the event that in any quarter a discrepancy in calculation of the State Supplemental Rebate is noted by the Manufacturer, that the Manufacturer and the Department or its designee in good faith are unable to resolve, the Manufacturer will provide written notice of the discrepancy to the Department within thirty-seven (37) days of the postmark of the Department's invoice.

7. CONFIDENTIALITY PROVISIONS

7.1 Pursuant to 42 USC 1396r-8(b)(3)(D), the parties agree that information disclosed by the Manufacturer under this Agreement in a form which discloses the identity of a specific Manufacturer or the prices charged for drugs by the Manufacturer is confidential and shall not be disclosed except as necessary to carry out the Agreement or as may be required by judicial order. Therefore, the Department agrees that confidential information provided to the Department under this Agreement, including the Agreement itself is exempted from disclosure by statute. To the extent that the Department utilizes the services of a third-party to develop and maintain the PDL, or to administer any part of this Agreement, all provisions of this section shall apply to the third-party, and the Department shall have the third-party sign a written agreement ensuring the third-party will comply with all aspects of this section. In the event that the Department is required

by law to disclose any provision of this Agreement or pricing information to any person other than as provided above, the Department shall provide advance written notice to the

Manufacturer sufficiently in advance of the proposed disclosure to allow the Manufacturer to seek a protective order or other relief.

7.2 The parties agree that information revealing the identity of Medicaid members is confidential and shall not be disclosed except as necessary to carry out this Agreement or as may be required by judicial order. The foregoing shall not prevent the disclosure by the Manufacturer to the Department of information regarding the National Rebate for Covered Products.

7.3 The Manufacturer will hold the State Utilization Data confidential. If the Manufacturer audits this information or receives further information on such data, that information shall also be held confidential. The Manufacturer shall have the right to disclose Utilization Information to auditors who agree to keep such information confidential.

7.4 Manufacturer shall ensure that all information, records, data, and data elements pertaining to applicants for Medicaid and Medicaid beneficiaries, or to providers, facilities, and associations, shall be protected from unauthorized disclosure by Manufacturer and Manufacturer's employees, by Manufacturer's corporate affiliates and their employees, and by Manufacturer's subcontractors and their employees, pursuant to 42 CFR Part 431, Subpart F and any other applicable federal or state law and the Health Insurance Portability and Accountability Act of 1995 (HIPAA), 45 CFR Part 164.512 (i).

7.5 The provisions of this section and any confidentiality agreement executed pursuant to this section shall survive termination or expiration of this Agreement.

8. NONRENEWAL OR TERMINATION

8.1 This Agreement may be terminated by either party by giving written notice to the other party at least thirty (30) days prior to the end of a calendar quarter. Up until the effective date of termination, the Manufacturer's Covered Product(s) will remain in an advantaged position relative to non-preferred Products regarding Preferred Drug List status or in accordance with other terms as defined by this agreement. After the effective date of the termination, the Manufacturer's Covered Product(s) may be available to the West Virginia Medicaid Program members only through prior authorization, and the Manufacturer's obligation to pay State Supplemental Rebates will terminate.

Manufacturer is still obligated to pay State Supplemental Rebates for Manufacturer's Covered Product(s) for dates of service up to the termination date. **8.2** This Agreement may be immediately terminated upon the occurrence of any one of the following events:

(a) A determination by any court or any authorized governmental authority that the arrangements and transactions under this Agreement or any similar agreement constitute a violation of any law or regulation including without limitation Section 1128B of the Act (42 USC 1320a-7b(b)) prohibiting illegal remunerations. (For the purposes of this Section, 8.3, "authorized governmental authority" shall mean any officer or agency of the Federal Government (e.g., Office of Inspector General, Department of Justice, Department of Health and Human Services) or the State of West Virginia (e.g., West Virginia Attorney General) having substantive jurisdiction over the subject matter of this Agreement; any state or federal program with which this Agreement is connected; any actions which must be taken by either party hereto in order to perform its obligations under this Agreement or any laws or regulations affecting the legality of this Agreement); or

(b) A determination by CMS that the State Supplemental Rebates paid or payable by the Manufacturer under this Agreement will affect or be included in Best Price or AMP calculations for determining rebates paid pursuant to 42 USC 1396r-8.

8.3 Any renewal or termination will not affect rebates due or owing for claims with dates of service on or before the effective date of termination.

9. GENERAL PROVISIONS

9.1 This Agreement will be governed and construed in accordance with Title 42 USC Section 1396r-8; Title 42 of the Code of Federal Regulations; and all other applicable federal and state law and regulations.

9.2 Any notice required to be given pursuant to the terms and provisions of this Agreement will be in writing and will be: (i) delivered in person, obtaining a signature indicating successful delivery; (ii) sent by a recognized overnight delivery service, obtaining a signature indicating successful delivery; (iii) sent by certified mail, obtaining a signature

indicating successful delivery; or (iv) transmitted by telefacsimile, producing a document indicating the date and time of successful transmission, to the address or telefacsimile number set forth below. Notice to the Department will be sent to:

West Virginia Bureau for Medical Services
Commissioner
350 Capitol Street, Room 251
Charleston, West Virginia 25301-3707
Telefacsimile: 304-558-1542

Notice to the Manufacturer will be sent to:

Name

Title

Company Name

Address

Address

Phone # FAX#

9.3 The Manufacturer agrees to be bound by the laws of the State of West Virginia and agrees that this Agreement shall be construed and interpreted in accordance with West Virginia law.

9.4 Nothing herein shall be construed or interpreted as limiting or otherwise affecting the Department's or the Manufacturer's ability to pursue its rights arising out of the terms and conditions of the Agreement in the event that a dispute between the parties is not otherwise resolved.

9.5 The Manufacturer and the agents and employees of the Manufacturer in the performance of this Agreement, will act in an independent capacity and not as officers, employees or agents of the State of West Virginia.

9.6 In the event of a transfer in ownership of the Manufacturer, the Agreement is automatically assigned to the new owner subject to the conditions of this Agreement.

9.7 Nothing in this Agreement will be construed so as to require the commission of any act contrary to law. If any provision of this Agreement is found to be invalid or illegal by a court of law, or inconsistent with federal requirements, this Agreement will be construed in all respects as if any invalid, unenforceable, or inconsistent provision were eliminated, and without any effect on any other provision. The parties agree to negotiate replacement provisions, to afford the parties as much of the benefit of their original bargain as is possible.

9.8 The Department and the Manufacturer declare that this Agreement, including attachments, contains a total integration of all rights and obligations of both parties. There are no extrinsic conditions, collateral agreements or undertakings of any kind. In regarding this Agreement as the full and final expression of their contract, it is the express intention of both parties that any and all prior or contemporaneous agreements, promises, negotiations or representations, either oral or written, relating to the subject matter and period of time governed by this Agreement which are not expressly set forth herein are to have no force, effect, or legal consequences of any kind.

9.9 The following provisions of this Agreement may be altered by an amendment in writing signed by both parties and approved by the appropriate State control:

- Notice Provision
- Effective Dates
- Attachment A (Covered Products)
- Attachment B (Rebate Formula)

The remainder of this Agreement will not be altered except by an amendment in writing signed by both parties and approved by CMS and the appropriate State control agencies. Any modification of the formula to include non-Medicaid population groups must be authorized by CMS.

9.10 Manufacturer shall, upon request by the Department and upon receipt of a proposed amendment to this Agreement, negotiate in good faith to amend this Agreement if and when required to comply with Federal or State laws or regulations. If the parties are unable to agree upon an amendment within sixty (60) days, or such shorter time required by Federal or State law or regulation, the Department may terminate this Agreement.

9.11 For Agreements that cover more than one agreement year, the State reserves the right to solicit annually more favorable State Supplemental Rebates from Manufacturer by giving written notice thereof no less than ninety (90) days prior to the yearly anniversary of the effective date of this Agreement.

9.12 Neither party contemplates any circumstances under which indemnification of the other party would arise. Nevertheless, should such circumstances arise, the Manufacturer agrees to indemnify, defend and hold harmless the State, its officers, agents and employees from any and all claims and losses accruing or resulting to any person, firm or corporation who may be injured or damaged by the Manufacturer in the performance of this Agreement.

9.13 This Agreement is not assignable by Manufacturer either in whole or in part without the written consent of the Department, which will not unreasonably be withheld.

9.14 Failure of Manufacturer or the Department to insist on performance of any term or condition of this Agreement or to exercise any right or privilege hereunder shall not be construed as a continuing or future waiver of such term, condition, right or privilege.

9.15 Unless the context otherwise requires or unless otherwise specified, the following rules of construction apply to this Agreement:

(a) Provisions apply to successive events and transactions;

(b) "Or" is not exclusive;

(c) References to statutes and rules include subsequent amendments and successors thereto;

(d) The various headings of this Agreement are provided for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof;

(e) "Days" shall mean calendar days; "business day" shall mean a weekday (Monday through Friday), excepting State holidays, between the hours of 8:00 a.m. Eastern Standard Time and 5:00 p.m. Eastern Standard Time;

(f) Use of the male gender (*e.g.*, "he", "him", "his") shall be construed to include the female gender (*e.g.*, "she", "her"), and vice versa; and

(g) Words in the plural which should be singular by context shall be so read, and vice versa.

9.16 No party shall use the registered or claimed mark of another in any type of promotional or advertising material without the express written consent of the other party except that Manufacturer agrees that the Department may use a Manufacturer claimed or registered trade name and/or trademark to communicate the inclusion of a Manufacturer Product in a Preferred Drug List to the Department's prescribing clinicians, pharmacies and Medicaid members.

9.17 The effectiveness of this Agreement shall be contingent on _ 's Best Price and AMP not being affected by State Supplemental Rebates. Performance under this Agreement shall be contingent on the non-occurrence of the event described in Section 8.2(b) of this Agreement, and on CMS's valid authorization of the West Virginia Supplemental Rebate Program of which this Agreement forms a part.

9.18 In the event that the Department determines, as a result of a therapeutic category review, a Covered Product(s) of the Manufacturer included on the West Virginia Medicaid Preferred Drug List should require prior authorization for appropriateness of therapy using best practice standards, the parties agree that the terms of Section 8.1 shall apply.

9.19 If during the duration of this Agreement a generic equivalent of any Covered Product should become available, the Department will allow Covered Product to remain on the

Preferred Drug List so long as the net cost to the State, as defined in Attachment B, is not more than the lowest reimbursement cost for a generic equivalent.

9.20 It is the Department's belief that the business arrangement contemplated by this Agreement is not subject to the provisions of 42 USC 1320a-7b(b) prohibiting illegal remuneration. Should the above provisions apply, it is the Department's belief that the business arrangement contemplated by this Agreement meets the discount exception found in 42 USC 1320a-7b(b)(3)(A), which excludes from prohibited activities the practice of discounting or other reductions in price obtained by a provider of services or other entity under a Federal health care program, if the reduction in price is properly disclosed and appropriately reflected in the costs claimed or charges made by the provider or entity under a Federal health care program. The Department currently provides CMS full and unfettered access to all information held by the Department regarding the implementation of the West Virginia Medicaid Program, and shall continue to do so throughout the implementation of the State Supplemental Rebate and West Virginia Medicaid Preferred Drug List.

9.21 This Agreement, and all books, records, and supporting documents related thereto, shall be available for review or audit by the Department, the Office of Inspector General for West Virginia, the Medicaid Fraud Control Unit of the Department, the United States Department of Health and Human Services, the state legislative branch or state executive branch auditor or other auditor and other state and federal agencies with monitoring authority related to the subject matter of this Agreement ("Authorized Persons"), and Manufacturer agree to cooperate fully with any such review or audit. Upon reasonable notice by any Authorized Person, Manufacturer shall provide, in the appropriate venue for the Department or at any other location designated by the Authorized Person, during normal business hours, full and complete access to the relevant portions of Manufacturer's books and billing records as they relate to payments under this Agreement. If the audit findings indicate overpayment(s) to the Department, Manufacturer shall adjust future or final payments otherwise due to the Department. If no payments are due and owing to the Department, or if the overpayment(s) exceed the amount otherwise due to the Department, the Department shall refund all amounts, which may be due to the Manufacturer.

9.22 Manufacturer shall maintain, during the term of this Agreement in accordance with 42 C.F.R. § 447.510(f) and other applicable law, all business, professional and other records in accordance with applicable law, the specific terms and conditions of this Agreement, and pursuant to generally accepted accounting practice. Failure to maintain books, records, and supporting documents required by this Agreement shall establish a presumption in favor of the Department for the recovery of any funds owed to the Department under the Agreement for which adequate books, records, and other documents are not available to support the purported disbursement.

9.23 Noncompliance with any obligations hereunder due to force majeure, such as acts of God, laws or regulations of any government, war, terrorism, civil commotion, destruction of production facilities and materials, fire, earthquake, storm, labor disturbances, shortage of materials, failure of public utilities or common carriers, and any other causes beyond the reasonable control of the parties, shall not constitute breach of contract.

9.24 Those obligations under this Agreement that, by their nature, are intended to continue beyond the termination or expiration of this Agreement, shall survive the termination or expiration of this Agreement. This includes any outstanding rebate and interest amounts for Manufacturer's Covered Product(s) with dates of service covered by this Agreement.

IN WITNESS WHEREOF, the Department and Manufacturer have caused this Agreement to be executed on the dates shown below by representatives authorized to bind the respective parties.

[Manufacturer]

By:

Title:

Date:

West Virginia Department of Human Services

By:

Title: Cabinet Secretary

Date:

Bureau for Medical Services

By: Cynthia E. Beane, MSW, LCSW

Title: Commissioner

Date:

ATTACHMENT A

Covered Products

The products to which the Supplemental Rebate Agreement shall apply are the following:

Manufacturer Name	NDC	Product Description	Formula

ATTACHMENT B

Rebate Formula

Manufacturer	NDC	Product Description	WAC	National Rebate	Tier	Formula	GNP	Comments

The Tier represents the number of brand drugs that may be preferred in the Therapeutic category. Manufacturers may submit offers for any or all Tiers.

- Tier 1 - The covered product will be the only preferred brand product in the PDL category.
- Tier 2 - The covered product will be one of no more than two preferred brand products in the PDL category.
- Tier 3 - The covered product will be one of no more than three preferred brand products in the PDL category.
- Tier 4 - The covered product will be preferred (offer places no limitation on the number of preferred brand products in the PDL category).

Formula 1: Percentage of WAC. Formula for Supplemental Rebate calculation: WAC X % off WAC
Formula 2: Guaranteed Net Price. Formula for Supplemental Rebate calculation: WAC – National Rebate – Guaranteed Net Price

Note: Invoices will be calculated using WAC & National Rebate for the current invoice quarter