

July 19, 2016

Dear Pharmaceutical Manufacturer:

Arizona's Medicaid Program, the Arizona Health Care Cost Containment System (AHCCCS), has contracted with Magellan Medicaid Administration, Inc. to secure supplemental rebates for preferred agents on the AHCCCS Drug List. The AHCCCS Drug List is utilized by both the Fee-For-Service and Managed Care Organization (MCO) programs.

The intent of AHCCCS is to accrue rebates on both Fee-For-Service and Managed Care utilization for preferred agents under the AHCCCS drug list which is managed by the AHCCCS for covered outpatient drugs dispensed to persons eligible in Arizona for Medicaid, the Children's Health Insurance Program and to persons with Serious Mental Illness, as defined in A.R.S. 36-550, who qualify for state funded care under A.R.S. 36-3408. The AHCCCS supplemental rebate agreement, drafted with the express purpose of establishing a single drug list and described further in section 2.1 of the ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM SUPPLEMENTAL DRUG-REBATE AGREEMENT (SRA), was approved by CMS on May 28, 2015;

2.1 It is the intent of this Agreement that the State will receive Supplemental Rebates, in addition to the rebates received under Manufacturer's CMS Agreement, pursuant to Section 1927 of the Social Security Act (42 U.S.C. §1396r-8), for the Manufacturer's Supplemental Covered Product(s) quarterly utilization in the Arizona Medicaid Program, including all Fee-For-Service and Managed Care beneficiaries, in which there is Medicaid federal financial participation. The parties also intend for this Agreement to meet the requirements of federal law at Section 1927 of the Social Security Act (42 U.S.C. §1396r-8).

At this time, supplemental rebate offers are requested for the following products and therapeutic categories which will be reviewed at the Pharmacy and Therapeutics Committee meeting on October 19, 2016

- Antibiotics, Inhaled
- Cytokine and CAM Antagonists
- Epinephrine Self-Injected
- Growth Hormone
- Long-Acting Narcotic Analgesics

Supplemental rebate offers may be requested for additional products and/or other therapeutic categories in the future.

Please note the following deadlines:

Final supplemental rebate offers must be submitted to Provider Synergies LLC, an affiliate of Magellan Medicaid Administration, Inc. through the Secure FTP site found at <https://secureftp.providersynergies.com/>, by close of business on **Wednesday, August 24, 2016**. Supplemental rebates will begin to accrue on **January 1, 2017 and end December 31, 2017** for those drugs selected as preferred.

We hope that you will take this opportunity to participate in a program that seeks to retain access to quality pharmaceuticals for Arizona's most vulnerable citizens.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Betlach', with a long, sweeping horizontal stroke extending to the right.

Thomas J. Betlach
Director