Centers for Medicare & Medicaid Services, HHS § 447.510

(2) An ICF/MR providing services as set forth in § 440.150 of this chapter; or
(3) A State-owned or operated nursing facility providing services as set forth in § 440.155 of this chapter.

(b) Nonapplication. This restriction shall not apply to sales by a manufacturer of covered outpatient drugs that are sold under a master agreement under 38, U.S.C. 8126.

§ 447.510 Requirements for manufacturers.

(a) Quarterly reports. A manufacturer must report product and pricing information for covered outpatient drugs to CMS not later than 30 days after the end of the rebate period. The quarterly pricing report must include:

(1) AMP, calculated in accordance with § 447.504 of this subpart;
(2) Best price, calculated in accordance with § 447.505 of this subpart;
(3) Customary prompt pay discounts, which shall be reported as an aggregate dollar amount for each covered outpatient drug at the nine-digit NDC level, provided to all wholesalers in the rebate period; and
(4) Prices that fall within the nominal price exclusion, which shall be reported as an aggregate dollar amount and shall include all sales of single source and innovator multiple source drugs to the entities listed in § 447.508(a) of this subpart for the rebate period.

(b) Reporting revised quarterly AMP, best price, customary prompt pay discounts, or nominal prices. (1) A manufacturer may report a revised base date AMP to CMS revisions to AMP, best price, customary prompt pay discounts, or nominal prices for a period not to exceed 12 quarters from the quarter in which the data were due.

(2) A manufacturer must report revisions to AMP, except when the revision would be solely as a result of data pertaining to lagged price concessions.

(c) Base date AMP report. (1) A manufacturer may report a revised base date AMP to CMS within the first four full calendar quarters following [OFR: insert publication date of the final rule].

(2) Recalculation of base date AMP. (i) A manufacturer’s recalculation of the base date AMP must only reflect the revisions to AMP as provided for in § 447.504 of this subpart.

(ii) A manufacturer may choose to recalculate base date AMP on a product-by-product basis.

(iii) A manufacturer must use actual and verifiable pricing records in recalculating base date AMP.

(d) Monthly AMP—(1) Definition of Monthly AMP. Monthly AMP means the AMP that is calculated on a monthly basis. A manufacturer must submit a monthly AMP to CMS not later than 30 days after the last day of each prior month.

(2) Calculation of monthly AMP. Monthly AMP should be calculated based on the methodology in section 447.504 of this subpart, except the period covered should be based on monthly, as opposed to quarterly, sales. The monthly AMP should be calculated based on the weighted average of prices for all the manufacturer’s package sizes of each covered outpatient drug sold by the manufacturer during a month. It is calculated as net sales divided by number of units sold, excluding goods or any other items given away unless contingent on any purchase requirements. Monthly AMP should be calculated based on the best data available to the manufacturer at the time of submission. In calculating monthly AMP, a manufacturer must estimate the impact of its lagged price concessions using a 12-month rolling average to estimate the value of those discounts.

(3) Timeframe for reporting revised monthly AMP. A manufacturer must report to CMS revisions to monthly AMP for a period not to exceed 36 months from the month in which the data were due.

(4) Exception. A manufacturer must report revisions to monthly AMP, except when the revision would be solely as a result of data pertaining to lagged price concessions.

(5) Terminated products. A manufacturer must not report a monthly AMP for a terminated product beginning with the first month after the expiration date of the last lot sold.

(e) Certification of pricing reports. Each report submitted under paragraphs (a) through (d) of this section must be certified by one of the following:
§ 447.512 Drugs: Aggregate upper limits of payment.

(a) Multiple source drugs. Except for brand name drugs that are certified in accordance with paragraph (c) of this section, the agency payment for multiple source drugs must not exceed, in the aggregate, the amount that would result from the application of the specific limit established in accordance with §447.514 of this subpart. If a specific limit has not been established under §447.514 of this subpart, then the rule for “other drugs” set forth in paragraph (b) of this section applies.

(b) Other drugs. The agency payments for brand name drugs certified in accordance with paragraph (c) of this section and drugs other than multiple source drugs for which a specific limit has been established under §447.514 of this subpart must not exceed, in the aggregate, payment levels that the agency has determined by applying the lower of the—

(1) EAC plus reasonable dispensing fees established by the agency; or

(2) Providers’ usual and customary charges to the general public.

§ 447.514 Upper limits for multiple source drugs.

(a) Establishment and issuance of a listing. CMS will establish and issue listings that identify and set upper limits for multiple source drugs that meet the following requirements:

(i) The FDA has rated two or more drug products as therapeutically and pharmaceutically equivalent in its most current edition of “Approved Drug Products with Therapeutic Equivalence Evaluations” (including supplements or in successor publications), regardless of whether all such formulations are rated as such and only such formulations shall be used when determining any such upper limit.

(2) The agency must decide what certification form and procedure are used.

(3) A checkoff box on a form is not acceptable but a notation like “brand necessary” is allowable.

(4) The agency may allow providers to keep the certification forms if the forms will be available for inspection by the agency or HHS.

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(1) EAC plus reasonable dispensing fees established by the agency; or

(2) Providers’ usual and customary charges to the general public.

(c) Certification of brand name drugs. (1) The upper limit for payment for multiple source drugs for which a specific limit has been established under §447.514 of this subpart does not apply if a physician certifies in his or her own handwriting (or by an electronic alternative means approved by the Secretary) that a specific brand is medically necessary for a particular recipient.

(2) The agency must decide what certification form and procedure are used.

(3) A checkoff box on a form is not acceptable but a notation like “brand necessary” is allowable.

(4) The agency may allow providers to keep the certification forms if the forms will be available for inspection by the agency or HHS.