

340B & Medicaid

The 340B Statute Prohibits “Duplicate Discounts”

- A duplicate discount occurs when a drug purchased with a 340B discount is also subject to a state Medicaid rebate.
- HRSA developed the Medicaid Exclusion File to prevent duplicate discounts from occurring.
- Entities that use 340B drugs for Medicaid patients must denote this on the HRSA 340B Database and list the entity’s Medicaid billing number/NPI in the Medicaid Exclusion File
- States use the Medicaid Exclusion File to identify and removes 340B pharmacy claims associated with such entities from rebate requests. Verify with your state if it has additional billing requirements.

BE AWARE

Some pharmacy payers have been issuing discriminatory contracts to 340B entities for significantly lower reimbursement than they would offer other retail pharmacies.

- Some Medicaid managed care organizations (MCOs) offer lower reimbursement if there is no Medicaid rebate collection.
- Some Medicaid MCOs may be attempting to capture the 340B savings without the direction of the state office.

If your entity receives a discriminatory contract, you do not have to agree to the terms.

Support for Preventing Duplicate Discounts

Additional methods are being used by stakeholders to attempt to prevent duplicate discounts. Here are two approaches:

- The [NCPDP Transaction Standards](#) identify an individual 340B purchased drug claim at the point of service (POS) in a retail or clinic pharmacy (contract pharmacy).
- A UD Modifier is used for physician-administered claims to identify a 340B purchased drug by using the reporting modifier “UD” in conjunction with the procedure code on the state or federal billing form. See your state’s pharmacy provider/ billing manual for more information.

Medicaid and Contract Pharmacy

340B drugs should not be used in a contract pharmacy situation for Medicaid patients unless there is an arrangement to prevent duplicate discounts that has been reported to HRSA in collaboration with the state Medicaid agency.

FAQs

Is my covered entity (CE) required to submit its Medicaid/NPI number to the HRSA Medicaid Exclusion File?

If the CE uses 340B drugs for Medicaid patients, then it must list all the Medicaid billing numbers/ NPIs used for billing these claims to the state.

Can I use 340B drugs for Medicaid patients in some places and not others?

If an entity chooses to use 340B for its Medicaid patients, it must be consistent for all patients and clinics that bill with the same Medicaid billing number/NPI. CEs wishing to have varied billing practices in regards to Medicaid patients must get additional NPI numbers or seek a state-approved differentiation process and work with HRSA.

