



# Strategies to Minimize Unnecessary WAC Exposure

## A Checklist for Hospitals Subject to the GPO Prohibition

**Purpose:** The purpose of this tool is to share strategies to help minimize unnecessary WAC exposure in 340B hospitals subject to the GPO Prohibition (DSH, PEDs CAN). These hospitals must use a non-GPO/WAC account for purchases for outpatients who are ineligible for 340B.

| Strategy Areas Shared by Hospitals | Additional Details   |
|------------------------------------|--|
| 1. WAC purchase report analysis    | <p>Hospitals run regular WAC purchasing reports, analyzed by an individual or committee, to identify why items are purchased via the WAC account and then to determine mechanisms to change purchasing patterns.</p> <ol style="list-style-type: none"> <li>1. Hospitals devise a mechanism to manually adjust accumulators with adequate documentation for why the adjustment was made for products outside the split-billing software (e.g., specialty pharmacy products, IV solutions). Manual adjustments can also be used for waste tracking. Hospitals report that manual accumulator adjustments are time consuming and introduce potential for errors, so careful scrutiny is warranted.</li> <li>2. Hospitals may need staff education or a policy change regarding drugs or services if the hospital currently has a “do not charge” policy (no charges = no accumulation).</li> <li>3. Suggestions for NDC-related issues: (a) Hospitals verify correct default NDCs in the EMR. (b) Require a manual crosswalk or update for custom NDCs created for compounded products. (c) Check to ensure that accumulations for shorted products are not purchased using a non-9- or non-11-digit matching NDC.</li> <li>4. Suggestions for mixed-use areas in which drug use and waste are known to be 100% inpatient: (a) Hospitals replenish inventory to par levels with GPO purchased products. (b) Hospitals use the manual adjustment practices developed in section 1.1 above to accumulate waste.</li> </ol> |
| 2. NDC crosswalk management        | <p>Hospitals regularly update the crosswalk to reflect current practices by taking the following actions:</p> <ol style="list-style-type: none"> <li>1. Verify that the correct NDC is listed as primary in the pharmacy system and billing system.</li> <li>2. Link purchasing to the item master in the pharmacy system, as well as to the chargemaster.</li> <li>3. Consider physician preference lists and order sets, which may be tied to historic purchasing patterns.</li> <li>4. Trace claims through the entire process, from charge to administration, EMR, dispensation, patient bill, the accumulator, and the order placed.</li> <li>5. Ensure that the NDC is the same in all systems and hits the accumulator with the correct NDC and the correct quantity.</li> </ol> <p>Note: Some entities allow purchase at a 9-digit level as an exception when the 11-digit package size is unavailable; however, the systems should not be configured this way as standard practice.</p>   |





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|---|---|
| 7. Entity interpretation of “covered outpatient drug”                   | Hospitals interpret the definition of covered outpatient drug to determine that products not directly reimbursed (e.g., IV solutions, anesthesia gases) are not covered outpatient drugs and may be purchased using a GPO. Hospitals recommend that if the reimbursement isn’t measurable/identifiable as directly reimbursed, they remove the drug from their policies and procedures as meeting the definition of a “covered outpatient drug,” referencing Section 1927 (k) of the Social Security Act. |
| 8. Ownership decisions/ structuring of hospital entity-owned pharmacies | Some hospitals report that because a parent organization (not the 340B entity) actually owns the pharmacy, the hospital believes that the pharmacy is properly registered as a contract pharmacy (not subject to the GPO Prohibition). The entity would need to ensure that the contract pharmacy does not purchase covered outpatient drugs through a GPO <i>on behalf of the entity</i> .   |
| 9. Manage materials/ medical-surgical items                             | Hospitals have incorporated certain products, traditionally managed by materials management, to the pharmacy’s oversight, or alternatively, evaluated whether the entity considers these products to be covered outpatient drugs.   |

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