

Policy Issue Paper

Issue: **State 340B Policy to Prevent Duplicate Discounts through the Medicaid Drug rebate program**

Date: **October 6, 2014**

Background:

Section 340B(a)(5)(A)(i) of 42 U.S.C prohibits duplicate discounts on 340B-purchased medications; therefore, manufacturers who are required to provide outpatient drugs to eligible health care organizations at a significantly reduced price, are not obligated to pay rebates on those same drugs.

In addition, OAR 410-121-0155, endorses the federal requirement that prohibits covered entities and federally qualified health centers or their contracted agents, from billing Medicaid Fee-for-Service (FFS), above the 340B acquisition cost.

Purpose:

Develop an accurate reporting process to identify 340B-purchased drugs from the Coordinated Care Organization's (CCO) encounter claims data, in an effort to prevent duplicate discounts. Section 340B(a)(5)(A)(ii) required the Secretary to establish a mechanism to ensure that covered entities comply with the requirement prohibiting duplicate discounts.

Policy:

Currently, the State uses the Medicaid Exclusion File on the Health Resources and Services Administration (HRSA) website to identify Public Health Service (PHS) providers that have indicated they are using 340B drugs for Medicaid clients.

Medicaid (FFS) and CCO encounter claims are excluded from the Medicaid rebate process, from these PHS providers. PHS entities that have indicated to HRSA that they are not using 340B drugs for Medicaid clients, will have both their FFS and CCO encounter claim utilization, included in the Medicaid rebate process.

Public Health Service (PHS) entities and CCOs are required to work with the State in an effort to best allow PHS providers to maximize the 340B drug program without risking sanctions due to duplicate discounts. Covered entities that will carve-in are required to inform HRSA (by providing their Medicaid provider number/NPI) at the time they enroll in the 340B Program that they will purchase and dispense 340B drugs for their Medicaid patients. If covered entities decide to bill to Medicaid for 340B-purchased drugs with a Medicaid provider number/NPI, then ALL (FFS and CCO) drugs billed to that number must be purchased under 340B and that Medicaid provider number/NPI must be listed on the HRSA Medicaid Exclusion File.

For covered entities that opt to purchase Medicaid drugs outside of the 340B Program, e.g., carve-out Medicaid prescriptions, ALL drugs billed under that Medicaid provider number/NPI must be purchased outside the 340B Program, and that Medicaid provider number/NPI should not be listed on the HRSA Medicaid Exclusion File.

PHS entities will not be allowed to utilize contract pharmacies to bill 340B drugs for FFS Medicaid claims, as the State will be collecting rebate on claims from those pharmacies. PHS providers are permitted to include 340B drug claims in their contract pharmacy arrangements for Managed Medicaid clients; however, they are required to identify those claims to the State, using the defined process by the State, to ensure they are excluded from the rebate process in order to prevent double-dipping.

Process:

See attached 340b claims file instructions and file layout document.