



NOVEMBER 2017

**MCO PHARMACY BULLETIN 17244**

**MCO 340B Policy**

**Effective with dates of service on and after April 1, 2018, Covered Entity pharmacies** (excludes contracting pharmacies and physician-administered drugs) that are listed on the Health Resources and Services Administration (HRSA) Medicaid Exclusion File (MEF) and fill Medicaid managed care organization (MCO) member prescriptions with drugs that are purchased at the prices authorized under Section 340B of the Public Health Services Act are required to use a claim modifier to identify 340B claims from non-340B claims.

Providers that choose to carve-in Medicaid must register with the HRSA 340B program. These providers must submit their National Provider Identifier (NPI) and their Medicaid provider number (Kansas Medical Assistance Program [KMAP] identification [ID] number) to the Office of Pharmacy Affairs (OPA) and be included on the HRSA MEF. All Covered Entity child clinics associated with the Covered Entity parent facility are to have a KMAP ID and be listed on the HRSA MEF list.

The State will use the HRSA MEF for both the fee-for-service (FFS) and MCO 340B provider identification and as such requires the Covered Entity to choose the designation of using 340B drugs and being listed on the MEF to be the same for both FFS and MCO Medicaid claims.

Compliance with the HRSA 340B program requirements is also a Kansas Medicaid requirement.

The **claim identifier** to be used is the Submission Clarification Code (SCC) 420-DK. This is a Payer Field description indicating the value to be used to identify drugs submitted as 340B claims. Covered Entity pharmacies must submit 20 in this field to indicate claims submitted under the 340B Program.

## MCO 340B Policy

The Covered Entity will be responsible for any manufacturer disputes and possible payment to the manufacturer due to double discounting that may have taken place due to incorrect claim coding. Any inaccurate coding of claims, including retroactive status changes in a valid 340B patient, valid 340B provider, valid location, and valid 340B purchased drug will be the responsibility of the Covered Entity pharmacy.

The current requirement of billing Medicaid MCO claims at actual acquisition cost has changed to allow standard billing, but Medicaid reimbursement for those claims will change. Reimbursement will be based on the 340B claim identifier. Those that are for 340B transactions and identified with a SCC of 20 will be reimbursed with the NADAC lesser of logic to include WAC minus 50%. Those not identified with a SCC of 20 will be reimbursed as a non-340B retail pharmacy transaction, which uses the NADAC lesser of logic without the WAC minus 50% as part of the lesser of logic.

Covered Entity **contract pharmacies** should not dispense drugs acquired through the Federal 340B drug price program to Medicaid patients. Contract pharmacy claims will be included for drug rebate.

This notification outlines the Kansas Medicaid policy and the expectations of 340B Covered Entities, Covered Entity pharmacies, and Covered Entity contract pharmacies regarding Medicaid MCO pharmacy claims.

Physician-administered drugs are not affected by this policy.

The current policy for FFS 340B claims is not changed by this MCO 340B policy. Reference the ***Pharmacy FFS Provider Manual*** on the [Provider Manuals](#) page of the KMAP website.

### ACRONYMS

**WAC:** wholesale acquisition cost

**AWP:** average wholesale price

**Carve-in** status\*: Drugs purchased through the 340B program used for Medicaid patients

**Carve-out** status\*: Drugs purchased through the 340B program not used for Medicaid patients

**Parent facility:** The main facility authorized to participate in the 340B program

**Child facility:** Clinics associated with the 340B parent facility

\* According to the HRSA website.