



Louisiana Department of Health
Health Plan Advisory 17-4
March 8, 2017

340B Policy: Claim Level Indicators

The MCO health plans are required to submit drug-related encounter data to Louisiana Medicaid for the purposes of collecting Federal Medicaid Rebates. Louisiana Medicaid must prevent duplicate discounts against drug manufacturers when 340B covered entities dispense drugs purchased through the 340B Discount Program. Federal Medicaid Rebates are not allowed on 340B discount drug utilization.

340B is a federal program administered by the Health Resources and Services Administration (HRSA). HRSA's Office of Pharmacy Affairs (OPA) maintains a searchable database of all healthcare providers enrolled as 340B covered entities (<http://www.hrsa.gov/opa/>). Medicaid and Managed Care Medicaid claims billed by 340B covered entities that self-attest to HRSA that their Medicaid populations are carved into their 340B programs are removed from Federal Medicaid Rebate invoicing. This means the provider attests that their Medicaid claims are all 340B discount stock and are not eligible for Federal Rebate collection.

Orphan drug regulations and 340B drug stock shortages are examples of isolated instances when a 340B covered entity's claims are not exclusively 340B. Louisiana Medicaid is requiring a claim-level indicator be used by the billing provider in order to denote a drug claim's status as 340B.

Louisiana Medicaid is requiring MCOs to implement 340B claim-level identifiers effective May 1, 2017. MCOs should include the following requirements in contracts with 340B covered entities:

Pharmacy 340B Drug Claims:

- NCPDP: Bill value of "20" in the Submission Clarification Code field (420-DK).

Outpatient/Professional Services 340B Drug Claims:

- CMS 1450/UB04: Enter UD Modifier immediately following drug HCPCS/CPT code in field 44.
- CMS 1500: Enter HCPCS code in Loop 2400 SV101-2 followed by the modifier UD. Example: J1111 billed as J1111UD.

Inpatient 340B Drug Claims:

- Drugs are not billed separately from the per-diem inpatient rate. Per HRSA guidelines, 340B stock must not be dispensed in an inpatient setting.

340B Exclusion

Only providers registered as 340B covered entities and listed on the HRSA Medicaid Exclusion File may bill drug stock purchased through 340B with these indicators. The indicator is meant to denote that the specific drug billed on the claim was obtained through the 340B discount program by the billing provider.

These modifiers should not be used by providers that are not registered 340B covered entities, or by covered entities that are not listed on the Exclusion File because they have attested that they do not use 340B drug stock for their Medicaid Fee for Service and Medicaid Managed Care patients.

340B contract pharmacies are not permitted to bill 340B stock to Medicaid or Medicaid Managed Care Plans in Louisiana.

Claims with these modifiers will be excluded from Federal Medicaid Rebate invoicing only when billed by 340B covered entities listed on the Medicaid Exclusion file as using their 340B drug stock for Medicaid and Medicaid Managed Care patients.