



Louisiana Department of Health
Health Plan Advisory 17-4
Revised September 18, 2020

340B Policy: Claim Level Indicators

~~Note: Entities will be notified to implement by September 12, 2017.~~

The managed care organization (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. 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. Due to the cost to charge methodology, outpatient hospital claims are excluded from the claim level indicator requirement.

Louisiana Medicaid is requiring MCOs to implement 340B claim-level identifiers effective June 8, 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).
- NCPDP: Bill value of "08" in the Basis of Cost Determination field (423-DN).

Outpatient/Professional Services 340B Drug Claims:

- CMS 1450/UB04: Enter UD Modifier immediately following drug HCPCS/CPT code in field 44. For example, HCPCS J1111 billed as J1111UD.
- CMS 1500: Enter HCPCS code in field 24C followed by the UD Modifier. 837I: Loop 2400 SV2 can send up to four modifiers SV202-3, SV202-4, SV202-5, and SV202-6.
- 837I: Loop 2400 SV2 can send up to four modifiers SV202-3, SV202-4, SV202-5, and SV202-6
- 837P: Loop 2400 SV1 can send up to four modifiers in SV101-3, SV101-4, SV101-5, and SV101-6.

Effective June 1, 2020, MCOs shall deny claims at Point of Sale (POS) from 340B carved-in pharmacies that have missing or invalid claim level indicators. MCOs shall require submission of the UD modifier on 340B outpatient/professional services drug claims. Encounters shall follow requirements in the Batch Pharmacy Encounters Companion Guide.

Hepatitis C Virus Direct-Acting Antiviral (DAA) Agents

MCOs shall deny claims at POS for hepatitis C direct-acting antiviral agents from 340B pharmacies carved-in to Medicaid. Claims for hepatitis C direct-acting antiviral agents from 340B carve-out pharmacies are not subject to this limitation and shall process as usual.

Vaccines for Adults

Effective July 1, 2020, MCOs shall allow 340B pharmacies carved-in to Medicaid to bill vaccines and administration for adults (19 years and older) at Point of Sale as a pharmacy benefit. Claim level indicators should not be required on claims for vaccines. Vaccines are not 340B or rebate eligible.

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.

MCOs should deny claims at Point of Sale if the 340B indicators are on the claim, but the pharmacy is not listed in the Medicaid Exclusion File. ~~This should be implemented by September 12, 2017.~~ The pharmacy should be directed to fill the claim with regular pharmacy stock with the denial.

~~Claims from 340B covered entities without the claim level indicators should be allowed to process.~~

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.