



State of Louisiana
Louisiana Department of Health
Bureau of Health Services Financing

MEMORANDUM

DATE: March 30, 2017
TO: All Louisiana Fee for Service (FFS) 340B Medicaid Providers
FROM: Jen Steele, Medicaid Director
SUBJECT: 340B Outpatient Pharmacy Reimbursement

In order to comply with the Medicaid Services (CMS) Covered Outpatient Drugs Final Rule (CMS-2345-FC), Fee for Service reimbursement on 340B Outpatient Pharmacy claims must be modified.

Effective May 1, 2017, FFS Pharmacy Outpatient claims for drugs purchased at 340B rates will be reimbursed at Actual Acquisition Cost plus a professional dispensing fee or Usual and Customary, whichever is less.

Covered entities who carve-in Fee for Service Medicaid recipients should bill a drug's actual acquisition cost in National Council for Prescription Drug Programs (NCPDP) field 409-D9 Ingredient Cost Submitted.

Just to clarify, covered entities who carve-in Managed Care Medicaid recipients should continue to bill according to the contract arrangements between the 340B covered entity and the MCO.

Due to the possibility of duplicate discounts, contract pharmacies are not permitted to carve-in FFS or MCO Medicaid for drugs purchased at 340B prices.

Compliance associated with program policy will be verified through our Louisiana Medicaid Pharmacy Compliance Audit Program.

Billing and reimbursement methodologies for physician administered drugs will not change. Outpatient Hospital claims for physician administered drugs will continue to be paid using a cost to charge methodology on the interim and are settled at cost during final settlement. FQHC and RHC claims for physician administered drugs will be included in the all-inclusive T1015 encounter rate as they are currently.

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The following 340B claim level indicators shall be entered to identify drug claims that should be excluded from the rebate invoicing process for both Fee for Service and managed care claims:

Pharmacy Claims

NCPDP Field	NCPDP Field Name	NCPDP Values
420-DK	Submission Clarification Code	20 = 340B
423-DN	Basis of Cost Determination	08 = 340B Disproportionate Share Pricing

Physician-Administered Drug Claims

Providers shall submit the UD modifier to identify 340B drugs on outpatient physician-administered drug claims. This includes outpatient hospital and outpatient professional service 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.

For more information refer to Informational Bulletin 16-9 (340B Policy Clarification) at: http://ldh.la.gov/assets/docs/BayouHealth/Informational_Bulletins/2016/IB16-9.pdf

Your continued cooperation and support of the Louisiana Medicaid Program efforts to coordinate care and improve health are greatly appreciated.

If you have questions about the contents of this memo, you may contact Dara Horcasitas at dara.horcasitas@la.gov or (225) 342-9289 or Paul Knecht at paul.knecht@la.gov or (225) 342-2768.

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