



Last Updated: 06/7/2021

Frequently Asked Questions (FAQ)

340B Drug Pricing Program

KY Medicaid Single Pharmacy Benefit Manager Program

- **What is the difference between 340B program and Medicaid Drug Rebate Program?**
 - The national Medicaid Drug Rebate Program (MDRP) was established in 1991 to offset both state and federal Medicaid drug expenditures. When a drug manufacturer enters into a national rebate agreement, they are also required to enter into agreements with the 340B Drug Pricing Program (340B).
 - The 340B program was designed to enable participating providers, referred to as “covered entities”, to stretch scarce federal resources by obtaining covered outpatient drugs at discounted prices. This program is administered by Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA).
 - Information provided can be found at <https://chfs.ky.gov/agencies/dms/dpo/ppb/Pages/default.aspx>.
- **Why is it important to identify 340B eligible claims?**
 - The overlap of the 340B program and the MDRP creates the possibility of duplicate discounts, which are prohibited under federal law.
 - States are federally mandated to seek federal drug rebates on MCO claims, meaning that the potential for duplicate discounts exists for MCO claims.
 - KY DMS utilizes the HRSA Medicaid Exclusion File (MEF) for both Fee-for-Service (FFS) and Managed Care Organization (MCO) claims to prevent duplicate discounts.
 - Information provided can be found at <https://chfs.ky.gov/agencies/dms/dpo/ppb/Pages/default.aspx>
- **How should 340B covered entities bill 340B eligible claims?**
 - 340B claims submitted via the National Council for Prescription Drug Programs (NCPDP) D.0 format should include the following:
 - Submission Clarification Code (SCC) Value of “20” in field 420-DK.
 - Actual Acquisition Cost (AAC)
 - 340B claims will also process if Basis of Cost Determination value of “08” is submitted on the claim, in addition to a SCC of “20”, but is not required.
 - Covered entities must provide the NPI to HRSA for inclusion on the MEF when choosing to carve-in 340B claims. For more information regarding the MEF, please visit <https://opanel.hrsa.gov/340B>.
 - **Please note:** Kentucky Medicaid prohibits contract pharmacies from 340B dispensing. Claims submitted with SCC of “20” and/or Basis of Cost Determination of “08” will be denied unless the pharmacy is on the HRSA MEF.



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- **If I am a contracted pharmacy, can I bill 340B claims?**

- Kentucky Medicaid prohibits contract pharmacies from 340B dispensing, per Kentucky State Plan Amendment (SPA) KY-17-00 and the Kentucky Administrative Regulation 907 KAR 23:020. Claims submitted with SCC of “20” and/or Basis of Cost Determination of “08” will be denied unless the pharmacy is on the HRSA MEF.

- Information provided can be found at <https://chfs.ky.gov/agencies/dms/dpo/ppb/Pages/default.aspx>.

- **What should I do if a claim is identified retrospectively as being 340B eligible?**

- If a claim is not identified when initially submitted, the pharmacy can reverse and resubmit the claim with the SCC of “20”. This must be done within timely filing limits, as defined by the Kentucky Medicaid Pharmacy Provider Billing Manual https://kyportal.magellanmedicaid.com/public/client/static/kentucky/documents/KY_Provider_Manual.pdf.

- If the claim was prospectively identified as 340B eligible and it is later deemed ineligible, the pharmacy can reverse and resubmit the claim without the SCC of “20”.

- Information provided can be found at <https://chfs.ky.gov/agencies/dms/dpo/ppb/Pages/default.aspx>

- **How will 340B eligible claims be reimbursed?**

- The KY Department of Medicaid Services requires MedImpact to follow the FFS reimbursement model with regards to professional dispensing fees but will not include a ceiling price or Actual Acquisition Cost (AAC) in the Medicaid pricing lesser of logic comparison; however, please note that AAC is required to be submitted with each claim*.

- Lesser of logic pricing algorithm will apply the lower of the following:
 1. National Average Drug Acquisition Cost (NADAC) + Dispense Fee
 2. Wholesale Acquisition Cost (WAC) + Dispense Fee
 3. Federal Upper Limit (FUL) + Dispense Fee
 4. Kentucky Maximum Allowable Cost (MAC) + Dispense Fee
 5. Usual & Customary (U&C)

**Pending CMS approval*

- **Where can I find more information on the 340B program?**

- Please visit <https://chfs.ky.gov/agencies/dms/dpo/ppb/Pages/default.aspx> for more information specific to KY Medicaid 340B pricing program.

- Please visit HRSA website for more information on the 340B program <http://www.hrsa.gov/opa>.