POLICY AND PROCEDURE

DEPARTMENT: Pharmacy Operations, PBM, Vendor Management, Claims Dept.	**DOCUMENT NAME:** 340 B
PAGE: 1 of 3	**REPLACES DOCUMENT:**
APPROVED DATE: 5/9/2018	**RETIRED:**
EFFECTIVE DATE: 5/9/2018	**REVIEWED/REVISED:**
PRODUCT TYPE: MSCAN and CHIP	**REFERENCE NUMBER:** MS.PHAR.28

I. INTRODUCTION

A. PURPOSE:

"Section 340B" or "340B" refers to a portion of the Public Health Service Act of 1992 and Public Law 102- 585. Section 340B, in its most basic sense, obligates participating drug manufacturers to offer discounted prices to select federal grantees and hospitals known as Covered Entities. Congress established the 340B program "to enable these entities to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services." The Section 340B price is determined by a complex formula that is based on the Average Manufacturer Price less a discount, adjusted for inflation, or the manufacturer's 'Best Price'. Section 340B drugs are purchased by a Covered Entity for the exclusive use of a Covered Entity's Eligible Patients in an outpatient setting. The definition of an Eligible Patient is set by each Covered Entity within the guidelines established by the Health Resources and Services Administration (HRSA)'s Office of Pharmacy Affairs (OPA). Covered Entities are required to ensure compliance with Section 340B's requirement to restrict drugs purchased under Section 340B to their Eligible Patients. Section 340B explicitly requires Covered Entities not to seek payment for Section 340B drugs from Medicaid program that is itself claiming rebates from participating manufacturers. This exclusion, commonly known as the prohibition against 'duplicate discounts', is designed to protect manufacturers from providing both a Section 340B discount and a rebate under the Medicaid Drug Rebate Program on the same drugs. This policy reviews the manner by which Magnolia Health plan coordinates claims payment with Envolve Rx and appropriately pays claims based on federal and Mississippi Division of Medicaid requirements.

B. SCOPE:

Magnolia Health Plan (Plan) Pharmacy Department, Envolve, Inc. (Envolve) Vendor Management, and Claims Department

II. PHARMACY 340B CLAIMS:

A. PROCEDURE

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

POLICY AND PROCEDURE

DEPARTMENT: Pharmacy Operations, PBM, Vendor Management, Claims Dept.	**DOCUMENT NAME:** 340 B
PAGE: 2 of 3	**REPLACES DOCUMENT:**
APPROVED DATE: 5/9/2018	**RETIRED:**
EFFECTIVE DATE: 5/9/2018	**REVIEWED/REVISED:**
PRODUCT TYPE: MSCAN and CHIP	**REFERENCE NUMBER:** MS.PHAR.28

when a 340B covered entity's claims are not exclusively 340B. Magnolia Health Plan requires a claim-level indicator be used by the billing provider in order to denote a drug claim's status as 340B. The following values should be submitted on a pharmacy claim by a 340B covered entities to identify a 340B claim:

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)

The Envolve Pharmacy solutions will indicate on the encounter file any 340B submitted claims to Health and Human Services Commission (HHSC) in order to ensure rebates are not collected for these drugs.

It is the responsibility of the Envolve Pharmacy Solutions to review the updated Health Resource and Service Administration (HRSA) 340B discount drug program file quarterly and ensure appropriately messages. The pharmacy should bill appropriately and their transactions are subject to audit.

REFERENCES:

- **340B** Drug Discount Program: a U.S federal government program created to provide outpatient drugs to eligible health care organizations/covered entities at significantly reduced prices.

ATTACHMENTS:

REVISIONS:	**DATE**

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in Compliance 360, Centene's P&P management software, is considered equivalent to a physical signature.

Director of Pharmacy: _____ Approval on file: _____
Chief Medical Director: _____ Approval on file: _____