

REIMBURSEMENT POLICY STATEMENT ARKANSAS MEDICAID (PASSE)

Policy Name		Policy Number	Effective Date
340B Drug Pricing		PY-PHARM-0090	01/01/2023
Policy Type			
Medical	Administrative	Pharmacy	REIMBURSEMENT

Reimbursement Policy Statement: Reimbursement Policies prepared by CareSource and its affiliates are intended to provide a general reference regarding billing, coding and documentation guidelines. Coding methodology, regulatory requirements, industry-standard claims editing logic, benefits design and other factors are considered in developing Reimbursement Policies.

In addition to this Policy, Reimbursement of services is subject to member benefits and eligibility on the date of service, medical necessity, adherence to plan policies and procedures, claims editing logic, provider contractual agreement, and applicable referral, authorization, notification and utilization management guidelines. Medically necessary services include, but are not limited to, those health care services or supplies that are proper and necessary for the diagnosis or treatment of disease, illness, or injury and without which the patient can be expected to suffer prolonged, increased or new morbidity, impairment of function, dysfunction of a body organ or part, or significant pain and discomfort. These services meet the standards of good medical practice in the local area, are the lowest cost alternative, and are not provided mainly for the convenience of the member or provider. Medically necessary services also include those services defined in any federal or state coverage mandate, Evidence of Coverage documents, Medical Policy Statements, Provider Manuals, Member Handbooks, and/or other policies and procedures.

This Policy does not ensure an authorization or Reimbursement of services. Please refer to the plan contract (often referred to as the Evidence of Coverage) for the service(s) referenced herein. If there is a conflict between this Policy and the plan contract (i.e., Evidence of Coverage), then the plan contract (i.e., Evidence of Coverage) will be the controlling document used to make the determination.

CareSource and its affiliates may use reasonable discretion in interpreting and applying this Policy to services provided in a particular case and may modify this Policy at any time.

According to the rules of Mental Health Parity Addiction Equity Act (MHPAEA), coverage for the diagnosis and treatment of a behavioral health disorder will not be subject to any limitations that are less favorable than the limitations that apply to medical conditions as covered under this policy.

Table of Contents

Reimbursement Policy Statement	1
A. Subject.....	2
B. Background.....	2
C. Definitions	2
D. Policy	3
E. Conditions of Coverage.....	5
F. Related Policies/Rules	5
G. Review/Revision History	5
H. References	5



A. Subject

340B Drug Pricing

B. Background

Reimbursement policies are designed to assist you when submitting claims to CareSource. They are routinely updated to promote accurate coding and policy clarification. These proprietary policies are not a guarantee of payment. Reimbursement for claims may be subject to limitations and/or qualifications. Reimbursement will be established based upon a review of the actual services provided to a member and will be determined when the claim is received for processing. Health care providers and their office staff are encouraged to use self-service channels to verify member's eligibility.

It is the responsibility of the submitting provider to submit the most accurate and appropriate CPT/HCPCS/ICD-10 code(s) for the product or service that is being provided. The inclusion of a code in this policy does not imply any right to reimbursement or guarantee claims payment.

The 340B Drug Pricing Program is a federal program, which limits the cost of covered outpatient drugs to eligible health care organizations and covered entities. The purpose of the program is to enable covered entities "to stretch scarce federal resources as far as possible, reach more eligible patients and provide more comprehensive services." This policy describes the claim submission requirements for outpatient pharmacy and provider administered drugs.

C. Definitions

- **340B Covered Entity (CE)** – A facility that is eligible to purchase drugs through the 340B Program and appears on the HRSA Office of Pharmacy Affairs Information System (OPAIS).
- **340B Drug Discount Program (340B)** – Section 340B of the Public Health Service (PHS) Act (1992) that requires drug manufactures participating in the Medicaid Drug Rebate Program to sign a pharmaceutical pricing agreement (PPA) with the Secretary of Health and Human Services.
- **Actual Acquisition Cost** – The actual prices paid to acquire drug products sold by a specific manufacturer.
- **Contract Pharmacy** – A pharmacy contracted with a Covered Entity to dispense 340B medications purchased by the Covered Entity.
- **Current Procedural Terminology (CPT)** – A medical code set maintained by the American Medical Association to describe and bill for medical, surgical, and diagnostic services.
- **Fee-for-Service (FFS)** – Claims billed directly to Arkansas Medicaid for prescriptions and physician administered drugs provided to FFS members.
- **Healthcare Common Procedure Coding System (HCPCS)** – A set of health care procedure codes based on CPT.
- **Health Resources and Services Administration (HRSA)** – The primary federal agency responsible for administering the 340B program.



- **National Council for Prescription Drug Programs (NCPDP)** – the standards organization that creates the standard format through which pharmacy claims are submitted to a Pharmacy Benefit Manager (PBM).
- **National Drug Code (NDC)** – A drug product that is identified and reported using a unique, three-segment number, which serves as a universal product identifier for the specific drug.
- **Pharmacy Benefit Manager (PBM)** – The entity that processes retail pharmacy or PBM benefit claims for CareSource.
- **Provider Administered Drugs** – Drugs administered directly by a health care provider to a patient.

D. Policy

- I. All covered entities that participate in the Federal Public Health Service's 340B Drug Pricing Program (340B) and carve Medicaid patients into the program are required to bill CareSource Arkansas PASSE using the Actual Acquisition Cost.
- II. For drugs purchased under the 340B program:
 - A. Covered entities that bill for physician administered drugs including specialty drugs are required to bill CareSource Arkansas PASSE using the Actual Acquisition Cost.
 - B. Pharmacies are required to bill CareSource Arkansas PASSE using the Actual Acquisition Cost for covered legend and non-legend drugs, including specialty drugs, purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B). Pharmacies that are 340B Covered Entities billing under the 340B Drug Pricing Program will be reimbursed the lesser of the 340B Actual Price Acquisition Cost plus the established professional dispensing fee minus the beneficiary's copayment. Pharmacies will identify 340B claims upon submission using the National Council for Prescription Drug Programs (NCPDP) indicator for drugs purchased through the 340B program.
 - C. Drugs purchased outside the 340B program shall be submitted without the NCPDP 340B claims indicator and will be reimbursed using the lesser of methodology plus the established professional dispensing fee minus the beneficiary's copayment. All applicable federal and state supplemental rebates will be applied to claims submitted without the NCPDP 340B claim indicator.

The State of Arkansas does not permit the use of 340B contract pharmacies. 340B contract pharmacies are required to carve Medicaid claims out of the 340B Drug Pricing Program. Claims exceeding the 340B ceiling price as published or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA) will be subject to audit and may reject at point of sale.
- III. Pharmacy providers who submit NCPDP claims to the CareSource Arkansas PASSE are required to send value 07, 08 or 13 in the Basis of Cost Determination field (423-DN). Medical providers may have contractual agreements with federally qualified 340B entities, enabling special purchase of medication at federal bid pricing. These medications are reserved for only beneficiaries meeting the federal definition of 340B patients. Claims for prescriptions filled with medications purchased through the 340B



program will carry the 08 value (340B Pricing) in the Basis of Cost Determination Field. Claims submitted with usual and customary pricing will carry the 07 value (Usual and Customary Pricing) in this field. Claims for prescriptions filled with non-340B purchased medication AND given a special price will carry the 13 value (Special Pricing) in this field.

IV. 340B Drug Pricing Program

- a. Covered Legend and non-legend drugs, including specialty drugs, purchased through the Federal Public Health Service's 340B Drug Pricing Program by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed the lesser of the 340B Actual Invoice Price or the 340B ceiling price [provided or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA)] plus the established professional dispensing fee. The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed. Drugs acquired through the federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies are not covered.
- b. Physician administered drugs, including specialty drugs, purchased through the 340B Program will be reimbursed the lesser of the 340B Actual Invoice Price or the 340B ceiling price [provided or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA)]. The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed. Covered entities must also identify all 340B drug claims using the medical modifiers JG or TB. Medical drug claims from covered 340B entities, without the modifiers JG or TB, will be considered non-340B drug claims and will be subject to rebate invoicing.

V. Clotting Factor

- a. Pharmacies dispensing Antihemophilic Factor products will be reimbursed at the lesser of methodology plus the established professional dispensing fee. The lesser of methodology for the allowed ingredient cost shall be the Wholesale Acquisition Cost (WAC) + 0% or State Actual Acquisition Cost (SAAC).
- b. Pharmacies dispensing Antihemophilic Factor products purchased through the Federal Public Health Service's 340B Drug Pricing Program by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed at the lesser of the 340B actual invoice price or the 340B ceiling price {provided or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA)] plus the established professional dispensing fee. The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed.

VI. Drugs Purchased at Nominal Price

- a. Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) shall be reimbursed by their actual acquisition cost.

E. Auditing and Monitoring

To ensure compliance with 340B billing requirements, CareSource will monitor both 340B and non-340B claim submissions to identify potential 340B claims. Should we identify a claim we believe is 340B, we will inform the provider of the potential billing error and ask for validation, as well as correction.



F. Conditions of Coverage

I. Reimbursement is dependent on, but not limited to, submitting the appropriate and applicable drug-related codes (HCPCS, CPT, NDC) along with appropriate 340B claim fields, if applicable.

II. Prescriber Administered 340B Drugs

A. In addition to the HCPCS/CPT code, NDC, and other fields consistently submitted for claims payment, 340B Covered Entities should submit the claim on a CMS 1500 or UB-04 claim form with the either of the following modifiers:

- JG – Drug or biological acquired with 340B drug pricing program discount
- TB – Drug or biological acquired with 340B drug pricing program discount, reported for information purposes

G. Related Policies/Rules

None applicable

H. Review/Revision History

DATE		ACTION
Date Issued	02/21/2023	
Date Revised		
Date Effective	01/01/2023	
Date Archived		

I. References

1. Arkansas Department of Human Services 340B Modifiers on Physician Administered Drugs
<https://humanservices.arkansas.gov/wp-content/uploads/340B-Modifiers.pdf>
2. Arkansas Medicaid Providers Manual - Pharmacy Section II
https://medicaid.mmis.arkansas.gov/Download/provider/provdocs/Manuals/pharmacy/PHARMACY_II.doc
3. Arkansas Medicaid Providers Manual - Section I
https://medicaid.mmis.arkansas.gov/Download/provider/provdocs/Manuals/SectionI/Section_I.doc
4. Provider-Led Arkansas Shared Savings Entity (PASSE) Program – Section II
https://medicaid.mmis.arkansas.gov/Download/provider/provdocs/Manuals/PASSE/PASSE_II.doc

The Reimbursement Policy Statement detailed above has received due consideration as defined in the Reimbursement Policy Statement Policy and is approved.