

## Informational Notice

**Date:** April 15, 2013

**To:** Participating Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), Encounter Rate Clinics (ERCs), Hospitals, Local Education Agencies (LEAs), Local Health Departments, Renal Dialysis Facilities, School Based/Linked Health Centers, Pharmacies and Physicians

**Re:** \$12 Dispensing Fee for 340B Purchased Drugs

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The purpose of this notice is to advise providers that effective with dates of service February 1, 2013, and after the department will be implementing a \$12.00 dispensing fee for generic and brand name drugs purchased under the federal 340B drug pricing program.

With the implementation of the SMART ACT, HFS requires all 340B eligible providers, as defined in Section 340B of the federal Public Health Services Act, to be enrolled as a 340B provider with the US Department of Health and Human Services (DHHS). The effective dates for this enrollment are as follows:

- October 1, 2012 for 340B providers who own and/or operate a pharmacy that bills the department for drugs;
- July 1, 2013 for providers who are eligible to participate in the 340B program as Hemophilia Treatment Centers (HTCs); and
- January 1, 2013 for all other 340B-eligible providers who bill the department for drugs.

Effective with dates of service February 1, 2013 and after, the Department shall pay the lesser of the actual acquisition cost for the drug, as billed by the provider, or the Department's established 340B allowable reimbursement rate for the drug, plus a dispensing fee of \$12.00 for brand and generic drugs.

To be eligible for the \$12.00 dispensing fee, claims must be submitted as follows:

### Pharmacy Providers

Pharmacy providers submitting claims through the point-of-sale system for drugs purchased through the 340B program must identify the drug as a 340B purchased drug by populating the Submission Clarification Code (42Ø-DK) field with a value of 20. Providers are required to add the dispensing fee to the provider charge.

Providers who have billed the department for 340B purchased drugs, for dates of service on or after February 1, 2013, should void those claims and re-bill the department using the procedure outlined in the notice above to receive the \$12.00 dispensing fee.

### **Non-Pharmacy Providers**

Providers submitting fee-for-service claims using the [HFS 2360 \(pdf\)](#) or HIPAA 837 Professional Claim Form must identify 340B purchased drugs by reporting modifier "UD" in conjunction with the appropriate procedure code.

Hospital Fee-for Service Billing (2360 or 837P) is limited to the following:

- Chemotherapy agents for the treatment of cancer
- Non-chemotherapy drugs administered for conditions associated with the chemotherapy and submitted with the cancer-related diagnosis
- Baclofen
- Lupron
- RhoGAM
- Synagis
- Tysabri

Hospital billing using the UB-04 or HIPAA 837 Institutional must identify 340B purchased drugs by reporting modifier "UD" in Form Locator 44 of the UB-04 or Loop 2400 of the 837I. Modifier "UD" must be the first modifier listed after the procedure code. 340B billing is limited to Renal Injectable Drugs billed with Renal Dialysis (Category of Service 025) and Expensive Drugs billed in the hospital outpatient setting (Category of Service 024).

The department is currently developing the claims processing system changes to allow automatic payment to non-pharmacy providers. Until that programming is complete, for dates of service February 1, 2013, and after, non-pharmacy providers may add the \$12.00 dispensing fee to their actual acquisition cost.

The department has created a [340B Purchased Drugs Web page](#) which includes a list of Frequently Asked Questions. Additional questions regarding this notice may be directed to the Bureau of Comprehensive Health Services at 1-877-782-5565 or the Bureau of Pharmacy Services at 1-877-782-5565, option 7.

Theresa A. Eagleson, Administrator  
Division of Medical Programs