



Last Updated: 06/30/2021

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?**
 - 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://opanet.hrsa.gov/340B>.
 - The Submission Clarification Code (SCC) of “20”, Basis of Cost Determination of “08”, and Actual Acquisition Cost (AAC) are not required for claim submission at this time.
- **If I am a contracted pharmacy, can I bill 340B claims?**
 - Kentucky Medicaid Fee-for-Service (FFS) does not permit contracted pharmacies. For the Single MCO Pharmacy Benefit Manager (PBM), only covered entities that have an agreement with Kentucky Medicaid may use a contract pharmacy not listed on the MEF file for their 340B Medicaid claims. Contact the Kentucky Medicaid Pharmacy Policy



KY Medicaid 340B FAQ

KY MCO PBM Website



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Branch at DMSPharmacy@ky.gov or 502-564-6890 with any questions or to initiate an agreement.

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

- Kentucky Medicaid 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*.
- 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>.