



State of Louisiana
Department of Health and Hospitals
Bureau of Health Services Financing

MEMORANDUM

DATE: May 24, 2016

TO: All Louisiana Medicaid Fee-for-Service and Managed Care Providers

FROM: Jen Steele, Medicaid Director

SUBJECT: 340B Policy Clarification

SUMMARY

- The overlap of the 340B Drug Pricing Program and the Medicaid Drug Rebate program creates the possibility of duplicate discounts.
- States are federally mandated to seek drug rebates on Managed Care Medicaid claims, meaning that the potential for duplicate discounts exists for managed care claims as well.
- Louisiana uses the Health Resources and Services Administration's (HRSA) Medicaid Exclusion File for **both** Fee-for-Service (FFS) and Managed Care Medicaid claims in order to prevent duplicated discounts.
- Contract pharmacies are not permitted to bill Medicaid for drugs purchased at 340B pricing. This includes **both** FFS and Managed Care Medicaid.

340B & DRUG REBATE PROGRAM BACKGROUND

The national Medicaid Drug Rebate program was established in 1991 as a means 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 two other Federal programs in order to have their drugs covered under Medicaid. One of these programs is the 340B Drug Pricing Program.

The 340B Drug Pricing Program was designed to enable participating providers, referred to as "covered entities," to stretch scarce Federal resources by obtaining covered outpatient drugs at significantly discounted prices. This program is administered by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA).

When a covered entity bills Medicaid for a pharmacy or outpatient physician-administered drug claim, the possibility of duplicate discounts exists due to the overlap of the Medicaid Drug Rebate and 340B Drug Pricing Programs. Therefore, when a covered entity enrolls in the 340B program, it must choose whether it will "carve-in" or "carve-out" its Medicaid patients. Carve-in means that ALL drugs

dispensed to Medicaid patients were purchased under the 340B Drug Pricing Program, while carve-out means that NO drugs dispensed to Medicaid patients were purchased under the 340B Drug Pricing Program.

Additional information on the 340B Drug Pricing Program can be found at <http://www.hrsa.gov/opa>.

MEDICAID EXCLUSION FILE

HRSA communicates carve-in designations to states via the Medicaid Exclusion File (MEF) in order to alert states that Medicaid Drug Rebates should not be sought on that provider's drug claims.

When a covered entity chooses to carve-in, it must provide HRSA with the NPI and/or Medicaid provider number for each site that carves in for the purpose of inclusion in the MEF. An entry in the MEF indicates that a covered entity has chosen to carve-in for a single quarter.

A covered entity can change its carve-in or carve-out designation at any time; however, HRSA stipulates that the effective date of any such change will be the first day of a calendar quarter. Status changes for the next calendar quarter must be provided by the 15th day of the month preceding the quarter's start (March 15, June 15, Sep 15, and Dec 15). Changes submitted after this date will not be effective until the start of the second quarter following the change. Because the MEF is produced on the 15th day of the month preceding a quarter's start, this ensures that an entity's carve-in or carve-out election is properly reflected on the applicable quarter's MEF.

States can elect to identify 340B claims using methods other than the exclusion file (e.g. claim level indicators). **Louisiana currently uses the MEF as the sole means of identifying 340B drug claims.**

Additional information regarding the MEF can be found at <https://opanet.hrsa.gov/340B>.

MANAGED CARE MEDICAID

Section 2501(c) of the Patient Protection and Affordable Care Act (ACA) requires state Medicaid agencies to seek rebates on drugs dispensed by Medicaid Managed Care Organizations (MCOs). This means that the potential for duplicate discounts exists for both FFS and Managed Care Medicaid.

Due to this duplicate discount potential, **Louisiana requires that covered entities utilize the same carve-in or carve-out designation for Managed Care Medicaid patients as for FFS Medicaid patients.** If a covered entity appears on the MEF, Louisiana will exclude that provider's FFS and MCO claims from rebate invoicing. Since claims for FFS Medicaid and Managed Care Medicaid recipients are treated identically in regards to exclusion from rebate invoicing, *any reference to "Medicaid recipients" in this document refers to both FFS and Managed Care Medicaid recipients.*

In order to allow covered entities to identify Managed Care Medicaid patients from an MCO's private insurance patients, Louisiana requires its MCOs to utilize a unique Processor Control Number (PCN) or Group Number for Louisiana Medicaid (RFP17.8.2)¹.

Louisiana Medicaid FFS & MCO BIN, PCN, and Group Numbers for pharmacy claims:

Plan Name	PBM Name	BIN	PCN	Group
AETNA	CVS Health	610591	ADV	RX8834
AMERIGROUP	Express Scripts	003858	MA	WKLA
AMERIHEALTH CARITAS LA	PerformRx	600428	06030000	n/a
LA HEALTHCARE CONNECTIONS	USScript	008019	n/a	n/a
UNITED HEALTHCARE	OptumRx	610494	9999	ACULA
FFS / LEGACY MEDICAID	n/a	610514	LOUIPROD	n/a

Payer ID can be utilized to identify Managed Care Medicaid recipients' medical claims. Please refer to www.makingmedicaid.better.com for information regarding EDI claim submissions. A copy of this information has been attached for your convenience.

CONTRACT PHARMACIES

HRSA permits covered entities to contract with one or more pharmacies to provide services to the covered entity's patients in order to increase patient access to 340B drugs.

HRSA expressly prohibits contract pharmacies from dispensing drugs purchased under the 340B Drug Pricing Program to Medicaid recipients unless the covered entity, the contract pharmacy, and the state Medicaid agency have established an arrangement to prevent duplicate discounts (75 FR 10272, March 5, 2010)². **Louisiana** currently has no such agreements in place and **requires that all contract pharmacies carve-out Medicaid recipients.**

Covered entities are required to perform annual audits of their contract pharmacies and are responsible for ensuring that contract pharmacies have systems in place to prevent duplicate discounts. Per 72 FR 10272, March 5, 2010, "The covered entity remains responsible at all times for the disposition of covered outpatient drugs it purchases through a contract pharmacy."

CURRENT BILLING GUIDELINES

These general guidelines **apply to both the Fee-for-Service and Managed Care Medicaid programs.** For full billing procedures, please refer to each plan's provider manual.

¹ The Bayou Health Request for Proposals (RFP) is available for public download at www.makingmedicaidbetter.com

² Full text from Federal Register (FR) available at www.federalregister.gov

Carve-In

Pharmacy

Covered entities who carve in Medicaid recipients should bill a drug's actual acquisition cost in NCPDP field 409-D9 Ingredient Cost Submitted.

Contract pharmacies are not permitted to carve-in Medicaid recipients.

Physician-Administered Drugs

Hospital Outpatient Claims

Covered entities who carve in Medicaid recipients should bill at the drug's actual acquisition cost. Dispensing fees, supply fees, admin fees, etc. should be billed using the appropriate revenue codes. Any discrepancies in pricing will be rectified in the annual cost settlement process.

Professional Services Claims

Covered entities who carve in Medicaid recipients should bill at the drug's actual acquisition cost. Dispensing fees, supply fees, admin fees, etc. should be billed using the appropriate revenue codes.

Carve-Out

Covered entities who carve out Medicaid recipients should bill according to normal guidelines provided in each plan's provider manual. Links have been provided below:

Aetna	http://www.aetnabetterhealth.com/louisiana/providers/manual
Amerigroup	https://providers.amerigroup.com/pages/la.aspx
Amerihealth Caritas	http://amerihealthcaritasla.com/provider/index.aspx
Louisiana Healthcare Connections	http://www.louisianahealthconnect.com/for-providers/provider-resources/
United Healthcare	http://www.uhccommunityplan.com/health-professionals/la.html
Fee-for-Service	http://www.lamedicaid.com/provweb1/Providermanuals/Intro_Page.aspx

REIMBURSEMENT

Fee-for-Service

Current reimbursement methodologies for covered entities who carve-in Medicaid do not differ from each program's standard reimbursement methodology.

Information regarding reimbursement methodologies can be found in each program's provider manual (links above). Providers can also contact the appropriate department listed below for further information:

<u>Program</u>	<u>Reimbursement Questions Contact</u>	<u>Phone</u>
Pharmacy	Pharmacy Help Desk	1-800-437-9101
All Others (Hospital, Professional Services, etc.)	Molina Provider Relations	1-800-473-2783

Managed Care

Managed care reimbursements are made in accordance with contractual arrangements between the provider and MCO.

For questions about reimbursement, please contact the provider relations department of the appropriate plan:

<u>Plan Name</u>	<u>Provider Relations</u>
Aetna	1-855-242-0802
Amerigroup	1-800-454-3730
Amerihealth Caritas	1-888-922-0007
Louisiana Healthcare Connections	1-866-595-8133
United Healthcare	1-866-675-1607

POLICY COMPLIANCE

If the policies described herein have not yet been adopted by your facility, please contact Dara Horcasitas, Drug Rebate Supervisor, via email at Dara.Horcasitas@LA.GOV so that claims can be assessed for possible exclusion from drug rebate invoices.

Future noncompliance may result in recoupments, sanctions and/or other disciplinary action taken against the provider.

TRANSITION TO CLAIM-LEVEL INDICATORS

Because of orphan drug regulations, 340B drug stock shortages, and other billing issues, a covered entity's Medicaid claims may not be exclusively 340B. Louisiana is in the process of

transitioning to the use of 340B claim-level indicators to identify drug claims that should be excluded from the rebate invoicing process.

Providers can currently submit both FFS and managed care claims with the claim-level indicators below, however they are NOT BEING USED TO EXCLUDE CLAIMS FROM DRUG REBATE INVOICING AT THIS TIME. We do encourage providers to begin testing the use of these indicators:

Pharmacy Claims

NCPDP Field	NCPDP Field Name	NCPDP Values
420-DK	Submission Clarification Code	20 = 340B
423-DN	Basis of Cost Determination	08 = 340B Disproportionate Share Pricing

Physician-Administered Drug Claims

We are currently researching the use of the UD modifier to identify 340B drugs on outpatient physician-administered drug claims.

Further information will be provided prior to implementation.

QUESTIONS

If you have questions about the contents of this memo, you may contact:

<u>Contact Name</u>	<u>Email</u>	<u>Phone</u>
Dara Horcasitas, Drug Rebate Supervisor	Dara.Horcasitas@LA.GOV	225-342-9289
Medicaid Pharmacy Help Desk	Medicaid.Pharmacy@LA.GOV Attn: Drug Rebate Dept.	800-437-9101

Louisiana Medicaid 340B Policy Clarification
Attachment: EDI Submission Information for Managed Care Plans

Rev 10/2015

Managed Care Organizations (MCOs) EDI Submissions

AmeriHealth Caritas

Payer ID 273575066

Trading Partner

EMDEON

For EDI questions:

Email - edi.@amerihealthcaritasla.com

Phone – 1-866-428-7419

Emdeon Phone - 1-800-845-6592

Louisiana Healthcare Connections

Payer ID: 68069

Trading Partners:

Emdeon

ENCODA

GHA Onlie

RelayHealth/MckessonGateway

EDI/TriZetto

ClaimRemedi

MDONLINE

Medavant/Caprio

Availity

PayerPath

Practice Insight

SSI

Smart Data Solutions

ViaTrack

Medassets/Xactimed

Zirmed

INFINEDI

For Support: 1-800-225-2573 Ext. 6075525 or via e-mail at EDIBA@centene.com

AmeriGroup

Trading Partners

Emdeon (formerly WebMD) – Claim Payer ID 27514

Caprio (formerly MedAvant) – Claim Payer ID 28804

Availity (formerly THIN) – Claim Payer ID 26375

Smart Data Solutions – Claims Payer ID 81237

A provider may contact the AmeriGroup EDI Hotline at 1-800-590-5745 to start the electronic claims submission process, or with any questions.

Louisiana Medicaid 340B Policy Clarification
Attachment: EDI Submission Information for Managed Care Plans

UnitedHealthcare

Payer ID: 8772

For EDI questions or list of clearinghouses:

Phone – 1-800-842-1109 or 1-800-210-8315

Email – ac_edi_ops@uhc.com

Current Trading Partners include (but not limited to):

Allscripts	Availity	Capario	Emdeon
Gateway EDI/TriZetto	MD Online	MedAssets	Navicare
Office Ally	OptumInsightTM	Practice Insight	RealMed
RelayHealth	SSI	ZirMed	

Aetna Better Health of Louisiana

Payer ID 128LA

Emdeon	www.Emdeon.com	1-877-469-3263
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Emdeon is the EDI vendor we use. Providers need to contact the software vendor directly for further questions about their electronic billing. All electronic submission shall be submitted in compliance with applicable law including HIPAA regulations and Aetna Better Health of Louisiana policies and procedures. If you use a clearing house other than Emdeon, please have them call Emdeon at the following number in order to establish connectivity: 1-800-845-6592 (Please run a test claim prior to submitting batches) Please use the Payer ID above when submitting claims to Aetna Better Health of Louisiana.