

<b>Institutional Handbook of Operating Procedures</b> <b>Policy 09.14.04</b>	
Section: Clinical Policies	Responsible Vice President: Executive Vice President and CEO Health System
Subject: Pharmacy	Responsible Entity: Pharmacy Services

**I. Title**

*Prevention of the Duplicate Discounts in the 340B Drug Pricing Program*

**II. Policy**

42 USC §256b(a)(5)(A)(i) prohibits [duplicate discounts](#), which means that manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. UTMB has mechanisms in place to prevent duplicate discounts.

**III. Purpose:**

To ensure that UTMB is preventing duplicate discounts.

**IV. Procedures**

A. UTMB determines patient’s Medicaid status to avoid duplicate discounts.

1. UTMB uses a [carve-in](#) model for mixed-use settings in the hospitals, clinics, and UTMB-owned pharmacies. Carve-in means that UTMB has decided to use 340B drugs for its Medicaid patients.
2. UTMB uses a [carve-out](#) model for [contract pharmacies](#). Carve-out means that UTMB will not use 340B drugs for its Medicaid patients.

B. Medicaid Carve-In

1. UTMB has answered “yes” to the question, “Will the covered entity [dispense](#) 340B purchased drugs to Medicaid patients?” on the [Health Resources and Services Administration](#) (HRSA) 340B Database.
2. UTMB dispenses or [administers](#) 340B purchased drugs to Medicaid patients AND subsequently bills Medicaid for those 340B drugs (i.e., carve-in).
3. UTMB bills Medicaid [fee for service (FFS), managed care organizations (MCO), and Medicare-Medicaid plan (MMP)] per Texas Medicaid reimbursement requirements.
  - a. UTMB-owned pharmacies
    - i. Claims: UTMB identifies all outpatient pharmacy claims filed for 340B-eligible patients by submitting a value of "2Ø" ("34ØB / Disproportionate Share Pricing/Public Health Service") in the "Submission Clarification Code" field.
    - ii. Medicaid Exclusion File: UTMB maintains the National Provider Identification (NPI) number of the pharmacies in HRSA’s Medicaid Exclusion File.

- b. UTMB mixed-use settings and clinics
  - i. Claims: UTMB identifies all Medicaid FFS, MCO, and MMP outpatient claims for clinician-administered drugs filled for 340B-eligible patients by submitting the “U8” modifier.
  - ii. Medicaid Exclusion File: UTMB maintains the required National Provider Identification (NPI) number in HRSA’s Medicaid Exclusion File.
    - Hospital NPI
    - UTMB-owned pharmacy NPIs
    - Faculty Group Practice NPI
    - ESRD NPI
    - MK DME NPI
  - iii. Medicaid Exclusion File: UTMB maintains the required Medicaid Number in HRSA’s Medicaid Exclusion File.
    - Hospital Medicaid Number
    - Hospital Ambulatory Surgery Center Medicaid Number
    - Hospital Ambulatory Surgery Center CSHCN Medicaid Number
    - Hearing Aid Medicaid Number
    - Ambulance Medicaid Number
    - ESRD Medicaid Number
    - Faculty Group Practice Medicaid Number
    - Faculty Group Practice CSHCN Medicaid Number
    - Hospital CSHCN Medicaid Number
    - MK DME Medicaid Number
  - iv. In addition, the parent registration and each RMCHP will also include the individual RMCHP/RWSP NPI and Medicaid Number.
4. UTMB contacts the Texas Medicaid Program as needed.

REBATE PROGRAM  
TEXAS HEALTH & HUMAN SERVICES COMMISSION  
LINDA BRUMBLE  
4900 N. LAMAR BLVD., MAIL CODE 2250  
AUSTIN, TX 78751  
(512) 428-1996  
[LINDA.BRUMBLE@HHSC.STATE.TX.US](mailto:LINDA.BRUMBLE@HHSC.STATE.TX.US)

POLICY CONTACT  
TEXAS HEALTH & HUMAN SERVICES COMMISSION  
VENDOR DRUG PROGRAM  
JOSHUA DOMINGUEZ  
P.O. BOX 85200 MC-2250  
AUSTIN, TX 78708  
(512) 462-6390

5. UTMB informs HRSA of any changes in its Medicaid Exclusion File information by updating the HRSA 340B Database before the 15<sup>th</sup> of the month prior to the quarter when

the change takes effect. For example, changes made to the HRSA 340B Database before March 15<sup>th</sup> would become effective on April 1<sup>st</sup>.

6. UTMB regularly reviews its 340B Medicaid Exclusion File. The current exclusion file can be found at <https://340bopais.hrsa.gov/medicaidexclusionfiles>.
7. Medicaid reimburses UTMB for 340B drugs per state policy and should not seek rebates on 340B eligible drug claims submitted by UTMB, which have the U8 or 2Ø modifier appended.

C. Contract Pharmacies

1. UTMB’s contract pharmacies are carve-out, which means that Medicaid patients do not receive 340B purchased drugs at UTMB’s contract pharmacies.

**V. Additional References**

[Medicaid Drug Rebate Program State Contact Information](#)  
[HRSA Medicaid Exclusion File](#)

Texas Health and Human Services. Vendor Drug Program. [Pharmacy Provider Procedure Manual](#).

Texas Health and Human Services. Vendor Drug Program. [Clinician-Administered Drugs](#).

Texas Health and Human Services. Texas Medicaid Provider Procedures Manual. [Clinician-Administered Drugs Handbook](#).

**VI. Dates Approved or Amended**

<i>Originated: 09/09/2019</i>	
<i>Reviewed with Changes</i>	<i>Reviewed without Changes</i>
10/15/2020	
	02/01/2023

**VII. Contact Information**

Pharmacy Services  
 (936) 494-4188