

IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT201754 AUGUST 15, 2017

IHCP no longer covers 340B-purchased drugs dispensed by 340B contract pharmacies

The Centers for Medicare & Medicaid Services (CMS) approved Indiana's Medicaid State Plan amendment submission (IN-17-0002), regarding a change in 340B drug policy, with an effective date of April 1, 2017. The section of the state plan amendment entitled "Indiana Medicaid 340B Policy for Indiana Health Coverage Programs" specifies, in part, as follows:

"Drugs acquired through the 340B drug pricing program and dispensed by 340B contract pharmacies are not covered."



Indiana Health Coverage Programs (IHCP) policy is reflective of the federal Office of Inspector General's findings that contract pharmacy arrangements create complications with covered entities through inconsistent methodologies and arrangements for identifying 340B-eligible prescriptions. Not covering 340B-purchased drugs dispensed to members by contract pharmacies eliminates the covered entity's requirement to do the following:

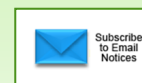
- Ensure that contract pharmacy arrangements prevent diversion of 340B-purchased drugs to ineligible individuals
- Ensure that contract pharmacy arrangements do not result in duplicate discounts
- Conduct oversight of contract pharmacies to detect and remedy any instances of diversion, duplicate discounts, or other program violations

This change results in more efficient administration of the 340B benefit and ensures that 340B drugs are used only as envisioned and intended by federal law and policy.

This policy change is effective immediately and applies retroactively to dates of service on or after **April 1, 2017**. The policy applies to the fee-for-service (FFS) pharmacy benefit. Questions regarding 340B policies of the managed care entities (MCEs) should be referred directly to the MCEs. Find contact information on the [IHCP Quick Reference Guide](#) or visit the MCE pharmacy web pages accessible via the [Pharmacy Services](#) quick link at indianamedicaid.com.

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