

# IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS    BT201413    APRIL 1, 2014



## The IHCP clarifies policy regarding the 340B Program

This bulletin clarifies *Indiana Health Coverage Programs Bulletin* [BT201137](#) and provides additional information about federal requirements pertaining to the “carve-in” and “carve-out” requirement for dispensing 340B stock medication to Medicaid members. *Section 340B* of the *Veterans Health Care Act of 1992* limits the cost of covered outpatient drugs to entities such as certain federal grantees, Federally Qualified Health Centers (FQHCs), FQHC look-alikes, and qualified disproportionate share hospitals, enabling these entities to purchase drugs at discounted rates and stretch scarce federal resources. Indiana Health Coverage Programs (IHCP) policy regarding the 340B Program follows:

- Federal law allows eligible entities to decide if they do or do not want to serve Medicaid members using 340B stock. This decision is wholly at the discretion of the entity. However, once an eligible entity makes a decision to serve or not serve Medicaid members with 340B stock, the entity is “locked” into that decision and not permitted to dispense a mix of 340B and non-340B drugs to Medicaid members.
- If the entity wishes to serve Medicaid members using 340B stock, it must only dispense 340B stock drugs and bill the program accordingly at its acquisition cost for the drug, plus the Medicaid dispensing fee.
- If the entity wishes to serve Medicaid members using a separate, non-340B stock, it may not use 340B stock at any time. The entity is to bill the program at its usual and customary (U&C) charge rates to Medicaid.

**Federal law prohibits the entity from buying at 340B acquisition cost, providing 340B-purchased stock to Medicaid members, and billing Medicaid at U&C charge rates.** For more information, providers and covered entities should see the [Health Resources and Services Administration \(HRSA\) website](#) at [hrsa.gov/opa](#).

Please direct questions about this bulletin to the Catamaran Clinical and Technical Help Desk at 1-855-577-6317 toll-free.

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