The 340B Drug Discount Program is a federal program that requires drug manufacturers to provide covered outpatient drugs to eligible health organizations (covered entities) at significantly reduced prices, allowing them to “stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” Based upon Myers and Stauffer’s experience in consulting and auditing 340B program issues, we have identified several areas of risk where Myers and Stauffer can assist your state Medicaid agency.

Duplicate Medicaid rebate billing
- The law is clear in stating that 340B drug claims are exempt from federal Medicaid rebates. Medicaid agencies are required to have policies to prevent duplicate discounts for 340B claims.

Lack of comprehensive 340B policies that encompass fee-for-service (FFS) and Medicaid managed care programs
- The Medicaid exclusion file does not adequately address a covered entity’s carve-in or carve-out status with respect to claims paid through capitated managed care plans. In addition, policies need to address 340B claims through contract pharmacies. These issues may lead to duplicate discounts or missed rebates.

Overpayment for 340B claims
- Based upon claims reviews in multiple states, Myers and Stauffer has found that 340B claims are routinely overpaid.

Medicaid carve-out
- If 340B covered entities carve-out Medicaid, any potential 340B savings opportunities for the state will not be achieved.

High level objectives for 340B claims processing and payment
340B program policies should achieve the following objectives:
1. Establishing clear and enforceable program policy for pharmacy, medical/professional and institutional outpatient 340B claims.
2. Assuring that dispensations and administrations utilizing 340B drugs do not result in the manufacturer being invoiced for a federal drug rebate payment thus satisfying the duplicate discount prohibition.
3. Providing sufficient incentives, such as higher professional dispensing fees, so that covered entities do not carve out Medicaid from 340B drug dispensations.
4. Assuring that the Medicaid program is a prudent payer of 340B transactions.

Guidance for 340B Program Administration for FFS and Medicaid Managed Care
Myers and Stauffer is highly qualified to provide assistance to your state to design and audit your 340B program policy. Services which we offer include:
- 340B program education for Medicaid staff
- Policy, regulation, and state plan consultation for FFS and managed care delivery systems for all claims types
- 340B pre-adjudication claim edits
- 340B post-adjudication claim audits
ABOUT MYERS AND STAUFFER

Myers and Stauffer provides professional accounting, consulting, data management and analysis services to state and federal agencies managing government-sponsored health care programs. The firm’s health care practice has helped more than 45 state Medicaid programs address complex reimbursement issues for hospitals, long term care facilities, home health agencies, federally qualified health centers, rural health clinics, pharmacy providers, physicians and other practitioner providers. In addition, for more than a decade, we have provided Medicare and Medicaid audit, program integrity, managed care audit and consulting, investigative services and other delivery system consulting services to state Medicaid agencies, state Medicaid Fraud Control Units, federal health care agencies, including the Centers for Medicare & Medicaid Services (CMS), U.S. Department of Health and Human Services (HHS) Office of the Inspector General, and U.S. Department of Justice and the Federal Bureau of Investigation.

FOR MORE INFORMATION

We encourage you to contact Lynsey Plew by email at lplew@mslc.com to arrange a discussion or meeting for more information regarding our Medicaid 340B consultation and auditing services. For information on other services we offer, please visit us online at www.mslc.com and click on Services.