Clinic-Administered Drugs and 340B

As of January 2018

What do we mean by "Clinic-Administered Drugs" (CAD)?

- Drugs that are administered to patients during an office visit.
- Sometimes referred to as "self-administered" or "physician-administered" drugs
- Includes injections, infusions, and some oral medications administered under supervision.

Avoiding Diversion

- To avoid "diversion" of for CADs purchased under 340B:
    - the CAD must be administered as part of a service that is consistent with your BPHC-approved scope of project
    - the site where the CAD is administered must be registered on the HRSA OPA database
    - the provider who administers the CAD must be employed or under contract with the FQHC

Medicaid Duplicate Discounts

- States are under pressure to seek Medicaid rebates on CAD
    - So the same "battle for the savings" as for dispensed drugs
- Your situation will vary based on:
    - Whether CADs are included in your PPS, or billed separately
    - Your state's rules and practices

If CADs are included in your PPS:

- Generally, there is no automatic way for Medicaid to know what CADs you purchased
    - Because they don't receive an itemized bill listing all CADs
    - So no way for them to seek rebates on these CADs
- However, some states are now requesting this info proactively
    - Presumably so they seek the rebates, creating risk of duplicate discount
- Implications for carve-in/ carve-out
    - If you are using 340B drugs for Medicaid patients, even if you receive a bundled payment, HRSA expects you to indicate in the OPAIS that you are carving in
    - Can create uncertainty in states with mandatory carve-in or carve-out rules

If CADs are billed separately from your PPS:

- There are no Federal limits on how much Medicaid can reimburse
    - Under fee-for-service, Medicaid can reimburse no more than the 340B ceiling price for dispensed drugs.
    - But this rule does not extend to CAD, even under FFS.
    - Some states nevertheless are seeking to impose 340B reimbursement limits on FFS CADs
    - Many states require covered entities to identify 340B CADs billed to Medicaid using "UD" modifier or another modifier in the UB-04 claim format.
- Regular carve-in/ carve-out rules will apply
    - Some state carve-in and carve-out rules distinguish between pharmacy drugs and CADs, but others do not

Medicare:

- Under the previous version of the Medicare Cost Report, costs for clinic-administered drugs were considered “medical supplies”
- Under the new Medicare Cost Report, FQHCs must now break these costs out separately on Line 9.
- CADs are included in the FQHC PPS payment as an “incident to” service

Private Payers

- Reimbursement and coverage for CADs varies from payer to payer.