Reimbursement for 340B Drug Pricing Program

We want to make you aware of some important changes that affect how we reimburse for payable drugs and biological agents purchased through the 340B Drug Pricing Program. These changes align with Centers for Medicare & Medicaid Services (CMS) payment policy.

What You Need to Know
In accordance with CMS guidance:

- Effective Jan. 1, 2018, we're reimbursing separately payable drugs and biological agents purchased through the 340B program at an adjusted amount 22.5 percent less than the average sales price (ASP). These drugs and biologicals are assigned the status indicator “K.”
- These changes apply to all eligible care providers who are paid under the Hospital Outpatient Prospective Payment System (OPPS), regardless of whether they participate in our network.
- Claims for separately payable OPPS drugs or biologicals purchased through the 340B program must include the appropriate modifier. CMS has established two HCPCS Level II modifiers to identify 340B-acquired drugs – modifiers “JG” and “TB.”

CMS Guidance
CMS has advised that the terms and conditions for payment in provider participation agreements govern the reimbursement of 340B drugs. CMS has also advised that Medicare Advantage plans are required to pay non-contracted providers the rate for 340B drugs that the care provider would receive under Original Medicare. Thus, we’ve updated our reimbursement methodology to align with CMS’ updated rates. In doing so, for our contracted 340B providers that are paid in accordance with CMS payment methodology and who are required by their participation agreements to code and bill in accordance with CMS guidance, as well as non-contracted 340B providers, we expect your claims to comply with CMS requirements by including the necessary modifiers to issue proper reimbursement.

If we receive a claim from a 340B care provider for a separately payable OPPS drug or biological agent appearing on the listing of 340B drugs with a status indicator “K” that doesn’t include the appropriate “JG” or “TB” modifier, we’ll assume that the claim should be treated as part of the 340B program and the claim will be adjusted as necessary to provide reimbursement at the adjusted, reduced 340B rate. Additionally, we’ll pursue recoupment efforts to recover any funds that were paid erroneously for claims previously paid at the unadjusted rate of ASP plus 6 percent.

For more information, you can access answers to frequently asked questions at cms.gov > Medicare > Medicare Fee-for-Service Payment > Hospital Outpatient PPS > Downloads > Billing 340B Modifiers under the Hospital Outpatient Prospective Payment System (OPPS). If you have questions, please contact your UnitedHealthcare Network representative. Thank you.