



**To:** Hospitals  
**From:** IEHP – Provider Relations  
**Date:** April 10, 2018  
**Subject:** **340B Medication Billing Requirements & Drug Rebates**

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Under the Affordable Care Act (ACA), Inland Empire Health Plan (IEHP) is required to report pharmaceutical utilization data to the Department of Healthcare Services (DHCS). This utilization data includes pharmacy dispensed outpatient drug claims and Physician Administered Drug (PAD) claims. For those drug claims which are **not** paid through a Pharmacy Benefit Manager (PBM), there are specific data requirements which the billing Provider/Hospital must satisfy.

The 340B drug pricing program is a federal drug discount program whereby drug manufacturers provide outpatient drugs at a reduced rate to eligible entities. Providers/Hospitals which are eligible for 340B drug pricing are prohibited from seeking reimbursement on drug sales that are also eligible for a Medicaid drug rebate. **Failure to clearly identify 340B drug status on the claim would constitute a violation of this requirement.**

Claims for any drugs which are considered 340B eligible must be reported accurately when billed to IEHP. All claims must include the NDC, Quantity, and a 340B flag. **Please remember: 340B drug status is identified by the use of modifier “UD”.** When dispensing 340B stock, please ensure all claims submitted on a UB 04 claim form indicate 340B status (“UD” modifier). This will allow IEHP to accurately report 340B drug utilization to DHCS, and ensure only eligible drugs are submitted for Medicaid drug rebate. It is the responsibility of the provider to ensure that NDCs submitted on the claim are up to date, accurate, and not obsolete; along with submission of appropriate quantities billed.

Please note, the Provider/Hospital will receive payment at the contracted rate for all 340B drug claims.

As a reminder, all communications sent by IEHP can also be found on our Provider portal at the following address: <https://ww3.iehp.org/en/providers/correspondence/>.

Should you have any comments and/or questions please contact the Provider Relations Team at 909-890-2054.