

Dear 340B Pharmacy/340B Covered Entity,

The Division of TennCare is providing updates to the previously announced changes that will affect 340B Pharmacies and Covered Entities. TennCare and its Managed Care Organizations (Amerigroup Community Care, BlueCare Tennessee, and UnitedHealthcare Community Plan) previously sent memos to all 340B pharmacies and 340B covered entities outlining upcoming processes that were to be implemented on or after May 1. The Division of TennCare is modifying its approach to medical claims that are a part of the 340B drug pricing program. This memo and the processes described below will replace all previous processes communicated to 340B providers. The key updates are as follows:

- The announced 340B processes for **pharmacy claims remain unchanged**
- TennCare and its Managed Care Organizations will **not** implement any of the changes to the current **pricing** logic for 340B medical claims that were previously described
- This policy applies to professional and facility encounters containing line item drugs that meet the definition of “covered outpatient drugs” as defined in section 1927(k) of the Social Security Act and types of encounter claims must still include one of the modifiers (i.e., JG, TG, or UD for 340B acquired drugs, OR UC for non-340B acquired drugs) as previously described. TennCare’s MCOs will begin accepting the claims with the appropriate modifiers beginning May 1, 2021.
- Effective for dates of service starting with July 1, 2021, encounters with separately payable drug line items submitted without a 340B indicator of **JG, TB, or UD** will be considered eligible for rebate collection.
- Effective for dates of service starting with **December 1, 2021, if JG, TB, UD or UC modifiers, HCPCS or NDC information is not included on encounter containing separately payable drugs, that line of the claim will be disallowed**, and the remaining lines of the encounter claim may be eligible for payment.

Please see an updated summary of the processes for pharmacy and medical claims with changes underlined below:

Claim Type	Current Process	Processes Effective 5/1/2021 and 12/1/2021
Pharmacy	• Submit a value of “20” in the Submission Clarification Code field (420-DK) -AND- a value of “08” in the Basis of Cost Determination field (423-DN). • Enter providers’ 340B acquisition cost in the Ingredient Cost Submitted field (409-D9) and the usual and customary (U&C) rate in the Usual and Customary Charge field (426-DQ). • Claims reimburse at the lower of the following: provider’s submitted 340B acquisition cost plus PDF, FUL plus PDF, AAAC plus PDF, NADAC plus PDF, WAC – 3% (Brand) WAC – 6% (generic) plus PDF, or U&C.	• No change to the claims submissions process to identify 340B claims. • Effective 5/1/2021, a 340B estimated ceiling price will be available and 340B claims will begin reimbursing at the lower of the 340B estimated ceiling price plus PDF, the provider’s submitted 340B acquisition cost plus PDF, or U&C.
Medical	• Submit claims with JG or TB modifiers to indicate drug was acquired with the 340B drug pricing program discount for Medicare Part B drugs for TennCare dual-eligible members.	• Effective with dates of service 5/1/2021, each professional and facility encounter with separately payable drug claims CAN be submitted with the JG, TB, or UD modifiers to indicate the drug was acquired with the 340B

April 28, 2021

		drug pricing program discount OR submitted with the UC modifier to indicate non-340B. • <u>Effective with date of service 12/1/2021, each professional and facility encounter with separately payable drug claims MUST BE submitted with the required descriptive modifiers described. If a modifier and all required HCPCS and NDC information is not included, that line of the claim will be disallowed.</u> • <u>TennCare encourages all claims to be submitted with defined 340B modifiers as soon as possible so that the TennCare MCO's can provide technical assistance during implementation.</u>
Medical	• <u>340B estimated ceiling price will NOT be incorporated into MCO reimbursement methodology</u>	

For more information and updates, please visit: <https://www.tn.gov/tenncare/providers.html>

As previously communicated, it is imperative that all 340B covered entities that provide covered outpatient drugs for TennCare members, both via the pharmacy and medical benefit transmit all claims in the manner described above. All claims that are not indicated as purchased through the 340B pricing program will be submitted by TennCare for federal rebates to manufacturers beginning July 1, 2021. Any claims that are purchased via 340B and not indicated as such will be considered rebate eligible and subject to investigative audit from TennCare and the drug manufacturer.

For general questions and information on the upcoming medical plan changes, please contact the respective MCO:

- **Amerigroup:** Phone (800-454-3730), Email (Intprorel@amerigroup.com)
- **BlueCare:** Phone (800-468-9736), website (www.availity.com)
- **United HealthCare:** Phone (800-690-1616), website (<http://www.uhcprovider.com/>)

For Pharmacy questions, please first contact your OptumRx Provider Educator. Pharmacies may also contact the Myers and Stauffer Help Desk at 800-591-1183 or email at tnpharmacy@mlsc.com for specific 340B ceiling price issues.

Sincerely,



Stephen Smith
Deputy Commissioner
Division of TennCare



Victor Wu, M.D., MPH
Chief Medical Officer
Division of TennCare



Keith Gaither
Director, Managed Care Operations
Division of TennCare