

December 21, 2025

Dear 340B Pharmacy/340B Covered Entity,

Effective January 1, 2026, the HRSA 340B Rebate Model Pilot Program will introduce a new approach for safety-net providers to access 340B discounts through a rebate process rather than upfront discounts.

The Division of TennCare is issuing guidance to clarify billing requirements for medications included in this pilot program.

To help prevent duplicate discounts and ensure accurate claim submissions, TennCare has outlined the following requirements:

Billing Requirements:

- For medications included in the pilot program that you plan to submit for rebates:
 - Submit the **340B ceiling price** (not the WAC price) as the acquisition cost.
 - Designate that the claim is a 340B medication with the appropriate modifier(s):
 - Pharmacy:
 - Submit “20” in the Submission Clarification Code field (420-DK) **AND** “08” in the Basis of Cost Determination field (423-DN)
 - Medical:
 - Use modifier “TB” or “UD”
- If a rebate claim is denied, covered entities may **reverse and resubmit the claim for pharmacy claims** or **submit an adjustment/corrected claim for medical claims** in accordance with TennCare’s resubmission process.

Please review your internal processes to ensure that all claims include the correct modifiers and reflect the appropriate 340B ceiling price.

For an updated list of drugs included in the 340B Pilot Program, visit: [340B Rebate Model Pilot Program | HRSA](#).

Thank you for your attention to this matter and for your ongoing commitment to supporting TennCare members.