

340B Drug Pricing Program

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Overview

The 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations or covered entities at significantly reduced prices. Federal law prohibits duplicate discounts, which means that manufacturers are not required to provide both a discounted 340B price and a Medicaid drug rebate for the same drug.

Covered entities must have procedures in place to prevent duplicate discounts.

Eligible Providers

340B covered entities are facilities eligible to purchase drugs through the 340B program. These entities appear on the Health Resources and Services Administration [Office of Pharmacy Affairs Database](#).

340B contract pharmacies are pharmacies that have contracted with the 340B entities to provide pharmacy services to the covered entity's patients, including the service of dispensing the entity-owned 340B drugs.

Billing

Bill Minnesota Health Care Programs (MHCP) directly for prescription drugs for fee-for-service (FFS) members; bill the managed care organization (MCO) for prescription drugs for members enrolled in a managed care plan.

340B-Covered Entities

All covered entities that use 340B drugs and serve MHCP members enrolled through FFS or an MCO must follow either these carve-in or carve-out procedures:

1. Carve out all MHCP prescriptions and clinic-administered drugs from the 340B program.
 - Use non-340B drugs for all MHCP members you serve, including FFS and managed care.
 - Bill either MHCP or the MCO only for drugs purchased outside the 340B program.
 - Indicate to the Health Resources and Services Administration (HRSA) that you will not use 340B medications for MHCP members; do not list the 340B entity's NPI with HRSA.
2. Carve in MHCP prescriptions and clinic-administered drugs into the 340B program
 - Use 340B drugs for all MHCP members you serve, including FFS and managed care.
 - Inform HRSA that you intend to purchase and dispense 340B drugs for Medicaid patients, and list with HRSA all NPI numbers used for billing 340B medications.
 - Do not bill MHCP FFS or the MCO for 340B medications if your NPI is not listed on the HRSA Medicaid Exclusion File.
 - Purchase all drugs billed to MHCP FFS or the MCO on the covered entity's NPI under the 340B program unless the product is not eligible for 340B pricing (example: orphan drug products for free-standing cancer hospitals or vitamins).

- Submit pharmacy claims for 340B-procured products to MHCP or the MCO with a value of 20 in the Submission Clarification Code field 420-DK.
- Submit clinic-administered claims for 340B-procured products to MHCP or the MCO with a UD, JG or TB modifier.

No implementation of changes can be made in carve-in or carve-out status without that change first being reflected in the [HRSA Medicaid Exclusion File and your provider enrollment record](#). Covered entities must ensure that information in the Medicaid exclusion file is accurate each quarter and at the time of annual recertification. Refer to the 340B Drug Discount Program chapter of the [Prime Therapeutics Provider Manual](#) for additional information.

Pharmacy Claims Reimbursement

- Refer to the 340B Drug Discount Program and Provider Reimbursement chapters of the [Prime Therapeutics Provider Manual](#) for additional information.

Medical Claims Reimbursement for Clinician-Administered Drugs

The following apply to FFS clinician-administered drugs:

- Submit claims to MHCP at your usual and customary rate.
- MHCP will pay 71.4 percent of the regular MHCP allowable rate.
- Reimbursement will not change for critical access hospitals. Critical access hospitals will continue to be paid a percentage of billed charges. Refer to [Critical Access Hospital \(CAH\) Services](#) under Hospital Services in the MHCP Provider Manual for more information.

340B Contract Pharmacies

Contract pharmacies that are not commonly owned by the covered entity may not submit claims to MHCP FFS or to managed care for 340B-procured medications. A 340B contract pharmacy must carve out MHCP FFS and managed care from its 340B operation. All contract pharmacies that use 340B drugs and bill to an MCO must carve out MHCP managed care prescriptions from the 340B program and purchase all drugs billed to MHCP managed care outside the 340B program.

Consult MHCP [Managed Care Pharmacy Identification](#) for help identifying MHCP managed care enrollees.

Definitions

Actual Acquisition Cost: The commissioner estimates the actual acquisition cost as the national average drug acquisition cost. For multisource drugs, the actual acquisition cost is the national average drug acquisition cost of the generic drug.

340B Ceiling Price: The commissioner calculates the 340B ceiling price as the difference between the average manufacturing price and the unit rebate amount as defined in 42 U.S.C. 1396r-8.

Usual and Customary Charge: The usual and customary price means the lowest price charged to a patient who pays for the prescription by cash, check or charge account and includes prices the pharmacy charges to a patient enrolled in a prescription savings club or prescription discount club administered by the pharmacy or the pharmacy chain.

Additional Resources

[HRSA Medicaid Exclusion - Duplicate Discount Prohibition](#)

Legal Resources

[United States Code, title 42, section 1396r-8](#)

