

WV MEDICAID 340B PHARMACY CLAIM PROCESSING AND BILLING UPDATES

Attention WV Medicaid Pharmacy Providers,

Effective Wednesday, 10/18/2023, WV Medicaid will be updating the 340B Pharmacy Point-of-Sale (POS) claims billing instructions and procedures. As of that date, Edit 7522D will be implemented and will deny if the indicators 20 and 08 are both used on the same claim.

EDIT 7522D: 340B USES 08 OR 20 BUT NOT BOTH

1. This means that, as of 10/18/2023, if your Pharmacy Desktop Software vendor automatically populates EITHER the Submission Clarification Code value of "20" in position #1 or #2 of NCPDP Field #354-NX OR the Basis of Cost Determination value of "08" in NCPDP Field #423-DN, those claims will, by default, be counted as 340B Pharmacy claims by WV Medicaid.
2. This also means that, as of 10/18/2023, any WV Medicaid Pharmacy POS claim that includes BOTH of these values/indicators on the same claim will be denied.
3. The NCPDP Submission Clarification Code "20" is used when a claim is originally identified as being for a covered outpatient drug purchased through the 340B Drug Pricing Program. Please note that 340B claims are to be billed at actual acquisition cost (AAC).
4. Pharmacy providers should utilize the Basis of Cost value of "08" when RETROSPECTIVELY identifying that the claim should be processed using covered outpatient drugs purchased through the 340B Drug Pricing Program. **This means that, as of 10/18/2023, you should use the basis of cost value of "08" on a claim that you are submitting retrospectively as a 340B claim in place of a claim that has previously been submitted and reversed.**

The updated guidance from CMS regarding 340B Pharmacy drug pricing and claims processing reads as follows:

Use of National Council for Prescription Drug Programs (NCPDP) Codes to Identify 340B Prescription Drug Claims.

The NCPDP Submission Clarification Code "20" is used when a claim is identified as being for a covered outpatient drug purchased through the 340B Drug Pricing Program. This clarification code is described in the NCPDP 340B Information Exchange Reference Guide, found at https://www.ncdp.org/NCPDP/media/pdf/340B_Information_Exchange_Reference_Guide.pdf as, "340B – Indicates that, prior to providing service, the pharmacy has determined the product being billed is purchased pursuant to rights available under Section 340B of the Public Health Act of 1992 including sub-ceiling purchases authorized by Section 340B(a)(10) and those made through the Prime Vendor Program (Section 340B(a)(8))." NCPDP no longer permits the use of this code for retrospective identification of a 340B claim. That is, while it can continue to be used prospectively, it cannot be used retrospectively. The NCPDP External Code List defines the Submission Clarification Code of "20" to be limited to those situations where the determination is made prior to providing service. Therefore, any use of the value for retrospective determinations will not meet the situational criteria for the value.

An alternative to using the Submission Clarification code of “20” to retrospectively identify a claim as 340B, and to avoid billing manufacturers for rebates for a 340B claim, is to utilize the NCPDP Basis of Cost value of “08”. NCPDP states that if a business needs to change the pricing of a claim (i.e., to 340B acquisition cost) of a paid claim when the determination is made post-service, reversing and rebilling the transaction to reprice the claim using a different price, including the Basis of Cost Determination (423-DN) value of “08” is permitted.

States may consider instructing their pharmacy providers to utilize the Basis of Cost value of “08” when retrospectively identifying that the claim should be processed using covered outpatient drugs purchased through the 340B Drug Pricing Program. States may continue to use the Submission Clarification Code of “20” for claims that are originally identified as using 340B drugs”.

Currently, and up until the 10/18/2023 update, WV Medicaid requires the use of BOTH a Submission Clarification Code of “20” in position #1 or #2 of NCPDP Field #354-NX AND ALSO a Basis of Cost Determination value of “08” in NCPDP field #423-DN in order to designate that a given claim is a WV Medicaid Pharmacy 340B Pharmacy claim, for purposes of claims processing, editing, and Federal Rebate policy determination.

PLEASE NOTE: As of the 10/18/2023 update, the submitting pharmacy will be responsible for determining which one of these two values/indicators (The Submission Clarification Code value of “20” OR the Basis of Cost Determination value of “08”) is appropriate for use with each submitted WV Medicaid 340B Pharmacy claim.

PLEASE ALSO NOTE: With this update, and also effective Wednesday, 10/18/2023, submission of claims that include BOTH a Submission Clarification Code value of “20” in NCPDP Field #354-NX AND ALSO a Basis of Cost Determination value of “08” in NCPDP field #423-DN (such as is currently allowed, and which is allowed up through 10/17/2023) will result in a claims denial with WV Medicaid denial edit 7522D, which will report as follows: **7522D: 340B USES 08 OR 20 BUT NOT BOTH**

IMPORTANT NOTE:

If your pharmacy submits any 340B Pharmacy Claims to WV Medicaid, please work with your Pharmacy Desktop Software vendor for any system modifications or updates that may be necessary, so that your system can accommodate this updated guidance from CMS and the updated WV Medicaid 340B Pharmacy POS claims processing policy. Thank you!