



<b>Policy Title</b>	340B Outpatient Drug Reimbursement Policy
<b>Policy Department</b>	Payment Strategy & Optimization
<b>Effective Date</b>	9/1/2022
<b>Revision Date(s)</b>	
<b>Next Review Date</b>	

**Disclaimer:**

Clover Health applies The Center for Medicare and Medicaid Services (CMS) criteria and guidelines, National Coverage Determinations (NCD), Local Coverage Determinations (LCD), Clover Policies, and MCG for determining medical necessity. Clover Policies are intended to provide a standard guideline but are not used to preempt providers' judgment in rendering services. Providers are expected to provide care based on best practices and use their medical judgment for appropriate care.

**Description:**

The Health Resource and Services Administration (HRSA) 340B Drug Pricing Program allows 340B eligible facilities to purchase drugs at a discounted rate through the 340B program. When facilities participate in the 340B program, outpatient claim submissions are required to include specific modifiers to indicate whether or not the drug billed was purchased as part of the 340B program.

**Definitions:**

- 340B Program
  - A program through the HRSA that provides discounted drugs to eligible facilities in order to provide more comprehensive services to members



**Policy:**

For outpatient claims received by Clover for 340B eligible facilities, and billed with the JG modifier on a 340B eligible drug line, the line will price at 77.5% of the CMS published ASP rate if the drug/facility qualifies for 340B. This program requires Clover to reduce the allowed amount by 22.5% for eligible drugs billed by eligible facilities. Each separately payable, non-pass through 340B acquired drug should be billed on an individual claim line with the appropriate 340B modifier.

The modifier billed is dependent on the hospital type and drug status indicator per CMS for the 340B drug. If a 340B eligible facility bills a 340B eligible drug with the TB modifier, this will indicate that the drug being billed qualifies for the full CMS allowed amount and is being billed on a pass-through basis. Pass through drugs do not have a discount applied.

If a claim is received by Clover for outpatient services at a 340B eligible facility, and the status indicator G, K or N drug does not include the JG or TB modifier, that drug line item will be denied. The provider should submit a corrected claim with the appropriate modifier.

A 340B modifier is not required on claim lines of a non 340B-acquired drug (regardless of status indicator), a vaccine (assigned status indicator “F”, “L” or “M”), or a packaged drug (assigned status indicator “N”)

**Claim Codes (if applicable)**

- **Modifier “JG”**
  - Drug or biological acquired with 340B drug pricing program discount.
- **Modifier “TB”**
  - Drug or biological acquired with 340B drug pricing program discount, reported for informational purposes.



References
<a href="#">CMS ASP Drug Pricing Files</a>
<a href="#">CMS 340B Modifiers Under OPDS</a>