HHSC 340B FFS pricing

* The Executive Commissioner has approved a 340B rate methodology change and increase from WAC- 60% (with an assumed outlier component not implemented) to WAC – 57% implemented in FFS on June 1, 2016.

HIV drugs will be at WAC – 40%; and hemophilia drugs will be at WAC -32%. In addition, new drugs will be at WAC -23.1% to allow for cost experience to develop before final pricing is developed. Current pricing is: WAC – 60% with HIV and hemophilia at WAC – 43% and 35% respectively.

* Dispensing fees will remain at $7.93 + 1.96% of the drug cost.
* Implementation timeline:
  + FFS will be implemented on June 1, 2016.\*
  + MCO will be implemented with the new fiscal year on September 1, 2016.\*\*[[1]](#footnote-1)
* MCO Guidance:
  + HHSC vendor drug will identify the FFS rates as a minimum level expectation for Medicaid HMOs to meet the contractually required 340B shared savings objective.[[2]](#footnote-2)
  + For dispensing fees, MCOs may use a standard per RX dispensing fee without a variable component. The $7.93 + 1.96% of ingredient cost averages to about $10.12 per RX. HHSC indicated that they would expect no less than $7.93 as the per RX dispensing fee. THOT 340B suggested that, consistent with the shared savings baseline set at FFS rates; the shared savings dispensing fee baseline should be $10.12. HHSC agreed that the rates include both the ingredient cost and the dispensing fee and agreed to consider using the FFS dispensing fee (average of $10.12 per RX) as the shared savings minimum expectation for HMOs.
* U8 Modifiers
  + HHSC VD indicated that while the U8 modifier is required there is no backend pricing tied to this modifier with the exception of pricing for LARCs (long acting reversible contraceptives). However, a process to exclude duplicate discounts will be in effect beginning July 1, 2016 that **will** require the U8 modifier to manage Medicaid rebates. Therefore 340B pharmacies should have the U8 modifier in place by July 1, 2016.
* HMOs requiring AAC
  + HMOs should not be requiring this. BCBS was requiring it for claims in Dallas. HHSC VD is forwarding this to the Medicaid/CHIP HMO contract compliance manager for BCBS to inform them that they should not be requiring AAC from 340B pharmacies.

1. \*HHSC will notify pharmacies if there is a delay on the June 1 FFS implementation date.

   \*\*The 340B rate change is part of a larger RX rate package that includes dispensing fee changes for other pharmacies (to bring them to the same $7.93 + 1.96%). This package must be approved by the LBB (as must any rate change exceeding $500,000 per year). Also the 340B methodology must be approved by CMS through a state plan amendment process. In addition, inclusion of this rate increase in 340B is in the proposed MCO rates now being finalized by the state. This will need to be approved by the LBB and CMS before they can be implemented September 1. [↑](#footnote-ref-1)
2. Note on 2.14.17 checking on status of this with HHSC as some have said MCOs not using this as baseline. Also note that HHSC previously verified that HMO rates would be increased to reflect 340B increase. [↑](#footnote-ref-2)