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340B anti-diversion and Medicaid billing requirements for hospitals

Question

If my hospital cannot purchase all of its outpatient drugs through 340B when it is enrolled in the program because it lacks tracking systems and/or mechanisms to avoid diversion, may it continue using GPO contract pricing in outpatient areas where such tracking systems are lacking, e.g. mixed-use settings?

Answer

Your hospital should be prepared to meet the 340B anti-diversion and Medicaid billing requirements prior to enrolling in the 340B program. If it cannot meet these requirements, it should delay participation in the program until it can. If it can meet these requirements but is unable to implement an effective tracking system for a specific outpatient setting, it may delay use of the program for that setting as long as it establishes and meets a reasonable deadline not to exceed one quarter for developing effective tracking systems and achieving 100 percent conversion to 340B pricing for the drugs in that setting. Hospitals may not “cherry pick” which drugs to buy through 340B and which ones not to buy, so any “phase-in” procedures relied on by a hospital must be implemented clinic-by-clinic rather than on a drug-by-drug basis. Hospitals that develop reasonable phase-in procedures and follow the above conditions may use GPO pricing for the non-participating clinic up until the deadline occurs.