

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Carly Todd

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Initial

Public Comment

Final

Brief description of policy:

The purpose of this policy is to modify outpatient hospital billing requirements associated with drugs purchased through the 340B program. Effective for dates of service on or after January 1, 2024, hospitals can bill up to normal and customary charges for 340B acquired physician-administered drugs or products when provided in the outpatient hospital setting. This policy also revises outpatient hospital 340B acquisition cost reporting and discontinues the 340B hospital final settlement adjustment process. MSA 18-14 allowed hospitals to participate in a department review adjusting 340B drug costs from actual acquisition cost to a hospital's normal and customary charge for final settlement only.

Reason for policy (problem being addressed):

Allowing hospitals to bill up to normal and customary charges eliminates a burdensome final settlement adjustment process for hospitals and the MDHHS. The impact of this policy is budget neutral as hospital charges do not affect reimbursement under the current Outpatient Prospective Payment System (OPPS) methodology.

Budget implication:

budget neutral

will cost MDHHS \$, and (select one) budgeted in current appropriation

will save MDHHS \$

Is this policy change mandated per federal requirements?

No

Does policy have operational implications on other parts of MDHHS?

Yes - Hospital and Clinic Reimbursement Division and Pharmacy Division.

Does policy have operational implications on other departments?

No

Summary of input:

controversial (Explain)

acceptable to most/all groups

limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Notice Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, please provide status: <input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied	If yes, Submission Date:
Date: Approval	Date:

DRAFT FOR PUBLIC COMMENT Michigan Department of Health and Human Services		
	Project Number: 2338-Hospital	Date: October 25, 2023

Comments Due: November 28, 2023

Proposed Effective Date: January 1, 2024

Direct Comments To: Carly Todd

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<p>Policy Subject: Outpatient Hospital 340B Charges</p> <p>Affected Programs: Medicaid, Healthy Michigan Plan, Children’s Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS)</p> <p>Distribution: Hospitals, Medicaid Health Plans</p> <p>Summary: The purpose of this policy is to modify outpatient hospital billing requirements associated with drugs purchased through the 340B program. Effective for dates of service on or after January 1, 2024, hospitals may bill up to normal and customary charges for 340B acquired physician-administered drugs or products when provided in the outpatient hospital setting. This policy revises outpatient hospital 340B acquisition cost reporting and discontinues the 340B hospital final settlement adjustment process.</p> <p>Purpose: Allowing hospitals to bill up to normal and customary charges eliminates a burdensome final settlement adjustment process for hospitals and the MDHHS. The impact of this policy is budget neutral as hospital charges do not affect reimbursement under the current Outpatient Prospective Payment System (OPPS) methodology.</p> <p>Cost Implications: Budget neutral</p> <p>Potential Hearings & Appeal Issues: Limited</p>
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State Plan Amendment Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, date submitted:	Public Notice Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Submitted date:
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Tribal Notification: Yes No - **Date:**

THIS SECTION COMPLETED BY RECEIVER

<input type="checkbox"/> Approved	<input type="checkbox"/> No Comments
<input type="checkbox"/> Disapproved	<input type="checkbox"/> See Comments Below
	<input type="checkbox"/> See Comments in Text

Signature:	Phone Number
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Signature Printed:

Bureau/Administration *(please print)*

Date

Comment001

Revised 6/16

Proposed Policy Draft

Michigan Department of Health and Human Services
Behavioral & Physical Health and Aging Services Administration

Distribution: Hospitals, Medicaid Health Plans

Issued: December 1, 2023 (Proposed)

Subject: Outpatient Hospital 340B Charges

Effective: January 1, 2024 (Proposed)

Programs Affected: Medicaid, Healthy Michigan Plan, Children's Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS)

The purpose of this policy is to modify outpatient hospital billing requirements associated with drugs purchased through the 340B program.

Outpatient Hospital 340B Billing

Effective for dates of service on or after January 1, 2024, hospitals can bill up to normal and customary charges for 340B acquired physician-administered drugs or products when provided in the outpatient hospital setting. Drugs purchased through the 340B program must continue to be indicated on the institutional claim using the Michigan Department of Health and Human Services (MDHHS) modifier U6 and Centers for Medicare & Medicaid Services (CMS) modifiers for Outpatient Prospective Payment System (OPPS) 340B acquired drugs. Outpatient hospital providers must report the National Drug Code (NDC) and its supplemental information in addition to the corresponding procedure code (Current Procedure Terminology [CPT] or Healthcare Common Procedure Coding System [HCPCS]) when billing physician-administered drugs (injectable and non-injectable) separately to Medicaid. Outpatient hospitals will receive reimbursement in accordance with the existing OPPS methodology. The MDHHS expects reimbursement to remain budget neutral as hospital charges do not affect reimbursement under the current OPPS methodology.

Discontinuation of 340B Final Settlement Adjustment Process

This policy also discontinues the 340B hospital final settlement adjustment process. Bulletin [MSA 18-14](#) allowed hospitals to participate in a department review adjusting 340B drug costs from actual acquisition cost to a hospital's normal and customary charge for final settlement only. The removal of the actual acquisition cost billing requirement, as described in this policy, eliminates the need for a 340B final settlement adjustment process.

Revised 340B Transparency Reporting Requirements

In addition to existing 340B reporting requirements as described in the Medicaid Provider Manual, this policy revises outpatient hospital 340B acquisition cost reporting requirements for ongoing transparency purposes. By the end of December each year starting in 2024, hospitals will be required to annually report 340B cost details for all outpatient fee-for-service claims paid during the prior fiscal year. The annual report must identify the name of the hospital, the billing national provider identifier (NPI), Transaction Claim Number (TCN), line number, date of service, HCPCS/procedure code, National Drug Code (NDC), NDC units, amount charged, total reimbursed, and the 340B acquisition cost. For questions regarding this process, contact the MDHHS Drug Rebate Specialist at MDHHSPharmacy340B@michigan.gov.