



North Carolina Department of Health and Human Services
Division of Public Health

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To: Local Health Directors

From: Belinda Pettiford, Women's Health Branch Head

In follow up to the Family Planning 340b email that was sent on Monday, August 31st, the following information is being sent for additional information for clarification.

Attached you will find the June 15, 2012 memo referencing the process for utilizing the UD-modifier when billing Medicaid for family planning methods and devices purchased at the 340b rate by your agency. Local health departments were advised to utilize the UD-modifier so that Medicaid would know this method did not qualify for the rebate process. This modifier does not alert Medicaid to the actual (or acquisition) cost that you paid to purchase the method or device. Note that the FP-modifier must be used in addition to the UD-modifier for the claim in order for Be Smart and Regular Medicaid to cover the method/device.

Attached you will also find the revised Medicaid Policy effective July 1, 2013 for Outpatient Pharmacy. This policy (page 25) states that providers are to enter the actual drug purchased price when requesting reimbursement through Medicaid. This is separate from billing for the actual office visit.

Health departments should follow the guidance below in billing Medicaid for methods/devices.

- Health departments that operate and dispense through an outpatient pharmacy (either a contract pharmacy or a health department-operated pharmacy that fills contraceptive prescriptions written by any community provider, not just health department providers) can either bill using the Medicaid Outpatient Pharmacy Rules or can use the Physician Drug Program (PDP) process. If the Pharmacy is a Medicaid Pharmacy Provider (outpatient pharmacy), then standard dispensing fees (as established by Medicaid) can be billed to Medicaid along with the cost of the method/device.
- Health departments that bill for IUDs, Nexplanons, and Depo through the Family Planning Clinic (PDP) process must bill Medicaid the actual (or acquisition) cost which they paid for the method/device, and no dispensing fee is allowed.
- Health departments that dispense and bill for other Family Planning contraceptives through the Family Planning Clinic (PDP) process (health departments that fill contraceptive prescriptions only for clients seen in the health department Family Planning Clinic) must bill Medicaid the actual (or acquisition) cost which they paid for the method/device and no dispensing fee is allowed.

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Additional guidance can also be found in the following Physician's Drug Program Clinical Coverage policy under the reimbursement section: <http://www2.ncdhhs.gov/dma/mp/1B.pdf>.

Since 340b prices change regularly, we suggest that you determine your average cost for a year for each 340b method or device. This amount can then be used for billing using the UD-modifier and FP-modifier. As this methodology is updated annually, this should provide the least amount of risk as it will be the closest to your actual cost. Your purchase cost for each device should be reviewed and updated at least annually.

We also realize that some health departments may need to create more than one price per CPT or HCPCS code. If that is the case, use the following procedure when billing through HIS. Health departments using other billing vendors should develop a similar process for use with that system.

1. Take all the affected CPT and HCPCS codes
2. Add a "letter" at the end of the code to indicate which payor that code should be with.
For ex. J7307=Nexplanon
 - J7307ud = Medicaid-reflect only the acquisition/purchase cost
 - J7307P=Self pay – reflect the usual and customary (U&C) charge of the product
 - J7307C=commercial insurance-reflect the usual and customary charge of the product
3. Explain in your local policy and procedure how you plan to bill for these services.
4. Obtain approval for all new and revised fees through the Board of Health and County Commissioners.

Please share this information with your Family Planning Clinic Manager and Billing staff. Contact your Women's Health Regional Nurse Consultant should you have additional questions.

Thanks for your attention to this issue.

C: Phyllis Rocco
Peter Andersen
Sydney Atkinson
Women's Health Regional Nurse Consultants