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TO: **Local Health Directors**
Directors of Nursing
Family Planning Coordinators

FROM: **Belinda Pettiford, MPH**
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DATE: **June 15, 2012**

SUBJECT: **Medicaid and 340b Purchased Methods**

Issue: Currently, we have a discrepancy in the way in which counties handle their birth control methods (specifically patch, ring and Plan B) based on Division of Medical Assistance (DMA) policy. At present, we do not have a CPT code that local health departments can use to bill Medicaid for these methods so you can only give the client a prescription to take to the pharmacy (where they do have the capacity to bill Medicaid). Some counties feel that since they have to give the Medicaid clients a prescription, they must give their self-pay clients a prescription too. The problem is that the retail price (which is what the self-pay clients pay) is approximately $50-75 per month for these methods. This is not an issue for the Medicaid client, as she gets her method either free or with nominal co-pay. Thus, we are having very few, especially self-pay; women choose these methods due to cost. All counties are participants in the 340b drug-pricing program and current costs for patch, ring and Plan B are $15.60, $14.57 and $5.00 respectively.

HRSA information to address this concern: Due to a recent inquiry from a local health department on whether or not they could give the prescription to the Medicaid client and have her go to a pharmacy of her choice versus going to the contracted pharmacy, it was discovered that HRSA (where the 340b program is administered) suggests that "Medicaid prescriptions are filled by the (contract) pharmacy or any other pharmacy where the patients chooses to take the prescription, using non-340b inventory". HRSA goes on to state that "clinics sometimes lose money on Medicaid prescriptions when they are filled with 340b purchased drugs" (Retrieved from: http://www.hrsa.gov/opa/medicaidexclusion.htm). This is very true especially in the case of oral contraceptives, where the current reimbursement rate is $3.03 per pack and we have very few pills available at this price (even with the 340b prices).

Proposed action: Local health departments shall bill Medicaid for those methods that are administered (i.e., Depo) or inserted (i.e., implants and/or IUCs) and use the "UD modifier" to identify any method that was purchased with 340b funds. For those methods that are dispensed (i.e., oral contraceptives, patch, ring, Plan B, spermicides, diaphragms, caps), Medicaid clients shall be given a prescription (not a voucher) to be taken to a pharmacy of their choice. The self-pay clients would then use the local health departments' stock, purchased through the 340b program, and pay based on the sliding fee scale. This would allow every health department to be uniform in their handling of these methods (regardless of payer source) as well as alleviate some financial burden for both our self-pay clients as well as the health departments. Currently, we have some health departments paying as much as $9 per script to their contracted pharmacy for all their clients. By having the pharmacy use their own stock, they will be able to bill Medicaid and not the health department. This would alleviate any fees for those who have Medicaid, thus saving the health department's family planning funding for additional use in preventing unintended pregnancies in the uninsured and underinsured population.

Should you have additional questions, please contact your Women's Health Regional Nurse Consultant. Thank you.

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