

# 340B DRUGS

## OVERVIEW

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South Dakota Medicaid does not cover any drugs acquired through the 340B program. Providers must “carve out” and not bill South Dakota Medicaid for any drugs acquired through the 340B program.

## PHARMACIES

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Drugs acquired through the 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

## COVERED ENTITIES

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Drugs acquired through the 340B program and dispensed by a covered entity are not covered. This includes drugs dispensed from a covered entity’s contract or in-house pharmacy and physician or other licensed practitioner administered drugs. A covered entity as defined in [42 U.S.C. 256b](#) that is a South

Dakota Medicaid provider must ensure it excludes or “carve outs” South Dakota Medicaid for 340B billing. The Medicaid 340B carve out also applies to claims where Medicaid is the secondary payer. Providers may continue to participate in the 340B program for payers other than South Dakota Medicaid.

Covered entities must have a mechanism in place to prevent duplicate discounts. Covered entities should notify HRSA that they are carving out South Dakota Medicaid for the purposes of 340B billing if they have not already notified HRSA.

## REIMBURSEMENT AND CLAIMS INSTRUCTIONS

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When JG or TB modifiers are used to indicate that a drug or biological is acquired with a 340B drug pricing program discount the claim will be denied by South Dakota Medicaid.

## QUICK ANSWERS

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### 1. Why can’t a provider bill South Dakota Medicaid for 340B drugs?

Duplicate discounts are prohibited. Drug manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. Billing South Dakota Medicaid for a drug acquired through the 340B program may result in a duplicate discount.

### 2. Can a provider “carve-in” and notify HRSA through the HRSA Medicaid Exclusion file that it will purchase and dispense 340B drugs for South Dakota Medicaid Recipients?

No. If you have notified HRSA that you “carved in”, you must contact HRSA immediately and indicate you are “carving-out” to prevent a duplicate discount. In addition, you must not bill

South Dakota Medicaid for drugs acquired through the 340B program. For more information, please visit [HRSA's website](#).