

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

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Strong Families - South Dakota's Foundation and Our Future

November 26, 2018

Attention: South Dakota Medicaid Providers

From: South Dakota Medicaid

RE: 340B Drug Coverage

South Dakota Medicaid is reminding providers of our policy regarding 340B drugs. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered. In addition, drugs acquired through the 340B program and dispensed by a covered entity are not covered.

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.

Drug manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. Covered entities must have a mechanism in place to prevent duplicate discounts. Covered entities must notify HRSA that they are carving out South Dakota Medicaid for the purposes of 340B billing if they have not already notified HRSA. You can find more information about this process at <http://www.hrsa.gov/opa/programrequirements/medicaidexclusion/index.html>.

Please contact Mike Jockheck at (605) 773-3495 if you have specific questions regarding the above-referenced South Dakota Department of Social Services 340B policy. For questions regarding medical claims contact 1-800-452-7691. Outpatient retail pharmacy claims questions should be directed to OptumRx at 1-855-401-4262.

Sincerely,

South Dakota Medicaid