-UD Drug or Biological Drug Acquired with 340B Discount Modifier

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The 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations or covered entities at significantly reduced prices. Federal law prohibits duplicate discounts, which means that manufacturers are not required to provide both a discounted 340B price and a Medicaid drug rebate for the same drug.

Covered entities must have procedures in place to prevent duplicate discounts.

Product Information

The information outlined below applies to UCare's PMAP, Connect, MSC+, and MinnesotaCare products.

Payment Information

- UCare applies a 28.6% discount for drugs administered to UCare State Public Program members by 340B covered entities.
- UCare follows DHS guidelines regarding the discounting of 340B drugs and biologicals. The discount rate is subject to change based on DHS published updates.
- The 340B discount will be applied when claims are submitted with all the following criteria:
  - Bill Type of 13x;
  - The –UD modifier is appended to a HCPCS code;
  - The submitted HCPCS is identified as eligible for 340B purchase by a Status Indicator of "K" (separately payable OPPS drugs), on the CMS Addendum B.-Final OPPS Payment by HCPCS Code file; and
  - The provider's payment is based on the MHCP hospital outpatient methodology.

Appropriate Use

It is appropriate to use the –UD modifier when the provider meets the criteria listed below.

- Eligible 340B covered entities are listed on the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs Database.
- Pharmacies that have contracted with the 340B entities to provide pharmacy services to the covered entity's patients, including the service of dispensing the entity-owned 340B drugs.

Inappropriate Use

It is inappropriate to append the –UD modifier if the criteria listed above is not met.

Additional Links

MHCP Provider Manual, Pharmacy Services, 340B Drug Pricing Program

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