




State of New Mexico  
Medical Assistance Program Manual  
**Supplement**



**DATE:** AUGUST 24, 2020 **NUMBER:** 20-04

**TO:** ALL MEDICAID PROVIDERS

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**THROUGH:** DEBBIE ZAMORA-MARTINEZ

**SUBJECT:** BILLING 340B MODIFIERS UNDER THE HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM (OPPS)

Medicare Part B 340B-acquired Drug Claims:

The purpose of this Supplement is to detail the payment policy for 340B-acquired drugs provided by a hospital Outpatient Prospective Payment System (OPPS). On November 1, 2017, the Centers for Medicare and Medicaid Services (CMS) released a Final Rule, updating calendar year (CY) 2018 payment rates to 340B hospitals effective January 1, 2018. The final rule requires all 340B hospitals to use modifiers to identify Medicare Part B 340B-acquired drugs billed under the OPPS.

CMS established two new Healthcare Common Procedure Coding System (HCPCS) Level II modifiers to identify 340B-acquired drugs. Providers are required to report either modifier "JG" or "TB" on OPPS claims.

**JG - Drug or biological acquired with 340B drug pricing program discount**

**TB - Drug or biological acquired with 340B drug pricing program discount, reported for informational purposes.**

When applicable, hospital providers are required to report either modifier "JG" or "TB" on OPPS claims. Though modifier "TB" is an informational modifier, reporting is mandatory for applicable providers.

Under the Final Rule, CMS noted that several state Medicaid programs already mandate the use of modifiers to identify 340B-acquired drugs and the new CMS modifier requirement aligns with those requirements. The New Mexico Medicaid program does require the use of modifiers (i.e., "UD" or 8) to identify 340B-acquired pharmaceutical stock; nevertheless, the CMS Final Rule and guidance does not change the Medicaid requirement - providers should continue to report these modifiers as appropriate.

The New Mexico Human Service Department, Medical Assistance Division (HSD/MAD) would like to remind all Medicaid 340B providers that Section 340B of the Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations that care for many uninsured and low-income patients.

Physician Administered Drug Claims and Encounters:

Those providers who buy their pharmaceutical stock from 340B participating manufactures are required to properly identify CMS-1500 and UB claims submitted using this stock for either fee-for-service or managed care claims/encounters. New Mexico Medicaid requires all physicians, regional health centers, family planning organizations, and other clinics that bill for physician administered drug items obtained under 340B drug pricing agreements to submit the UD modifier (340B drug pricing program discount) when filing a claim/encounter that used physician administered drugs from their discounted 340B stock.

Pharmacy Claims and Encounters:

New Mexico Medicaid requires all pharmacies to submit actual acquisition costs under the 340B program in the “ingredient cost” in field 409-D9, complete the “gross amount due” with appropriate dispensing fee in field 430-DU, and identify the claim/encounter by providing “8” in the “basis of cost” field 423-DN.

Supplements:

Providers were first notified of this requirement in September 2016 via pharmacy MAD Supplement 16-10 and provider offices, outpatient clinics and hospitals in May 2010 via MAD Supplement 10-03. These supplements contain information regarding appropriate 340B claims billing.

Please note the CMS Final Rule and guidance surrounding the new 340B modifiers does not change the Medicaid requirement. **Providers are required to submit UD, JG, or TB modifiers as applicable.**

If you have any questions, please call the Conduent Provider Relations Helpdesk at 1-800-299-7304, option 6.