

PROVIDER BULLETIN
#11-2018

TO: Participating hospitals

FROM: Daniel Brown
Director, Provider Reimbursement

DATE: May 31, 2018

SUBJECT: Clarification of change to billing requirements for 340B-acquired drugs

Independence Blue Cross (Independence) is sending this bulletin to further clarify Provider Bulletin #05-2018, which was sent on April 23, 2018.

As of January 1, 2018, the Centers for Medicare & Medicaid Services (CMS) established the following two Healthcare Common Procedure Coding System (HCPCS) Level II modifiers to identify 340B-acquired drugs:

Modifier	Definition
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.

APC methodology

As outlined in Section 7 of the *Hospital Manual for Participating Hospitals, Ancillary Facilities, and Ancillary Providers*, hospitals that are contracted under Ambulatory Payment Classification (APC) methodology are required to bill in accordance with the CMS APC reporting requirements for modifiers. All claims submitted for products reimbursed under APC must contain the appropriate modifiers to receive the correct level of reimbursement. Hospitals must follow these CMS reporting requirements:*

- **Hospital outpatient claims.** Report either modifier “JG” or “TB”, as appropriate, when billing for drugs purchased via the 340B program.
- **Claims with multiple drug lines.** The appropriate 340B modifier is only required on each line of the 340B-acquired drug(s). The modifier is not required for the remaining drug lines, such as a non 340B-acquired drug, a vaccine, or a packaged drug.

**Effective March 1, 2018, the APC software was updated to accommodate the CMS 340B drug reimbursement requirement and any claims submitted on or after this date for APC-reimbursed claims will be subject to CMS payment reductions.*

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We encourage you to share this information with appropriate members of your staff.

Non-APC methodology

Effective July 1, 2018, hospitals that are contracted under a non-APC reimbursement methodology (e.g., outpatient fee schedule, case rate, etc.), will be required to report the previously mentioned modifiers when billing for drugs purchased via the 340B program. This applies to both Commercial and Medicare Advantage products.

Independence will also follow CMS reporting requirements for reporting modifiers by hospital type and Outpatient Perspective Payment System (OPPS) drug status indicator. At this time, the reporting of modifiers for non-APC-reimbursed claims will be for informational purposes only and is not subject to payment reduction.

We recognize that not all covered outpatient drugs acquired by a 340B hospital are purchased through the 340B program. However, hospitals that participate in the 340B program must:

- maintain documentation regarding whether a drug was purchased through the discount program;
- comply with the applicable reporting requirements;
- append the appropriate modifier when required.

Learn more

For more information regarding the CMS reporting requirements, review [Billing 340B Modifiers under the Hospital OPPS – Frequently Asked Questions](#) on their website.