Back to the Basics: ADAP and the 340B Program - FAQ

For information specific to the 340B program, please visit the NASTAD website.

The following represents several scenarios commonly faced by ADAPs when participating in the 340B program. The responses provided represent examples of how ADAPs have responded and/or the most appropriate way to respond to a specific scenario to ensure compliance with the 340B program.

1. **ADAP has been asked by a non-ADAP 340B pharmacy to pay all of the costs for a Medicare Part D client through the donut hole, at which time the non-ADAP 340B pharmacy would assume “responsibility” for the client.**

   Under this scenario, the ADAP is being asked to pay all of the upfront costs for an ADAP client, but not reap the benefits of a Medicare Part D client transitioning from the donut hole to catastrophic coverage. It is not in the financial best interest of an ADAP to participate in this type of arrangement.

2. **A 340B pharmacy has approached the ADAP to determine if the pharmacy is able to dispense drugs purchased at the 340B price for insured patients.**

   One strategy to increase revenue used by 340B pharmacy providers is to use the discount program to provide 340B purchased medications to people who also have insurance and then bill the insurance company at their contracted rate, generating a “profit”. The intent of the program is to provide discounted medications to safety-net providers for their eligible clients. Since ADAP clients are, by definition, 340B eligible, this practice, while allowable, dilutes the ability of ADAP to serve as many people as possible with limited resources. To mitigate harm, ADAP’s with 340B pharmacies in their network must assure that drugs dispensed are purchased through the regular wholesale purchase mechanism **OR** at 340B pricing for all ADAP patients served by the pharmacy, regardless of their insurance status. An attestation signed by the pharmacy holds the pharmacy accountable for purchasing and dispensing medications consistently to all ADAP Patients. Pharmacies that chose to use 340B for ADAP must bill ADAP at the acquisition cost in all cases, thereby providing the 340B discount up front. Pharmacies that chose non-340B purchasing should bill ADAP at the negotiated rate so ADAP is eligible to claim a rebate on those purchases. Pharmacies cannot have it both ways to enhance their profits and minimize resources to ADAP. IF feasible, to avoid a potential conflict for patients, ADAPs should refer their insurance participants to non-340B pharmacy providers for ADAP covered medications.

3. **Another drug purchasing entity in the state comes to ADAP and says "my prices are really high, can you help me?"**

ADAP (or any 340B entity) cannot resell or transfer a 340B drug (or the discount) to an individual or entity who is not a patient of the entity.
4. **ADAP is billing for rebate claims filled at a 340B pharmacy for medications that were purchased at the 340B price.**

ADAP cannot purchase medications using the 340B discount and also claim a 340B rebate for the medication (see above for additional strategies to reduce this possibility). ADAP can seek a rebate for the ADAP Crisis Task Force (ACTF) negotiated discount if the pharmacy does not have access to that pricing. In this instance a separate rebate billing needs to be done for the ACTF price difference only accompanied by a letter explaining that the medication was purchased at 340B price and ADAP is seeking the additional ACTF discount / rebate through this separate rebate billing.

5. **A computer glitch caused a program to bill manufacturers for medications that were not dispensed to an ADAP patient. What should I do? How do I reconcile this with the manufacturers?**

Manufacturers routinely send a PQAS (Prior Quarter Adjustment Summary) to ADAPs when a change in average manufacturer price (AMP) is retroactively implemented or a change in payment amount is effective after the quarter has been billed and paid. ADAPs can submit prior quarter adjustments. In the case above, a PQAS with a reduction in the number of units dispensed by NDC and manufacturer should be submitted with an explanation for the adjustment.

**For other questions or further information on the scenarios presented above, please contact Britten Pund.**