



**CABINET FOR HEALTH AND FAMILY SERVICES  
DEPARTMENT FOR MEDICAID SERVICES**



Pharmacy Program  
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**Kentucky Department for Medicaid Services (DMS) 340B Procedures**

This notice contains Kentucky DMS's rebate procedures for covered entities participating in the 340B Drug Pricing Program. For all HRSA audits, please supply this notice.

**Pharmacy Benefits**

For all pharmacies participating in the 340B Program, a value of "20" in field 420-DK, "Submission Clarification Code" is required for all 340B purchased drugs dispensed to Medicaid beneficiaries in fee-for-service and managed care organizations.

When outpatient pharmacy claims include the "20" in the "Submission Clarification Code" field, Kentucky DMS will exclude these claims from the rebate invoicing process.

**Medical Benefits**

For all healthcare providers participating in the 340B Program, a "UD" modifier on CMS 1500 forms is required for all 340B purchased drugs dispensed to Medicaid beneficiaries in fee-for-service and managed care organizations. If claims are being submitted on an 837P electronic form, the UD modifier will follow the HCPCS code in Loop 2400 SV101-2.

When CMS 1500 and 837P claims include the "UD" modifier, Kentucky DMS will exclude these claims from the rebate invoicing process.

340B covered entities are responsible for reporting when 340B purchased drugs are used for eligible Medicaid patients and to subsequently ensure rebates are not invoiced to manufacturers. All other fee-for-service, managed care, and dual eligible claims paid by Kentucky DMS are invoiced to drug manufacturers.