



Safety Net Hospitals for Pharmaceutical Access

Memorandum

To: Safety Net Hospitals for Pharmaceutical Access Members

From: William von Oehsen, President and General Counsel
Stuart Gordon, Director of Legal and Regulatory Affairs

Date: May 12, 2008

Re: HRSA Tutorial on Filing of NPIs with Medicaid Exclusion Files

The legislation that created the 340B program required the Secretary of Health and Human Services to set up a mechanism to ensure that manufacturers do not pay both an up-front 340B discount and a back-end transaction Medicaid rebate on the same provider claim for reimbursement for a prescription drug dispensed. The mechanism the Secretary established to comply with the legislation's mandate to prohibit duplicate discounts is a part of the Office of Pharmacy Affairs (OPA) database called the Medicaid Exclusion File.

The exclusion file lists the 340B entities and their associated Medicaid provider numbers and/or National Provider Identifiers (NPI). The entities listed on the exclusion file have reported to OPA that they intend to fill Medicaid prescriptions with 340B-purchased drug.

340B hospitals that currently bill Medicaid for 340B-covered outpatient drugs using a legacy Medicaid provider identifier should begin including their National Provider Identifier (NPI) – rather than their legacy number – in the exclusion file data filed with OPA for Medicaid claims submitted in states that now require NPIs on claims. HRSA's Pharmacy Services Support Center (PSSC) has posted new tutorial documents on its website on including NPIs in the exclusion file database. The PSSC's tutorials on exclusion file basics and the use of NPIs may be found at <http://www.hrsa.gov/opa/medicaidexclusion.htm>.

It should be noted that the **May 23, 2008** deadline for using federally mandated NPIs is a CMS deadline and not one that applies to OPA filings. The Exclusion File database will continue to accept Medicaid pharmacy billing numbers, Medicaid provider numbers and other legacy billing information as it has in the past. ***However, while the database will now be able to accommodate NPIs as well as legacy numbers, OPA and PSSC are urging covered entities to start replacing existing Medicaid billing information on the website with their NPIs, particularly for claims in states where NPIs are now mandatory on Medicaid billing.*** OPA will continue to maintain both legacy numbers and NPIs until the legacy numbers are no longer used to bill Medicaid programs. OPA does not intend to retroactively update previously filed information.

For claims filed in the limited number of states where a 2007 deadline for implementation has been further delayed by CMS beyond this month due to on-going difficulties the state is

experiencing in NPI implementation, providers should ensure that OPA exclusion file continues to contain their legacy Medicaid number. Providers should check each state's Medicaid website to determine whether the NPI deadline has arrived in that state.

In order for the Medicaid exclusion file database to properly function, there must be consistency in 340B purchasing and any Medicaid billing in which a provider identifier is utilized. Whatever billing number is used to bill Medicaid, the same billing number must be used consistently with all drugs billed to Medicaid. If the billing number is listed on the Medicaid exclusion file, then all covered outpatient drugs billed to Medicaid under that number must be purchased under 340B. If the billing number is not listed on the Medicaid Exclusion File – because the hospital wants to implement the Medicaid carve-out option – then no drugs purchased under 340B should ever be billed to Medicaid under that Medicaid billing number.

If a covered entity bills drugs purchased under 340B with more than one NPI or other provider identifier, it must provide all such numbers for the Exclusion File. With respect to 340B hospitals that have multiple sites enrolled in the program, each hospital site should have a Medicaid billing number and/or NPI listed with that site, unless one or more of the sites elects to implement the Medicaid carve-out in which case “N/A” should be listed instead. Covered entities may continue to implement a Medicaid carve-out at one site, but not another, assuming each site is separately enrolled and appears on the OPA website separately. For hospitals that have established contract pharmacy arrangements, the hospitals should only provide their own NPIs or other provider identifiers for the Exclusion File and not the identifiers for their contract pharmacies.

Providers who have not yet obtained their NPI numbers may do so at <https://nppes.cms.hhs.gov/NPPES/StaticForward.do?forward=static.npistart>.

If you have any questions, please contact SNHPA’s Director of Legal and Regulatory Affairs at Stuart.Gordon@safetynetrx.org or 202-552-5851.