



Best Practices for Shared ADAP and 340B Drug Pricing Program Clients July 2014

In order to ensure that AIDS Drug Assistance Programs (ADAPs) are adhering to the rules and regulations of the 340B Drug Pricing Program, the National Alliance of State and Territorial AIDS Directors (NASTAD) encourages AIDS Drug Assistance Programs (ADAPs) to establish procedures for seeking rebates when a prescription is filled by another 340B entity (pharmacy). Either the ADAP or the other entity should receive the 340B rebate or discount for the claim.

The 340B Drug Pricing Program initially provided a ceiling price for covered drugs since the vast majority of 340B entities use a direct purchase system. It was amended in 1998 to provide access to a statutory rebate for ADAPs using a pharmacy network (rebate) purchasing system. The 340B Drug Pricing Program requires drug manufacturers to provide outpatient drugs to eligible health care organizations for eligible patients at significantly reduced prices through either mechanism noted. It is designed to provide a pricing benefit to safety-net providers with the intent that providers use the savings to reinvest in their programs and enhance medical services to uninsured patients.

ADAPs are categorically eligible for the 340B Drug Pricing Program. This means that all ADAPs, regardless of purchasing mechanism, are eligible to receive 340B pricing. Each individual that is enrolled in ADAP is a 340B eligible patient for the purposes of the 340B Drug Pricing Program.

Other entities that are eligible for the 340B Drug Pricing Program include Ryan White Part A and B Clinics, Ryan White Part C Early Intervention Services grantees, Federally Qualified Health Centers, Title X Family Planning Clinics, Sexually Transmitted Disease Clinics, and Disproportionate Share Hospitals. The HRSA Office of Pharmacy Affairs' (OPA) website has a searchable database of all enrolled 340B entities and their contract pharmacies. Unlike ADAPs, individuals in these covered entities are defined as patients only if:

1. "The covered entity has established a relationship with the individual, such that the covered entity maintains records of the individual's health care; and
2. The individual receives health care services from a health care professional who is either employed by the covered entity or provides health care under contractual or other arrangements (e.g., referral for consultation) such that responsibility for the care provided remains with the covered entity; and
3. The individual receives a health care service or range of services from the covered entity which is consistent with the service or range of services for which grant funding or Federally-qualified health center look-alike status has been provided to the entity. Disproportionate share hospitals are exempt from this requirement."¹

An individual may be considered a patient of both the ADAP and the other covered entity and thus both the ADAP and the covered entity would be eligible for the 340B Drug Pricing Program discount/rebate.

¹ "A Glossary of Terms." (n.d.): 2. A Glossary of Terms. Apexus, Mar. 2014. Web.

However, only one entity is entitled to receive the 340B price – by discount or rebate – for a patient’s prescription.

NASTAD strongly recommends that ADAPs establish clear policies and a systematic process for receiving the 340B Drug Pricing Program discount/ rebate for individuals who are considered 340B eligible patients of multiple entities:

- For clients for whom ADAP is paying 100% of the client’s drug costs (i.e., clients who have no public or private insurance), the ADAP should be the entity that receives the 340B Drug Pricing Program rebate/discount. If the other entity is paying for 100% of the client’s drug costs, then the other entity should receive the 340B Drug Pricing Program discount and ADAP should not receive a rebate. The rebate/discount must not be duplicated by the two entities.
- For clients who are covered by private insurance, ADAPs should establish a policy and process that clarifies whether ADAP or the 340B entity that shares the patient is entitled to the rebate/discount. The policy could state that the entity paying for the insurance premium and/or the co-payment on the drugs should receive the 340B Drug Pricing Program rebate/discount.
- If ADAP is paying for a prescription and entitled to receive the rebate and the non-ADAP covered entity that fills the prescription maintains multiple inventories (i.e., 340B and retail), the entity should not use 340B inventory to fill the prescription paid for by ADAP. If the non-ADAP covered entity has only 340B inventory, then ADAP cannot file for a rebate; both entities cannot file for a rebate on the same drug transaction. The rebate/discount must not be duplicated by the two entities.
- For clients who are uninsured receiving a prescription through a 340B entity pharmacy with only 340B inventory, the 340B rebate/discount cannot be duplicated, and ADAP must not file for a rebate. However since ADAP is paying 100% of the prescription costs, ADAP should establish a reimbursement rate to the 340B entity that reflects the loss of the rebates to ADAP.

It is the responsibility of ADAP to identify 340B entities (pharmacies) who may receive reimbursement from ADAP for prescriptions and to inform them of ADAP policies on reimbursement and prevention of duplicate 340B rebates/discounts.

For more information or to request technical assistance on this topic, please contact [Britten Pund](#).