

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

<b>TO</b> <i>Singleton/Amick</i>	<b>DATE</b> <i>5/23/13</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000370</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Feck</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>6-5-13</i>
	<input type="checkbox"/> FOIA DATE DUE _____
	<input type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			



*Rec'd electronically  
5/22/13  
forwarded to B Amick  
Log: Singleton/Amick  
C: Director*

May 22, 2013

Anthony Keck, Director  
SC Department of Health and Human Services  
1801 Main Street  
Columbia, SC 29201

Dear Mr. Keck:

The Medical University Hospital Authority ("MUHA") is a covered entity that participates in the 340B Drug Pricing Program ("340B Program"). MUHA has elected to purchase certain drugs under the 340B Program ("340B Drugs") and dispense them to its patients who are covered under the South Carolina Medicaid Program. As you may be aware, the 340B Program prohibits duplicate discounts for 340B Drugs (i.e., drug manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug).

In an effort to ensure that MUHA is compliant with the 340B rules and regulations related to the duplicate discount prohibition for 340B Drugs dispensed to patients who are covered under the South Carolina Medicaid Program, we would appreciate a written response to the questions contained in this letter.

1. Does the South Carolina Department of Health and Human Services ("SCDHHS") generally seek a Medicaid Rebate on claims from patients:
  - a. That are "Dual Eligible" (Medicaid/Medicare)
  - b. That received physician administered Drugs
  - c. That are billed from Medicaid Managed Care
  - d. In any other circumstance?
2. Please describe SCDHHS' general policy related to the application of Medicaid Rebates on 340B Drugs (for example, does SCDHHS use the US Department of Health and Human Services Health Resources and Services Administration ("HRSA") Medicaid Exclusion File to determine whether a covered entity uses 340B?)
3. Does SCDHHS have a written policy and/or other written guidance on how 340B covered entities should bill the South Carolina Medicaid Program for 340B drugs? If so, please provide a copy of any such policy and/or guidance.

4. Please describe how SCDHHS requires that a hospital outpatient claim (this is NOT to include retail pharmacy claims) for a South Carolina Medicaid 340B eligible patient should be billed to the South Carolina Medicaid Program for the following patient types:
  - a. Medicaid fee-for-service claim
  - b. Managed Care Medicaid claim
5. Please describe any differences in SCDHHS requirements for billing retail and hospital clinic medications for secondary and tertiary Medicaid coverage. The rationale for this question is because we would NOT bill the same price for a medication on the primary claim as would be billed to Medicaid as a secondary.
6. Does SCDHHS have a reconciliation process in the event a covered entity is unable to differentiate price based on acquisition cost at the claim level (e.g., a quarterly reconciliation of claims)?
7. How does SCDHHS establish the rebate amount to be paid to the South Carolina Medicaid Program by a drug manufacturer? Is the methodology based on what the South Carolina Medicaid Program paid to the provider or the amount that the provider billed the South Carolina Medicaid Program?

We appreciate your guidance and assistance as we continue to strive for compliance with these complex programs.

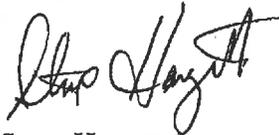
Sincerely,



Heather Kokko, PharmD, MBA  
Director of Pharmacy Services



John Cooper  
Finance Director



Steve Hargett  
Chief Financial Officer & Controller