	DEPARTMENT OF CORRECTIONS AND REHABILITATION	EFFECTIVE DATE: SEP 02 2025	POLICY NO.: COR.10.J.05
	CORRECTIONS ADMINISTRATION POLICY AND PROCEDURES	SUPERSEDES (Policy No. & Date): **NEW**	
	SUBJECT: 340B – PREVENTION OF DUPLICATE DISCOUNTS		Page 1 of 2

1.0 PURPOSE

To ensure that the Health Care Division prevents duplicate discounts.

2.0 SCOPE

This policy applies to the Health Care Division of the Department of Corrections and Rehabilitation.

3.0 REFERENCES, DEFINITIONS & FORMS

.1 References

- a. 42 USC §256b(a)(5)(A)(i)
- b. Hawaii Medicaid State Plan:
<https://humanservices.hawaii.gov/reports/hawaii-medicaid-state-plan/>
- c. Department of Human Services Memo No. QI-1715, CCS 17-03, "Reporting Requirements for 340B Medications Provided by Contract Pharmacies and Non-340B Medications Provided by 340B Covered Entities to Quest Integration (QI) and Community Care Services (CCS) Members," 9/11/2017
- d. Department of Human Services Memo No. FFS 19-05, "Medicaid Fee-for-Service Program Pharmacy Reimbursement Changes," 10/02/2019
- e. Department of Human Services Memo No. ACS M12-04, "Medicaid Processing of 340B Medication," 5/24/2012

.2 Definitions

- a. Duplicate discount: A duplicate discount, which is prohibited under the 340B statute, happens when a covered entity receives a 340B discount on a medication, and a Medicaid agency also receives a rebate for the same medication from the manufacturer.
- b. Medicaid carve-out: To carve out Medicaid, a covered entity does not use drugs purchased at the 340B discounted price to serve Medicaid patients.

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4.0 POLICY

- .1 42 USC §256b(a)(5)(A)(i) prohibits duplicate discounts; that is, manufacturers are not required to provide a discounted 340B price and a Medicaid drug rebate for the same drug. Covered entities must have mechanisms in place to prevent duplicate discounts.


5.0 PROCEDURES

- .1 Medicaid Carve-Out (FFS).
- The Health Care Division does not use Medicaid services or collect drug rebates from Medicaid, making the likelihood of duplicate billing for 340B-priced medications negligible or nonexistent. However, the Division ensures that accounting and billing staff at its contracted pharmacy are informed not to collect Medicaid drug rebate funds for 340B-priced medications.
 - The Health Care Division does not dispense or administer 340B-purchased drugs to Medicaid patients and does not bill Medicaid for either 340B or non-340B medications (carve-out).
- .2 Contract Pharmacies.
- The Health Care Division's contract pharmacies carve out Medicaid Fee-for-Service (FFS).
 - The Health Care Division and its contract pharmacies do not use 340B-purchased medications to fill Medicaid prescriptions

APPROVAL RECOMMENDED:

 Sep 2, 2025
 Deputy Director for Rehabilitation Services and Programs Date

APPROVED:

 Sep 2, 2025
 DIRECTOR Date

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