	DEPARTMENT OF CORRECTIONS AND REHABILITATION	EFFECTIVE DATE:	POLICY NO.:
		SEP 02 2025	COR.10.J.09
	CORRECTIONS ADMINISTRATION POLICY AND PROCEDURES	SUPERSEDES (Policy No. & Date): **NEW**	
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1.0 PURPOSE

To ensure the Health Care Division assumes full responsibility for all 340B drugs managed by its contract pharmacy.

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. Federal Register / Vol. 61, No. 165 / Friday, August 23, 1996 / Notices
<https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf>.
- b. 340B Contract Pharmacy Guidelines
<https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf>.
- c. Department of Corrections and Rehabilitation, Policy and Procedures, COR.10.J.05, 340B Prevention of Duplicate Discounts

.2 Definitions

- a. Contract pharmacy: A 340B covered entity can partner with one or more pharmacies to serve its patients, including dispensing 340B drugs that the entity owns. This partnership requires a written agreement that follows compliance guidelines outlined in official guidance. The contract pharmacy must also be listed on the 340B OPAIS during a quarterly registration period. Usually, these arrangements operate under a "bill-to/ship-to" model, where the entity is billed, and the pharmacy receives the shipment.

4.0 POLICY

- .1 The covered entity is responsible for ensuring that its contract pharmacy operations fully comply with all 340B Program requirements. The entity retains

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accountability for all 340B drugs purchased and dispensed through the contract pharmacy.

- .2 The Health Care Division obtains sufficient information from its contract pharmacy contractor to confirm compliance with all applicable policies and legal requirement.
- .3 As a best practice, the signed contract pharmacy services agreement addresses the 12 essential compliance elements outlined in:
<https://www.gpo.gov/fdsys/pkg/FR-2010-03-05/pdf/2010-4755.pdf>.

5.0 PROCEDURES

- .1 The Health Care Division contracts with pharmacies to design and implement the 340B contract pharmacy program. Fully executed contracts, amendments, and supplements are maintained by the Business Management Office.
- .2 A written contract is in place for each contract pharmacy location used by the Health Care Division.
- .3 Each contract pharmacy location is registered on the Division's 340B OPAIS before any 340B drugs are used at that site.
- .4 The Health Care Division does not use a replenishment model at its clinic sites.
 - a. Non-replenishment 340B inventory is stored at the contract pharmacy and is clearly labeled as property of the 340B entity.
- .5 340B-eligible prescriptions are sent to the contract pharmacy via e-prescribing, fax, or phone.
 - a. The contract pharmacy verifies patient, prescriber, and outpatient clinic eligibility using the eligible patient and provider lists.
 - b. The Health Care Division updates this process whenever changes are made to the eligible patient and provider lists.
- .6 The contract pharmacy dispenses prescriptions to 340B-eligible patients using non-340B drugs from the contract pharmacy's inventory.

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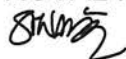
- .7 The Health Care Division uses a bill-to, ship-to arrangement with the contract pharmacy.
 - a. The contract pharmacy orders 340B drugs based on eligible use from the contracted wholesaler.
 - b. Invoices for 340B drugs are billed to the Health Care Division.
- .8 The contract pharmacy receives the shipment of medication.
 - a. Medications from the wholesaler are used exclusively for eligible patients of the Department of Corrections and Rehabilitation, based on orders from approved prescribers and dispensed in compliance with 340B Program rules.
 - b. The contract pharmacy cross-checks the eligible patient list with the medications ordered and ensures 340B-purchased drugs are used appropriately.
 - c. The contract pharmacy packages and labels 340B medications, clearly identifying them as 340B-sourced on the medication label.
 - d. 340B medications are shipped along with non-340B medications to the designated facility location.
- .9 The contract pharmacy verifies that the quantity of medications received matches the quantity ordered.
 - a. Identifies any inaccuracies.
 - b. Resolves any discrepancies.
 - c. Documents resolution of discrepancies.
- .10 The contract pharmacy informs the Health Care Division if it does not receive an 11-digit NDC replenishment order.
- .11 The Health Care Division reimburses the contract pharmacy at a pre-negotiated rate for those drugs.
- .12 The Health Care Division reviews the invoice for drugs shipped to its contract pharmacy.

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- .13 The Health Care Division pays the invoice to the contracted wholesaler for all 340B drugs.
- .14 The contract pharmacy provides a monthly report the Health Care Division.
- .15 The contract pharmacy makes claim adjustments if variances or discrepancies occur.
 - a. The contract pharmacy uses approved methods, with the Health Care Division's knowledge and agreement, to reconcile inventory and invoices, making adjustments as needed.
 - b. Claim adjustments are allowed only within 90 days of the original billing and require prior notice and approval from the Health Care Division.
- .16 The Health Care Division and its contract pharmacy have a written procedure or agreement in place for inventory reconciliation in the event their relationship is terminated by either party.
 - a. Both the Health Care Division and its contract pharmacy maintain auditable records to ensure the reconciliation process is transparent to manufacturers and wholesalers and complies with state law.
- .17 The Health Care Division does not use 340B drugs for Medicaid patients at its contract pharmacy (carve-out). For details, refer to the Policy and Procedure titled "340B Prevention of Duplicate Discounts" [COR.10. J.05]
 - a. An entity may explore using 340B drugs for Medicaid patients at its contract pharmacy if an arrangement is established between the Department, the contract pharmacy, and the state Medicaid agency to prevent duplicate discounts. The arrangement must be approved by OPA, and the methodology must align with the guidelines in the [Contract Pharmacy Medicaid Carve-In Checklist](#).

APPROVAL RECOMMENDED:



Sep 2, 2025

Deputy Director for Rehabilitation Services and Programs

Date

APPROVED:



Sep 2, 2025

DIRECTOR

Date

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