

**340B PROGRAM ADDENDUM
TO
PROVIDER ENROLLMENT AGREEMENT**

This 340 B Program Addendum (“Addendum”) is made between the State of Vermont, Department of Vermont Health Access (“DVHA”) and _____ (“340B Partner”) and incorporated into the Provider Enrollment Agreement between them dated _____ (“Provider Agreement”). This Addendum shall replace and supersede in their entirety all prior 340B Program amendments, addenda or other 340B Program-specific attachments or modifications to the Provider Agreement.

I. PURPOSE

The purpose of this Addendum is to set forth certain terms and conditions under which 340B Partner, a covered entity, will participate in DVHA’s Medicaid 340B Program, including DVHA’s payment methodology.

II. DEFINITIONS

- (a) The term “acquisition cost” shall mean the price the purchaser paid for the drug at or below the ceiling price as referenced in 42 U.S.C. 256b (a)(1).
- (b) The term “per claim” as found in paragraph VI means per prescription line item.
- (c) The term “covered entity” shall mean entities defined under 42 U.S.C. § 256b (a)(4).

III. TERM

Unless terminated earlier as provided herein, this Addendum shall be effective as of January 1, 2018 and shall continue in effect through the termination date of the Provider Agreement.

IV. LOW INCOME INDIVIDUAL CARE

This paragraph IV applies only to covered entities that are hospitals.

340B Partner, as a private, non-profit hospital, shall provide health care services to low income individuals who are not entitled to benefits under Title XVIII of the Social Security Act or eligible for assistance under the Medicaid State plan, as required by section 340B of the Public Health Service Act (42 U.S.C. 256b).

DVHA and 340B Partner acknowledge and agree that the foregoing obligation has been in continuous effect since 340B Partner first commenced its participation in DVHA’s Medicaid 340B Program.

V. ENROLLMENT

The 340B Partner agrees to all the following terms in order to enroll in the DVHA’s Medicaid 340B Program:

- i. it shall enroll with the HRSA Office of Pharmacy Affairs (<https://www.hrsa.gov/opa/index.html>);
- ii. it shall accurately represent its Medicaid Exclusion status;
- iii. if the 340B Partner is a hospital, to complete a DVHA form reporting whether the hospital is a disproportionate share hospital, a critical access hospital, or a sole community hospital; and
- iv. complete a DVHA Covered Entity Informational form at <http://www.vtmedicaid.com/downloads/forms.html>.

The parties agree that the four steps enumerated above are necessary for DVHA to comply with federal law that prohibits Medicaid agencies from obtaining federal rebates on 340B drugs.

VI. REIMBURSEMENT

Prior to March 1, 2018, DVHA shall pay per claim compensation to 340B Partner as follows:

1. For FQHC Pharmacies, 340B acquisition cost plus \$15.00 dispensing fee; or
2. For Non-FQHC Pharmacies, 340B acquisition cost plus \$11.13 dispensing fee; or
3. For Hospital 340B Outpatient Drugs, 340B acquisition cost plus \$4.75 (\$19.75 for compounded drugs);

AND, the lesser of:

1. \$3.00 per claim or \$30.00 per compound claim, or
2. 10 percent of the “shared savings,” defined as a percentage of the difference between: a) the sum of 340B acquisition cost and the 340B dispensing fees and b) total payments made on the claim by DVHA less estimated total pharmacy rebates.

The additional compensation is calculated based upon the process provided in paragraph VII below.

On and after March 1, 2018, participation as a 340B Partner requires that all 340B entities be reimbursed at the 340B acquisition cost. 340B enrolled Pharmacies will also receive a 340B dispensing fee equal to \$11.13 per claim.

VII. RECONCILIATION PROCESS

340B Partner agrees to the following reconciliation process: (1) 340B Partner will accept a monthly 340B utilization file in Excel format, (2) the 340B Partner will indicate by claim what prescriptions are eligible for 340B pricing, (3) the 340B Partner will indicate the acquisition cost for each prescription as of the date of service, (4) the 340B Partner will return the Excel utilization file to DVHA within thirty calendar (30) days of receipt by the 340B Partner.

By submitting the reconciliation described above, the 340B Partner certifies that the patient has received the drug and that the drug qualifies for 340B pricing under the rules of the 340B program. DVHA promises it has not and will not, seek a rebate for any drug on the reconciliation list certified by the 340B Partner.

VIII. PAYMENT

DVHA will calculate the reimbursement in paragraph VI using the reconciliation process in paragraph VII. The result will be an invoice to the partner. The 340B Partner agrees to pay the invoice sent by DVHA within thirty (30) calendar days of receipt by the 340B Partner.

IX. AUDITING

As required under 42 CFR 431.107, the 340B Partner shall keep such records as are necessary to disclose fully the extent of services provided to Members and shall furnish, without cost, records and information regarding any claim for providing such service to DVHA, the Vermont Attorney General’s Medicaid Fraud Control Unit (MFRAU hereafter), and the U.S. Secretary of Health and Human Services (Secretary hereafter). The 340B Partner agrees to keep records to disclose the services it provides for seven years from the date of service. The 340B Partner shall not destroy or dispose of records, which are under audit, review or investigation when the seven-year limitation is met. The 340B Partner shall maintain such records until informed in writing by the auditing, reviewing or investigating agency that the audit, review or investigation is complete.

Authorized representatives of DVHA, MFRAU, and the Secretary shall have the right to make physical inspection of a 340B Partner’s place of business and to examine records relating to financial statements or claims submitted by 340B Partner under this Addendum and to audit PROVIDER’s financial records as provided by 42 CFR 431.107. If the 340B Partner fails to submit records to DVHA or its agent within reasonable specified timeframes, all DVHA payments to 340B Partner may be suspended until records are submitted.

Pursuant to 32 V.S.A. § 163, DVHA and the Vermont State Auditor of Accounts shall have the right to examine a 340B Partner’s books, records, documents, accounting procedures, practices, or any other items relevant to this Addendum.

X. TERMINATION

This Addendum may be terminated by three methods:

- (i) either party may terminate this Addendum for cause with a thirty-day written notice to the other party;
- (ii) either party may terminate this Addendum without cause with a sixty-day written notice to the other party; or
- (iii) DVHA may terminate the Addendum immediately (a) to protect the health and safety of Members, (b) upon evidence of fraud, (c) pursuant to a violation of the terms in paragraphs IV, V, VI, VII or VIII, or (d) in the event that funding of DVHA from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date of this Addendum and prior to the anticipated Addendum expiration date.

The parties have each caused this Addendum to be executed and delivered by a duly authorized representative as of the effective date set forth herein.

340B Partner

By:
Its:

DVHA

By:
Its: