



Department of Medicaid

Mike DeWine, Governor
Jon Husted, Lt. Governor

Maureen M. Corcoran, Director

TO: Contracted Medicaid Managed Organizations

FROM: Megan Powell, Section Chief
Office of Managed Care, Policy and Program Development Section

DATE: April 15, 2021

SUBJECT: Managed Care Organization (MCO) Compliance with Senate Bill 263

Senate Bill (SB) 263 as passed by the 133rd General Assembly prohibits pharmacy benefit managers (PBMs) from taking certain actions with respect to reimbursements made to health care providers that participate in the federal 340B Drug Pricing Program. As a result of SB 263, Ohio Revised Code (ORC) 5167.123 will be enacted on April 12, 2021. ORC 5167.123 requires the following regarding managed care organization contracts with 340B providers:

(A) No contract between a medicaid managed care organization, including a third-party administrator, and a 340B covered entity shall contain any of the following provisions:

(1) A payment rate for a prescribed drug that is less than the national average drug acquisition cost rate for that drug as determined by the United States centers for medicare and medicaid services, measured at the time the drug is administered or dispensed, or, if no such rate is available at that time, a reimbursement rate that is less than the wholesale acquisition cost of the drug, as defined in 42 U.S.C. 1395w-3a(c)(6)(B);

(2) A fee that is not imposed on a health care provider that is not a 340B covered entity;

(3) A fee amount that exceeds the amount for a health care provider that is not a 340B covered entity.

(B) The organization, or its contracted third-party administrators, shall not discriminate against a 340B covered entity in a manner that prevents or interferes with a medicaid recipient's choice to receive a prescription drug from a 340B covered entity or its contracted pharmacies.

(C) Any provision of a contract entered into between the organization and a 340B covered entity that is contrary to division (A) of this section is unenforceable and shall be replaced with the dispensing fee or payment rate that applies for health care providers that are not 340B covered entities.

MCOs must ensure contracts with 340B providers abide by the requirements above.