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FOR IMMEDIATE RELEASE

April 15, 2015

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Rep. André Jacque – (608) 266-9870

Jacque Pleased with Reform Efforts of Medicaid 340B Program *Taxpayers are Tired of Inflated Billing Practices for Pharmaceuticals*

MADISON: State Representative André Jacque (R-De Pere) released the following statement regarding today's announcement that the Wisconsin Department of Health Services (DHS) will be revising its billing guidance for entities participating in the Federal Medicaid 340B program:

“I am pleased at the action taken today by Governor Walker's administration to ensure that the 340B pharmaceutical program is used as intended, rather than fleecing taxpayers. It is irresponsible for family planning clinics which acquire drugs at the heavily discounted rates available only through government assistance to then turn around and bill taxpayers at the heavily inflated sticker price. Today's actions will bring Wisconsin in line with the majority of other states by requiring billing at actual acquisition cost plus a reasonable dispensing fee, and save taxpayers millions of dollars in the process. I will continue my push to establish this practice in statute this session.”

The 340B Drug Discount Program is a federal government program created in 1992 that requires drug manufacturers to provide outpatient drugs to eligible health care organizations/covered entities at significantly reduced prices.

Wisconsin is one of the most “generous” states in the country in terms of its relatively high allowed Medicaid reimbursement rate with state and federal taxpayer dollars for family planning providers through the 340B Program. This situation appears to be unintended, as the Wisconsin Department of Health Services, like other states, was under the impression that Federal guidance restricted non-profit Medicaid providers to actual acquisition cost plus a reasonable dispensing fee (as was previously the case when the program was established--subsequent Federal guidance requires a written state policy)- thus this motion would codify past policy and what DHS already believed to be in effect.

Twenty-five states have written 340B policies that direct 340B-covered entities to bill Medicaid (and state taxpayers) at actual acquisition cost (AAC) for 340B-purchased drugs. Of the 25 states that do not have written 340B policies, 4 states indicated that there are no covered entities in their state which dispense 340B-purchased drugs to Medicaid, and an additional 16 (including Wisconsin) which have reported that they want covered entities to bill at actual acquisition cost for 340B-purchased drugs. 15 of these 16 states reported that they do not have written 340B policies



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because they believe that federal Health Resources and Services Administration (HRSA) guidance from 1993 that covered entities are to bill at AAC is still in effect.

According to the federal Department of Health and Human Services' Office of Inspector General, however, HRSA's guidance from 2000 withdrew the AAC provision of the 1993 guidance and directed covered entities to follow state guidelines for billing 340B-purchased drugs. In the absence of state guidelines, covered entities in Wisconsin have been billing Medicaid (and thus state and federal taxpayers) at a greatly inflated rate. Today's announced change is estimated to result in annual savings of millions in state GPR tax dollars and tens of millions in Federal tax dollars.

Planned Parenthood of Wisconsin, which is Wisconsin's largest abortion provider and a huge consumer of state and federal taxpayer resources, has indicated that making this change to its billing practices alone would result in a \$4.5 Million annual reduction in their subsidy by taxpayers for their operations.

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