



The Commonwealth of Massachusetts  
Executive Office of Health and Human Services  
MassHealth Office of Providers and Plans  
100 Hancock Street, 6<sup>th</sup> Floor  
Quincy, Massachusetts 02171



CHARLES D. BAKER  
Governor

KARYN E. POLITO  
Lieutenant Governor

MARYLOU SUDDERS  
Secretary

DANIEL TSAI  
Assistant Secretary for  
MassHealth

[www.mass.gov/eohhs](http://www.mass.gov/eohhs)

**Administrative Bulletin 17-18**

**101 CMR 304.00: Community Health Centers**

Effective November 3, 2017

**Clarification on the Methodology and Payment Schedule for 340B Transition Supplemental Payments**

The Executive Office of Health and Human Services (EOHHS) is issuing this Administrative Bulletin pursuant to 101 CMR 304.04(5)(f) to implement changes in the payment amounts and disbursement dates for the 340B transition supplemental payments (“transition payments”) to eligible community health centers (CHCs). The transition payments, described in 101 CMR 304.04(5), are established to smooth CHCs’ transition from purchasing drugs through the 340B Drug Pricing Program (340B Drugs) for MassHealth managed care organization (MCO) members. That transition will be effective on March 1, 2018, rather than October 2017, as originally anticipated, resulting in two adjustments to the transition payments: (1) the first transition payment will be for March 2018; and (2) the transition payments for March through October 2018 will be adjusted to reflect any gross margin earned on 340B Drugs from October 2017 through February 2018.

Transition payments for March through October 2018 will be calculated as follows:

- The total gross margin earned by an eligible CHC on 340B Drugs will be subtracted from the center’s supplemental payment amount for the 12-month period starting with October 2017 (as calculated according to the methodology specified in 101 CMR 304.04(5)).
- If a CHC’s reported total gross margin on 340B Drugs for the period between October 1, 2017 and February 28, 2018 is greater than its annual supplemental payment amount, the CHC will receive no supplemental payment prior to October 2018. October 2018 will be the first month for which such CHCs will receive transition payments. Transition payments for October 2018 and subsequent months will be calculated in accordance with 101 CMR 304.04(5).
- If a CHC’s reported total gross margin on 340B Drugs for the period between October 1, 2017 and February 28, 2018 is less than its annual supplemental payment amount, EOHHS will pay out the difference in seven monthly transition payments. There will be a payment for each month beginning with March 2018 and ending with September 2018.

To calculate transition payment amounts, EOHHS will require eligible CHCs to report on utilization and costs of 340B Drugs. EOHHS anticipates requiring CHCs to submit two reports. One, covering October through December 2017, will be due January 31, 2018; the second, covering January and February 2018, will be due March 31, 2018. EOHHS will transmit a standard reporting template to eligible CHCs.