

PHARMACY-FINANCE WORK GROUP UPDATE NOVEMBER 17, 2026

Todd Bleak, Pharmacy Services Manager

Balancing Mission, Regulatory Integrity & Fiscal Stewardship

Standardizing pharmacy pricing architecture to guarantee affordable care while preserving federal compliance.

PILLAR 1: MISSION & PATIENT ACCESS
Equitable Care & Affordability

- **Universal Access:** Ensures prescription access for all patients regardless of insurance status, income level, or ability to pay.
- **Sliding Fee Integration:** Fully operationalizes the Sliding Fee Discount Schedule (SFDS) for tiers P0–P4 (≤200% FPL).
- **Targeted Safety Caps:** Establishes vital price ceilings for life-sustaining medications (e.g., Insulin capped at $10–$15, Epi-Pens at $35, STI at $9).
- **Clinical Autonomy:** Formulary provides robust medication selection without infringing upon provider clinical prescribing discretion.

PILLAR 2: REGULATORY INTEGRITY
Statutory Governance & Compliance

- **HRSA Compliance:** Full alignment with Health Center Program Compliance Manual Ch. 9 (Sliding Fee) and Ch. 16 (Billing & Collections).
- **340B Program Integrity:** Current-quarter fill-date pricing prevents compliance exposure from quarterly manufacturer price shifts.
- **System Authoritative Source:** Designates the centralized pharmacy system as the single source of truth, eliminating ad-hoc pricing.
- **Strict Override Governance:** Mandates pharmacist approval and electronic logging for any case-by-case price modification.

PILLAR 3: FIDUCIARY STEWARDSHIP
Financial Viability & Ring-Fencing

- **Section 330 Ring-Fencing:** Strict statutory wall: zero federal Section 330 operational grant funds are used to absorb pharmacy fee discounts.
- **Sustainable Subsidy Sources:** Discounts funded exclusively through external grants, philanthropic donations, and 340B program savings.
- **Uniform Payer Billing:** Applies standard Usual & Customary (U&C) rates to commercial and managed care payers to optimize lawful revenue.
- **Audit Defensibility:** Mitigates compliance risks, protecting SNCHC from federal clawbacks and site visit findings.

EXECUTIVE TAKEAWAY FOR THE GOVERNING BOARD

Procedure P-CHC-0XX establishes a defensible, standardized framework ensuring that Southern Nevada Community Health Center delivers high-quality pharmaceutical care without financial barriers, while fully safeguarding federal grant compliance and ring-fencing Section 330 operational dollars.

Federal Governance & Compliance Mandates

Operating within strict legal requirements governing FQHCs, 340B drug pricing, and public health funding.

HRSA SECTION 330 MANDATES

Health Center Program Compliance

- **Chapter 9 Sliding Fee Compliance:** Mandates an established Sliding Fee Discount Schedule (SFDS) for patients with incomes up to 200% FPL, with nominal fees below 100% FPL.
- **Dispensing Fee Classification:** Dispensing fees are formally classified as clinical service charges on the fee schedule, permitting lawful sliding fee discounts.
- **Chapter 16 Billing & Collections:** Requires health centers to bill third-party payers efficiently and make reasonable efforts to collect patient cost-sharing.
- **Section 330 Grant Restriction:** Express statutory ban: federal Section 330 operational grant dollars cannot be utilized to subsidize pharmacy retail discounts.

PHS ACT SECTION 340B

340B Drug Pricing Program

- **Authoritative Pricing Data:** 340B ceiling prices adjust quarterly. Current-quarter pricing on the prescription fill date is legally authoritative over prior acquisition cost.
- **Diversion Prevention:** Medications purchased under 340B must be dispensed solely to verified patients receiving healthcare services from covered entity providers.
- **Duplicate Discount Prevention:** Strict protocols prevent duplicate discounts (340B purchase discounts combined with Medicaid statutory manufacturer rebates).
- **340B Margin Reinvestment:** Program savings are lawfully retained and reinvested into comprehensive services to support low-income and underserved populations.

CMS, MEDICAID & PBM CONTRACTS

Third-Party Payer Standards

- **Uniform Pricing Schedule:** All pharmacies must use a uniform pricing schedule to prevent discriminatory dual-pricing or false claims allegations.
- **Nevada Medicaid Alignment:** Ensures strict adherence to state Medicaid pharmacy reimbursement rules, actual acquisition cost (AAC), and professional dispensing fees.
- **Copay Waiver Protocols:** Where commercial PBM contracts restrict copay waivers, pharmacy leadership coordinates compliant PBM notifications and policy adherence.
- **Audit Readiness:** Maintains documented audit trails linking electronic health record orders, electronic wholesaler data, and adjudicated pharmacy claims.

Core Policy Scope & Operating Principles

Establishing organization-wide operational discipline, system standardization, and access guarantees.

1. Universal Scope & Governance Applicability

- **Broad Entity Applicability:** Applies to all SNCHC employees, providers, managers, supervisors, and pharmacy staff involved in prescribing, dispensing, pricing, or billing.
- **Preserving Clinical Autonomy:** Maintains a robust supply of commonly prescribed medications without restricting provider medical choice or clinical judgment.
- **Clear Operational Boundaries:** Defines explicit separation between medical prescribing, pharmacy dispensing, fee calculation, and billing reconciliation.

2. Authoritative Single Source of Truth

- **Uniform Pricing Schedule:** Mandates that all health center pharmacies use the official pricing schedule reflected in the pharmacy system.
- **Elimination of Informal Pricing:** Strictly prohibits informal, unapproved desk adjustments or arbitrary price reductions by pharmacy staff.
- **Consistent System Execution:** Automates sliding fee tiers and retail formulas within the software to ensure repeatable, objective pricing across all patient encounters.

3. Automated Electronic Data Interface (EDI)

- **Real-Time Pricing Feeds:** Pricing data—including AAC, AWP, and WAC—is updated continuously through wholesaler and pharmacy EDI pipelines.
- **Quarterly 340B Alignment:** Automatically adjusts to quarterly 340B price shifts, establishing fill-date pricing as the authoritative legal baseline.
- **Formal Error Escalation:** Requires staff to immediately escalate any pricing anomaly or system discrepancy to the Pharmacy Manager for resolution.

4. Non-Discriminatory Equitable Access

- **Universal Patient Protection:** Prescription access is guaranteed regardless of race, insurance status, citizenship, or demonstrated inability to pay.
- **Dignified Care Delivery:** Sliding scale status is documented objectively in medical records and applied without patient embarrassment or delay.
- **Clear Scope Demarcation:** Medication supplies and ancillary equipment not included in clinical encounters are explicitly excluded from SFS subsidization.

Formula Architecture & Patient Cost-Sharing Schedule

Attachment 1 pricing formulas establishing equitable discounts, dispensing fees, and disease-specific price caps.

CORE PRICING PRINCIPLE & DISPENSING FEE INTEGRATION

Under HRSA guidance, dispensing fees are treated as service charges on the fee schedule, permitting sliding fee discounts. Patient out-of-pocket charges are determined by objective formula tiers: [Applicable Drug Acquisition Formula] + [Sliding Fee Dispensing Fee ($5 base discounted by FPL tier)].

Patient Classification	Primary Pricing Formula	Secondary / Special Protection Caps	Funding & Compliance Source
Sliding Scale P0–P4 (≤ 200% FPL)	Current FY flat fee per FPL level + $5 dispensing fee (subject to SFS discount)	Designated STI Treatment: Capped at $9.00 flat fee	340B Program Savings & External Philanthropic Grants
Flat Fee Chronic Care (Eligible FQHC Patients)	AAC + 15%–20% (or $15.00 min) Rounded up to nearest $1.00	Insulin: $15/vial, $10/pen Epi-Pens: $35.00 cap	340B Acquisition Advantage & Dedicated Safety Margins
Medication Safety Net / Indigent Hardship	$0.00 / No Charge (Full subsidy for qualifying hardship)	Discretionary emergency override with Pharmacy Manager authorization	Medication Safety Net Fund & Manufacturer Assistance
Retail / Non-FQHC (Ineligible / Non-Users)	Usual & Customary (U&C) Full retail price; no discount applied	Standard third-party PBM copay and deductible schedules	Third-party commercial reimbursement and patient self-pay

DISPENSING FEE INTEGRATION

Service Charge Classification: By classifying the $5 dispensing fee as a clinical service charge, SNCHC complies with HRSA guidelines allowing the sliding fee discount to apply to dispensing costs.

TARGETED DISEASE RELIEF

Vital Chronic Medication Caps: Direct caps on Insulin ($10-$15) and Epi-Pens ($35) prevent catastrophic non-adherence among diabetic and allergic patients, directly improving community outcomes.

STATUTORY RING-FENCING

Zero Section 330 Grant Subsidies: Full compliance with Section 330 restrictions: discounts are subsidized strictly via 340B revenue, charitable donations, and safety net funds—never operational grants.

Medication Safety Net Program

Policy P-CHC-0XX: Short-Term Emergency Access, Clinical Authorization & Fiduciary Controls

1. Program Purpose & Community Need

- **Harm Prevention Mandate:** Guarantees urgent prescription access to prevent acute clinical harm when patients face immediate inability to pay.
- **Short-Term Bridge Assistance:** Provides emergency medication support to stabilize care gaps without creating an ongoing entitlement or chronic liability.
- **Community Mission Alignment:** Upholds SNCHC's safety-net mission, ensuring low-income vulnerable patients receive vital life-sustaining therapies.

2. Eligibility & Verification Criteria

- **Established Patient Base:** Restricted strictly to registered SNCHC patients receiving clinical care and prescriptions from health center medical providers.
- **Low-Income Hardship Verification:** Patients must be uninsured or underinsured with verified household income ≤ 200% FPL and documented inability to pay sliding fee scale rates.
- **Payer-of-Last-Resort Screening:** Requires active screening to confirm unavailability of manufacturer patient assistance (PAP), foundation grants, or third-party coverage.

3. Formulary & Scope of Assistance

- **Essential Acute & Bridge Chronic Coverage:** Covers essential acute illness therapies and up to 30-day emergency bridge supplies of vital chronic maintenance medications to prevent near-term harm.
- **Strict Dispensing Parameters:** Limited strictly to one-time emergency fills per acute episode; no refills or ongoing maintenance therapy authorized under this policy.
- **$0 Copay & Scope Exclusions:** Dispensed at $0 copay (or nominal safety net rate) prioritizing generic formulary stock; strictly excludes controlled substances, specialty drugs, and lifestyle products.

4. Governance & Fiscal Controls

- **Pharmacy Leadership Review:** Every dispense requires discretionary review and formal electronic sign-off by the Pharmacy Manager, designee, or Medical Director.
- **340B Replenishment & Grant Ring-Fencing:** Program is funded exclusively via 340B program savings and external grants/donations; Section 330 federal operational funds are strictly barred.
- **Diversion Prevention & Audit Reporting:** Pharmacy-Finance Work Group conducts regular fiscal audits, tracking patient counts, dispensing volume, spend, and 340B diversion prevention compliance.

Third-Party Billing Operations & Reimbursement

Managing commercial payers, Medicaid/Medicare adjudication, and under-insurance protections.

PAYER ADJUDICATION & CLAIMS

Third-Party Payer Integration

- **Multi-Payer Coordination:** Electronic real-time adjudication across Commercial PBMs, Nevada Medicaid FFS, Managed Care Organizations (MCOs), and Medicare Part D.
- **Standard EDI Protocols:** Claims submitted under industry NCPDP standards to verify eligibility, formulary tiers, and copay requirements instantly.
- **Usual & Customary (U&C) Integrity:** Reports true U&C charges uniformly to all third parties, avoiding false claims liabilities or disparate pricing scrutiny.
- **Collections Rigor:** Enforces standard Health Center Program collection procedures, making reasonable efforts to collect patient liabilities.

UNDER-INSURANCE PROTECTIONS

Insured Patient SFS Discounts

- **Secondary Discount Application:** For insured patients eligible for SFS (≤200% FPL), discounts may apply to patient coinsurance or copay obligations.
- **Out-of-Pocket Liability Cap:** Insured patients are never penalized for having insurance: out-of-pocket costs are capped at the price that would apply if uninsured.
- **PBM Copay Waiver Handling:** Where payer contracts strictly prohibit copay waivers, pharmacy leadership communicates with PBMs in compliance with billing policy.
- **Deductible Management:** Helps vulnerable patients navigate high-deductible health plans without discontinuing vital medications.

340B INTEGRITY & ANTI-DUPLICATION

Statutory Duplicate Discount Defense

- **Medicaid Duplicate Discount Ban:** Prevents statutory duplicate discounts by maintaining strict Medicaid carve-in/carve-out billing rules per Nevada Medicaid guidelines.
- **Encounter Cross-Referencing:** Confirms every dispensed prescription links to an active, documented clinic visit and covered entity provider in the EHR.
- **Audit-Proof Dispensing Records:** Electronic pharmacy dispensing system maintains unalterable audit trails of claims, adjustments, and remittances.
- **Pharmacy Manager Oversight:** Periodic claims audits conducted to reconcile wholesale purchases against dispensed units and payer reimbursements.

Internal Controls, Governance & Risk Management

Robust multi-tiered control architecture safeguarding organizational integrity and audit readiness.

1. EDI Wholesaler Sync & Quarterly Audits

- **Automated Wholesaler EDI:** Electronic Data Interface automatically syncs AAC, AWP, and WAC pricing directly from wholesalers, eliminating clerical pricing errors.
- **Quarterly 340B Reconciliation:** Quarterly price updates enforced based on prescription fill dates, preventing mismatches between purchasing and dispensing cycles.
- **Error Reporting Mandate:** Staff are required to report identified pricing errors immediately to the Pharmacy Manager for system correction.

2. Price Override Governance & System Logs

- **Limited Discretionary Power:** Price adjustments are permitted only on a case-by-case basis under limited circumstances and require pharmacist approval.
- **Mandatory System Override Log:** Every price override is tracked automatically via system reporting, recording user ID, rationale, and adjusted amounts.
- **Managerial Audits:** Pharmacy Manager periodically reviews the override log to detect potential billing irregularities, pattern abuse, or systematic formula defects.

3. Segregation of Duties & Reconciliation

- **Separation of Functions:** Clear division of duties between prescribing clinicians, dispensing pharmacists, financial counselors, and billing personnel.
- **Cash & Inventory Controls:** Daily point-of-sale reconciliations and periodic physical inventory counts reconciled against electronic dispensing logs.
- **Clinical Encounter Verification:** Automated cross-system checks confirm patient eligibility and valid clinical encounter status before 340B claims are processed.

4. HRSA Site Visit Alignment & Mock Audits

- **Site Visit Protocol (SVP) Alignment:** Continuous compliance monitoring aligned with HRSA Site Visit Protocol standards for sliding fee and billing/collections.
- **Section 330 Grant Isolation Checks:** Periodic internal financial audits confirm zero operational Section 330 funds are allocated to retail discount absorption.
- **External Audit Readiness:** Structured documentation and verifiable policies protect SNCHC against federal program conditions or Medicaid recoupments.

Community Impact & Financial Stewardship

Demonstrating how policy discipline simultaneously drives health equity and organizational sustainability.

COMMUNITY HEALTH & EQUITABLE ACCESS
Eliminating Financial Barriers to Essential Care

- **Mitigating Chronic Disease Toxicity:** Sliding scale discounts and targeted caps (Insulin at $10–$15, Epi-Pens at $35) directly eliminate medication abandonment among vulnerable diabetic and asthmatic patients.
- **Preserving Dignity in Care:** Objective eligibility determination recorded in EHR ensures seamless, non-stigmatizing pharmacy transactions without intrusive front-counter negotiations.
- **Safety Net Care Protection:** Provides $0 medication access for qualifying indigent and safety-net patients, guaranteeing that no community resident is denied critical pharmacotherapy.
- **Improved Clinical Outcomes:** Integrated on-site pharmacy services dramatically increase adherence, directly supporting health center UDS clinical performance measures.

FINANCIAL STEWARDSHIP & SUSTAINABILITY
Safeguarding Federal Grants & Funding Growth

- **Section 330 Grant Protection:** Total statutory ring-fencing ensures federal operational grant funds remain 100% compliant and fully protected against federal audit clawbacks.
- **340B Reinvestment Engine:** Lawfully optimized 340B margins from insured patients generate vital net revenue that is directly reinvested to expand clinic access and clinical pharmacy programs.
- **Defensible Commercial Billing:** Standardized Usual & Customary (U&C) fee structures ensure maximum allowable commercial reimbursement without payer dispute risks.
- **Long-Term Organizational Resilience:** Creates a self-sustaining pharmacy enterprise that advances public health equity while strengthening SNCHC's overall balance sheet.

THE DUAL GOVERNANCE IMPERATIVE

The revised Pharmacy Billing & Pricing Procedure fulfills the governing board's dual responsibility: ensuring compassionate, affordable healthcare for Southern Nevada's most vulnerable residents while maintaining rigorous fiduciary controls and 340B compliance that insulate the organization from financial and statutory risk.

Governance Oversight & Board Action Requested

Formal policy affirmation, ongoing board monitoring framework, and executive discussion.

ACTION REQUESTED
Board Resolutions for Adoption

- **Formal Policy Affirmation:** Formally affirm and adopt Procedure P-CHC-0XX (Pharmacy Billing and Pricing Procedure & Medication Safety Net Program) as authoritative institutional policy.
- **Ratification of SFS Schedule:** Approve the sliding fee formula tiers (P0-P4), the $5 dispensing fee service charge, and chronic disease price caps.
- **Grant Ring-Fencing Directive:** Affirm policy directive expressly barring Section 330 operational grant funds from absorbing pharmacy fee write-offs.
- **Operational Implementation:** Authorize Executive Leadership and Pharmacy Management to execute the policy and associated EDI workflows.

FIDUCIARY OVERSIGHT
Ongoing Monitoring Framework

- **Annual Policy Review:** Establish an annual governance review cycle synchronized with federal poverty level (FPL) updates and HRSA compliance updates.
- **Quarterly Management Reports:** Executive leadership will present quarterly dashboard reports detailing pharmacy volume, SFS utilization, and financial performance.
- **Internal Audit Committee Reporting:** Periodic price override logs and claims reconciliation audit summaries will be reviewed by the Board Audit/Compliance Committee.
- **Regulatory Surveillance:** Continuous monitoring of Nevada Medicaid pharmacy policies and federal 340B legislative developments.

BOARD DIALOGUE
Discussion & Questions

- **Community Impact Inquiry:** Discussion regarding medication accessibility trends, patient enrollment in SFS, and clinical outcome metrics.
- **Payor Contracting Dynamics:** Review of ongoing PBM contracting environment and copay accumulator/waiver regulatory landscapes.
- **Executive Q&A:** The Pharmacy Manager, Chief Financial Officer, and Chief Executive Officer are prepared to answer specific board inquiries.
- **Motion for Approval:** Board Chair invites a formal motion and second to approve Procedure P-CHC-0XX as presented.