



# **Analysis of 340B modifier usage in Medicare Part D claims for IPAY 2026 and IPAY 2027 selected drugs**

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In collaboration with Aery Policy & Access Partners, LLC

## Summary:

ADVI Health examined the utilization of a voluntary 340B modifier on Medicare Part D claims for drugs selected for Maximum Fair Prices (MFPs) under the Inflation Reduction Act (IRA) in 2026 and 2027. **ADVI Health found just 0.5% and 0.4% of 2026 and 2027 selected drug claims, respectively, carried a 340B modifier in the first two months of 2026.** This is fairly consistent with 340B modifier usage in 2025 but substantially below the roughly 9% - 12% of estimated Part D claims that are likely eligible for 340B pricing.<sup>1</sup>

## Introduction:

ADVI Health, in collaboration with Sabrina Aery of Aery Policy and Access Partners, analyzed 340B claim modifier<sup>2</sup> usage in Medicare Part D data for both IRA 2026 and 2027 selected drugs with the goal of informing future policy developments. It's important to note that use of the 340B modifier is voluntary for 340B covered entities and their contracted pharmacies when submitting Medicare Part D claims.

Under the IRA, manufacturers are not required to make the MFP available for a drug eligible for 340B pricing when the 340B price is lower – in other words, because a manufacturer need not offer both 340B pricing and the MFP on the same claim, deduplication of MFP/340B claims is necessary. To date, CMS has declined to play a role in MFP/340B deduplication.<sup>3</sup> In August 2025, the Health Resources & Services Administration (HRSA) announced a 340B rebate pilot program for the 2026 IRA selected drugs to allow manufacturers to accurately deduplicate MFP/340B discounts in accordance with the statute. However, the pilot was blocked in December 2025 following litigation. In the absence of the pilot, some covered entities have reportedly committed to using the voluntary 340B modifier for Part D claims.

## Methodology:

ADVI assessed the 100% Medicare Part D Prescription Drug Event (PDE) files from January 2025 through February 2026. The analysis identified all claims where a 340B Submission Clarification Code 20 (SCC 20) was present for the 10 drugs with MFPs in effect for 2026 (IPAY 2026 selected drugs). The analysis also assessed modifier usage for the 15 drugs where MFPs will go into effect in January 2027 (IPAY 2027 selected drugs). See appendix for list of IPAY drugs in their respective years.

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<sup>1</sup> Dickson S, Gabriel N, Hernandez I. Trends in Proportion of Medicare Part D Claims Subject to 340B Discounts, 2013-2020. JAMA Health Forum. 2023 Nov 3. 4(11):e234091. <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2811898>; Nikpay S, Bruno J, Carey C. Recent court ruling could increase the size and administrative complexity of the 340B program. Health Affairs Scholar. 2024 Dec 3; 2(12). <https://doi.org/10.1093/haschl/qxae157>

<sup>2</sup> 340B claims identified from "Submission Clarification Code = 20" on Part D Event data. 340B Information exchange reference guide version 1.0, National Council for Prescription Drug Programs (NCPDP), July 2011; 340B Information exchange reference guide version 2.0, National Council for Prescription Drug Programs (NCPDP), June 2019 [https://www.ncpdp.org/NCPDP/media/pdf/340B\\_Information\\_Exchange\\_Reference\\_Guide](https://www.ncpdp.org/NCPDP/media/pdf/340B_Information_Exchange_Reference_Guide). Pdf.

<sup>3</sup> <https://www.cms.gov/files/document/ipay-2028-final-guidance.pdf>

ADVI additionally compared 340B modifier utilization across patients diagnosed with COVID-19 versus those without. The COVID-19 findings showed slight variation among the drugs; however, no drug had significantly higher utilization by patients with COVID-19.

## Findings:

### IPAY 2026 Selected Drugs:

- In 2025, there were 63,849,980 claims for IPAY 2026 selected drugs. Of these claims, 0.3% had a 340B modifier. Individual drugs ranged from 0.2% and 1.5%.
- In the first two months of 2026, there were 8,658,395 claims for IPAY 2026 selected drugs. Of these claims, 0.5% had a 340B modifier. Individual drugs ranged from 0.3% and 1.7%.

### IPAY 2027 Selected Drugs:

- In 2025, there were 32,107,253 claims for IPAY 2027 selected drugs. Of these claims, 0.4% had a 340B modifier. Individual drugs ranged from 0.3% and 1.2%.
- In the first two months of 2026, there were 5,924,505 claims for IPAY 2027 selected drugs. Of these claims, 0.4% had a 340B modifier. Individual drugs ranged from 0.3% and 1.3%.

## Why It Matters:

Prior research has estimated that between roughly 9% and 12% of Part D prescriptions are eligible for 340B pricing.<sup>4</sup> Assuming a similar distribution across drugs, the results of this analysis show that voluntary application of the 340B claim modifier is not effective at identifying the vast majority of 340B claims in Medicare Part D, underscoring the need for a more accurate way to identify and address duplicate 340B/MFP claims. While making modifier usage mandatory would likely increase utilization of the 340B SCC 20, it would also entail significant enforcement costs for the government and would likely still result in a meaningful share of 340B-eligible claims going unidentified. HRSA is currently undertaking a request for information to inform a potential future 340B rebate model,<sup>5</sup> which would be an important step for the CMS to prevent unauthorized 340B/MFP duplicate discounts in an accurate and efficient manner.

## Acknowledgements:

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<sup>4</sup> Dickson S, Gabriel N, Hernandez I. Trends in Proportion of Medicare Part D Claims Subject to 340B Discounts, 2013-2020. JAMA Health Forum. 2023 Nov 3. 4(11):e234091. <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2811898>; Nikpay S, Bruno J, Carey C. Recent court ruling could increase the size and administrative complexity of the 340B program. Health Affairs Scholar. 2024 Dec 3; 2(12). <https://doi.org/10.1093/haschl/qxae157>

<sup>5</sup> <https://www.federalregister.gov/documents/2026/02/17/2026-03042/request-for-information-340b-rebate-model-pilot-program>

## Appendix: IPAY Drugs by Year

IPAY Year	Drugs
2026	Eliquis, Enbrel, Entresto, Farxiga, Fiasp/Novolog, Imbruvica, Januvia, Jardiance, Stelara, Xarelto
2027	Austedo/Austedo XR, Breo Ellipta, Calquence, Ibrance, Janumet/Janumet XR, Linzess, Ofev, Otezla/Otezla XR, Ozempic/Rybelsus/Wegovy, Pomalyst, Tradjenta, Trelegy Ellipta, Vraylar, Xifaxan, Xtandi