Medicare Part B Inflation Rebate Guidance: 
Use of the 340B Modifier

Who’s Affected

Medicare providers and suppliers who bill for separately payable Part B drugs and biologicals.

Summary of Change

No later than January 1, 2024, CMS is requiring all 340B covered entities, including hospital-based and non-hospital-based entities, that submit claims for separately payable Part B drugs and biologicals to report modifier “JG” or “TB” on claim lines for drugs acquired through the 340B Drug Discount Program.¹

The Inflation Reduction Act of 2022 establishes a Part B inflation rebate by manufacturers for certain single source drugs and biologicals with prices increasing faster than the rate of inflation. The “JG” or “TB” modifiers allow us to identify units of drugs acquired through the 340B Program to effectively implement the Part B inflation rebate program because units of 340B drugs are excluded from the Part B inflation rebates.

Time to Prepare for the Change

While these modifiers are already required for a variety of hospitals paid under the Outpatient Prospective Payment System (OPPS), all 340B covered entities must use these modifiers no later than January 1, 2024. CMS is issuing guidance now so that provider types newly having to report these modifiers have time to make changes to their billing systems.

Report the Correct Modifier

For claims with dates of service beginning no later than January 1, 2024, the following provider types should continue to report the “TB” modifier on separately payable claim lines for drugs acquired through the 340B Program:

- Rural sole community hospitals
- Children’s hospitals
- PPS-exempt cancer hospitals

¹These modifiers, as established under regulation, have been in use by many 340B covered entities since 2018. 
All other 340B covered entities should report the “JG” modifier for separately payable drugs acquired through the 340B Program. This includes 340B covered entities currently not reporting the “JG” or “TB” modifier, such as Ryan White clinics and hemophilia clinics, which should report the “JG” modifier on separately payable Part B claim lines for drugs acquired through the 340B Program. Providers and suppliers affiliated with 340B covered entities are also required to submit the appropriate modifier on separately payable claim lines for drugs.

**Next Steps**

We'll provide further program instruction on the Part B inflation rebate, including how we'll determine rebatable units in 2023 for purposes of determining the Part B inflation rebate.

**Resources**

- Part B Inflation Rebate Guidance

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340B covered entities paid under the OPPS should continue to report the “TB” modifier for pass-through drugs acquired through the 340B program.