

JULY 2026

State-Mandated 340B Carve-Out Policies in Medicaid

The 340B Drug Pricing Program requires manufacturers participating in Medicaid to provide covered outpatient drugs to certain safety net providers, known as covered entities (CEs), at significantly reduced prices. The 340B statute contains an explicit “duplicate discount prohibition”—state Medicaid programs and their contracted managed care organizations (MCOs) may not invoice manufacturers for Medicaid rebates when a drug is acquired at the discounted 340B price. While the majority of states permit individual 340B CEs to choose whether to “carve in” (CE chooses to purchase drugs for Medicaid patients at 340B prices) or “carve out” (CE chooses to forgo 340B discounts for all Medicaid patients), some states have chosen to instead impose a broad, statewide policy (applicable either to both the state’s Medicaid fee-for-service population, their MCO population, or both). In addition, some recent state policies have specifically targeted retail and specialty pharmacies under contract with CEs (“contract pharmacies”).

The table below describes 340B carve-out policies across all 50 states and the District of Columbia and is based on a survey of publicly facing state materials (statutes, regulations, state plan amendments, etc.) conducted during July 2026.

State	Broad Mandatory Carve-Out—FFS and MCO	Broad Mandatory Carve-Out—FFS Only	Broad Mandatory Carve-Out—MCO Only	Carve-Out Applies To: In-House Pharmacy, Contract Pharmacy or Both	Sources
Alabama	No	No	No	N/A	N/A
Alaska	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment No. AK-25-0006 (2025), https://www.medicaid.gov/medicaid/spa/downloads/AK-25-0006.pdf . Alaska Department of Health & Soc. Servs., Notice, Federal Covered Outpatient Drug Rule; CMS-2345-FC (Mar. 31, 2017), https://aws.state.ak.us/OnlinePublicNotices/Notices/Attachment.aspx?id=107448 .
Arizona	No	No	No	Contract pharmacy only—FFS and MCO	340B Drug Pricing; Requirements; Applicability; Annual Report; Definitions, Ariz. Rev. Stat. § 36-2930.03 (2026), https://www.azleg.gov/ars/36/02930-03.htm .

State	Broad Mandatory Carve-Out—FFS and MCO	Broad Mandatory Carve-Out—FFS Only	Broad Mandatory Carve-Out—MCO Only	Carve-Out Applies To: In-House Pharmacy, Contract Pharmacy or Both	Sources
Arkansas	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. AR 22-0022 (July 1, 2022), https://www.medicaid.gov/medicaid/spa/downloads/AR-22-0022.pdf .
California	No	No	N/A ³	N/A	N/A
Colorado	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. CO 25-0038 (July 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/CO-25-0038.pdf .
Connecticut	No	No	No	N/A	N/A
Delaware	Yes ¹	No	No	In-house only if approved; ¹ Contract pharmacy prohibited—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. DE 16-001 (Jan. 1, 2016), https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/DE/DE-16-001.pdf . Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. DE 23-0003 (Mar. 1, 2023), https://www.medicaid.gov/medicaid/spa/downloads/DE-23-0003.pdf . Division of Med. Assistance, Delaware Department of Health & Soc. Servs., Final Rule, 28 Del. Reg. 540 (Jan. 1, 2025), https://archive.regulations.delaware.gov/register/january2025/final/28%20DE%20Reg%20540%2001-01-25.htm .
District of Columbia	No	No	No	Contract pharmacy only—FFS; in-house pharmacy may carve in for FFS only after approval ¹	D.C. Dep't of Health Care Fin., <i>District of Columbia Pharmacy Benefit Manager Services (PBMS) Fee-for-Service (FFS) Provider Manual</i> 27 (Version 5.0, Aug. 28, 2023), https://www.dc-pbm.com/provider/external/medicaid/dc/doc/en-us/District_FFS_Provider_Manual.pdf .
Florida	No	No	No	N/A	N/A
Georgia	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. GA 24-0004 (Apr. 1, 2024), https://www.medicaid.gov/medicaid/spa/downloads/GA-24-0004.pdf .
Hawaii	No	No	No	Contract pharmacy only—FFS and MCO, and must request approval for carve-in ¹	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. HI 25-0003 (Jan. 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/HI-25-0003.pdf .

State	Broad Mandatory Carve-Out—FFS and MCO	Broad Mandatory Carve-Out—FFS Only	Broad Mandatory Carve-Out—MCO Only	Carve-Out Applies To: In-House Pharmacy, Contract Pharmacy or Both	Sources
Idaho	No	No	No	Contract pharmacy only—FFS and MCO	Idaho Department of Health & Welfare, Medicaid Plan Benefits, IDAPA 16.03.26 (effective July 1, 2025), https://proddfmmaina.blob.core.windows.net/dfm-admin-website/rules/current/16/160326.pdf .
Illinois	No	No	No	Contract pharmacy only—FFS	Illinois Department of Healthcare & Family Servs., 340B Purchased Drugs FAQ (Mar. 19, 2026), https://hfs.illinois.gov/medicalproviders/pharmacy/340bfaq.html .
Indiana	No	No	No	N/A	N/A
Iowa	No	No	No	Contract pharmacy only—FFS	Iowa Department of Health & Human Servs., Prescribed Drugs Provider Manual, Providers' Manual III (Oct. 21, 2022), https://hhs.iowa.gov/media/3698/download?inline .
Kansas	No	No	No	Contract pharmacy only—FFS and MCO	Kansas Department of Health & Env't, 340B Additional Information, https://www.kdhe.ks.gov/190/340B-Additional-Information . Kansas Med. Assistance Program, Provider Bulletin No. 21138: 340B Provider Claim Identification and Drug Rebate Invoicing Process (Oct. 1, 2021), https://portal.kmap-state-ks.us/Documents/Provider/Bulletins/21138%20-%20General%20-%20340B%20Provider_Claim_Identification_and_Drug_Rebate_Invoicing_Process.pdf .
Kentucky	No	No	No	Contract pharmacy only—FFS	Kentucky Department for Medicaid Servs., 340B Policy and Procedures Manual, https://www.chfs.ky.gov/agencies/dms/dpo/ppb/Documents/340BPolicyandProceduresManual.pdf .
Louisiana	No	No	No	Contract pharmacy only—FFS and MCO	Louisiana Department of Health, Informational Bulletin No. 25–27 (rev. Feb. 24, 2026), https://ldh.la.gov/assets/docs/BayouHealth/Informational_Bulletins/2025/IB25-27_revised_02.24.26.pdf .
Maine	No	No	No	Contract pharmacy only—FFS	Maine Department of Health & Human Servs., Off. of Med. Servs., 340B Program Overview (Jan. 29, 2024), https://www.maine.gov/dhhs/oms/providers/provider-bulletins/340b-program-overview-2024-01-29 .
Maryland	No	No	No	N/A	N/A

State	Broad Mandatory Carve-Out—FFS and MCO	Broad Mandatory Carve-Out—FFS Only	Broad Mandatory Carve-Out—MCO Only	Carve-Out Applies To: In-House Pharmacy, Contract Pharmacy or Both	Sources
Massachusetts	No	Yes	No ²	Both, for FFS pharmacy POS claims; selected high-cost drugs only for MCO context ²	Massachusetts Health & Human Servs., All Provider Bulletin No. 414: Changes in Exclusion of Designated 340B Drugs for MassHealth Fee-for-Service Coverage (corrected) (Nov. 1, 2023), https://www.mass.gov/doc/all-provider-bulletin-414-changes-in-exclusion-of-designated-340b-drugs-for-masshealth-fee-for-service-coverage-corrected-0/download. Massachusetts Health & Human Servs., All Provider Bulletin No. 407: Changes in Exclusion of Designated 340B Drugs from MassHealth Coverage (Oct. 1, 2023), https://www.mass.gov/doc/all-provider-bulletin-407-changes-in-exclusion-of-designated-340b-drugs-from-masshealth-coverage-0/download. Massachusetts Health & Human Servs., Managed Care Entity Bulletin No. 132: Changes in Exclusion of Designated 340B Drugs from MassHealth Coverage (Oct. 1, 2023), https://www.mass.gov/doc/managed-care-entity-bulletin-132-changes-in-exclusion-of-designated-340b-drugs-from-masshealth-coverage-0/download.
Michigan	No	No	No	N/A	N/A
Minnesota	No	No	No	Contract pharmacy only—FFS and MCO	Minnesota Department of Human Servs., 340B Drug Pricing Program, https://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=dhs-288835 .
Mississippi	No	No	No	Contract pharmacy only—FFS and MCO	Mississippi Div. of Medicaid, 340B FAQs (effective Jan. 1, 2025), https://www.medicaid.ms.gov/wp-content/uploads/2025/01/340B-FAQs-effective-01_1_2025-v6.pdf .
Missouri	No	No ²	N/A ³	Contract pharmacy only—FFS and MCO	Missouri Code Regs. Ann. tit. 13, § 70-20.075, 340B Drug Pricing Program. https://www.sos.mo.gov/cmsimages/adrules/csr/current/13csr/13c70-20.pdf .
Montana	No	No	No	N/A	N/A
Nebraska	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. NE 22-0016 (Oct. 1, 2022), https://www.medicaid.gov/medicaid/spa/downloads/NE-22-0016.pdf .
Nevada	No	No	No	N/A	N/A

State	Broad Mandatory Carve-Out—FFS and MCO	Broad Mandatory Carve-Out—FFS Only	Broad Mandatory Carve-Out—MCO Only	Carve-Out Applies To: In-House Pharmacy, Contract Pharmacy or Both	Sources
New Hampshire	Yes	No	No	Both, except DHHS-approved family planning providers	New Hampshire Department of Health & Human Servs. & Prime Therapeutics, Notification: NH Medicaid 340B Drug Discount Program (Feb. 7, 2025), https://nh.primetherapeutics.com/documents/51139/51630/Notification%20340B%20Program%202.2025/654cfa41-e369-f326-7978-0310841e2191 . New Hampshire Department of Health & Human Servs., Medicaid Provider Relations, https://www.dhhs.nh.gov/programs-services/medicaid/medicaid-provider-relations .
New Jersey	No	No	No	Contract pharmacy only—FFS	New Jersey Department of Human Servs., Div. of Med. Assistance & Health Servs., Newsletter Vol. 27, No. 4 (2025), https://www.njmmis.com/downloadDocuments/27-04.pdf . Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. NJ 25-0012 (Dec. 2025), https://www.medicaid.gov/medicaid/spa/downloads/NJ-25-0012.pdf .
New Mexico	No	No	No	N/A	N/A
New York	No	No ²	N/A ³	N/A	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. NY 25-0064 (July 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/NY-25-0064.pdf .
North Carolina	No	No ²	No	N/A	North Carolina Department of Health & Human Servs., Div. of Health Benefits, NC Select Drug List (May 2025), https://medicaid.ncdhhs.gov/nc-select-drug-list-may-2025/download?attachment .
North Dakota	No	No	N/A ³	Contract pharmacy only—FFS and MCO, unless otherwise approved ¹	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. ND 24-0018 (July 1, 2024), https://www.medicaid.gov/medicaid/spa/downloads/ND-24-0018.pdf .
Ohio	No	No	N/A ³	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. OH 25-0024 (Jan. 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/OH-25-0024.pdf .
Oklahoma	No ²	No	No	N/A, but the OHCA has a 340B Purchase Carve-Out List of drugs	Oklahoma Health Care Auth., 340B Purchase Carve-Out List of Drugs (Dec. 15, 2025), https://oklahoma.gov/content/dam/ok/en/okhca/docs/providers/types/pharmacy/pharmacy-home-page-docs/12.15.2025%20-%20340B%20Purchase%20Drug%20Carve%20Out%20List.pdf .

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Oregon	No	No	No	Contract pharmacy only—FFS	Oregon Health Auth., Off. of Health Policy & Analytics, 340B State Policy, https://www.oregon.gov/oha/HSD/OHP/Tools/340B%20State%20Policy.doc .
Pennsylvania	No	No	No	N/A	N/A
Rhode Island	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. RI 25-0013 (Jan. 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/RI-25-0013.pdf .
South Carolina	No	No	No	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. SC 25-0014 (Apr. 1, 2025), https://www.medicaid.gov/medicaid/spa/downloads/SC-25-0014.pdf . South Carolina Department of Health & Human Servs., Healthy Connections Pharmacy Services Provider Manual, https://provider.scdhhs.gov/internet/pdf/manuals/pharm/Manual.pdf .
South Dakota	No	Yes	No	Both—in-house/ entity-owned and contract pharmacy—FFS and MCO	South Dakota Department of Soc. Servs., Pharmacy Services Manual, https://dss.sd.gov/docs/medicaid/providers/billingmanuals/Pharmacy/Pharmacy_Services.pdf .
Tennessee	No	No	N/A ³	Contract pharmacy only—FFS and MCO	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. TN 23-0005 (Oct. 1, 2023), https://www.medicaid.gov/medicaid/spa/downloads/TN-23-0005.pdf .
Texas	No ⁴	No	No	No, except for contract pharmacies by CEs contracted with Texas DSHS	Texas Department of State Health Servs., Policy No. 2023-007: Prevention of Duplicate Discounts (July 26, 2023), https://www.dshs.texas.gov/sites/default/files/pharmacy/340B/policies/2023-007%20Prevention%20of%20Duplicate%20Discounts.pdf .
Utah	No	No	No	Contract pharmacy only—FFS and MCO, unless an agreement between CE, CP and state Medicaid agency occurs ¹	Centers for Medicare & Medicaid Services, State Plan Amendment (SPA) No. UT 24-0021 (July 1, 2024), https://www.medicaid.gov/medicaid/spa/downloads/UT-24-0021.pdf . Utah Department of Health & Human Servs., Medicaid Provider Manual—Pharmacy Services, https://medicaid-documents.dhhs.utah.gov/Documents%2Fmanuals%2Fpdfs%2FMedicaid+Provider+Manuals%2FPharmacy%2FPharmacy.pdf .

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Vermont	No	No	No	Contract pharmacy only—FFS and MCO, due to DVHA not allowing CPs to enroll in the 340B Medicaid drug program	Vermont Agency of Human Services, Department of Vermont Health Access, 340B Medicaid Carve-In Program, https://vtmedicaid.com/assets/manuals/340BMedicaidCarveInProgram.pdf .
Virginia	No	No	No	Contract pharmacy only—FFS and MCO	Virginia Department of Med. Assistance Servs., 340B FAQ (rev. May 2023), https://www.dmas.virginia.gov/media/6169/340b-faq-revised-5-2023.pdf . Virginia Department of Med. Assistance Servs., Medicaid Provider Manual, 12 VAC 30-80-40 (2026), https://law.lis.virginia.gov/admincode/title12/agency30/chapter80/section40/ .
Washington	No	No	No	Contract pharmacy only—FFS and MCO	Washington Health Care Auth., 340B Drug Pricing Program: Report to the Legislature (2024), https://www.hca.wa.gov/assets/program/340b-drug-pricing-leg-report-2024.pdf .
West Virginia	No	No	No	N/A	N/A
Wisconsin	No	No	N/A ³	Contract pharmacy only—FFS and MCO	Wisconsin Department of Health Servs., ForwardHealth, Covered Outpatient Drug Reimbursement: 340B Drug Pricing Program, https://www.forwardhealth.wi.gov/WIPortal/Subsystem/KW/Print.aspx?c=30&ia=1&nt=Covered+Outpatient+Drug+Reimbursement%3A+340B+Drug+Pricing+Program&p=1&s=5&sa=48 .
Wyoming	No	Yes ¹	No	In-house only if approved; ¹ contract pharmacy prohibited—FFS and MCO	Wyoming Department of Health, 048-10 Wyo. Code R. §§ 10-16 (2026), https://www.law.cornell.edu/regulations/wyoming/048-10-Wyo-Code-R-SSSS-10-16 .

1. Default carve-out or approval-to-carve-in model; covered entity or contract pharmacy may use 340B for Medicaid patients only after required request, approval, attestation, or agreement.

2. Selected drug, drug category, or selected setting carve-out only; not a broad carve-out for all Medicaid drugs or all Medicaid patients.

3. State has carved the pharmacy benefit out of managed care. Based on KFF Medicaid survey data as of July 1, 2023; not independently updated for this survey.

4. Except for CEs participating in Texas DSHS Central Distribution Model.

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