

# LIDS 2021.001 Program Income

Procedure Number	LIDS 2021.001
Effective Date	January 1, 2021
Revision Date	
Subject Matter Expert	340B Program Coordinator
Approval Authority	LIDS Associate Commissioner
Signed by	<i>Imelda Garcia, M.P.H.</i>

## 1.0 Purpose

This policy will define program income within all programs of the Division of Laboratory and Infectious Disease Services (LIDS), and the reporting requirements of associated entities that receive funding, or in-kind services from the Texas Department of State Health Services (DSHS).

## 2.0 Policy

Program income is all income that results from either in-kind services or funded activities. Program income is income generated as a result of funds awarded by DSHS through a contract to an entity. See definition of Program Income in Section 3.0 for further clarification.

Program income generated must be reported to DSHS via the [Financial Status Report \(FSR\)](#) and submitted based on contractual requirements. Program income reported on the FSR must be separated by the funding stream that generated the income.

Only program income earned directly by the entity receiving funding or in-kind services from DSHS should be reported on the FSR.

## 3.0 Definitions

**340B Drug Pricing Program (340B Program)** – The 340B Drug Pricing Program is a federal program that requires drug manufacturers participating in the Medicaid drug rebate program to provide covered outpatient drugs to enrolled “covered entities” at or below the statutorily defined ceiling price. This requirement is described in Section 340B of the Public Health Service Act and codified at 42 USC §256b. The purpose of the 340B Program is to permit covered entities “to stretch scarce Federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.” H.R. Rep. No. 102-384(II), at 12 (1992).

**Funding Stream** – The source of funds provided by a DSHS program to support service activities.

**Program** – The specific DSHS program that awarded a contract to an entity such as the HIV/STD Prevention and Care Branch, the TB and Hansen’s Disease Branch, or the Immunization Unit.

**Program income** – Income earned by an organization that is generated by a support activity or earned as a result of an award during the period of performance of the award. [\[1\]](#)

Examples: [\[2\]](#)

- The difference between the third-party reimbursement and the 340B drug purchase price;
- Funds received by billing public or private health insurance for services provided to Ryan White HIV AIDS Program patients;
- Fees, payments, or reimbursement for the provision of a specific service, such as patient care reimbursements received under Medicare, Medicaid, or Children’s Health Insurance Program;
- Tuition or participant fees generated under the award; and
- Copays, or payments collected from patients

## 4.0 Persons Affected

All Division of LIDS personnel, and entities that receive in-kind services or direct funding from LIDS programs.

## 5.0 Responsibilities

Supervisors:

- Ensure that training or special instructions are provided to employees as necessary to support their ability to comply with DSHS policies and procedures.
- Ensure that LIDS operating procedures are documented and in alignment with DSHS policies and procedures.
- Report perceived discrepancies through management chain to the appropriate Policy Authority for resolution.
- Forward requests through management chain for exceptions to the appropriate Policy Authority.
- Ensure employees have access to a copy of the policy.

All Division of LIDS employees:

- Understand and comply with all DSHS policies and procedures as applicable.
- Ask supervisor to clarify responsibilities for complying with policies and procedures as necessary.
- Report perceived conflicts or discrepancies between different DSHS policies and procedures to supervisor.

## 6.0 Revision History

Date	Action	Section
1/1/2021	Policy issued	All

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### Notes

1. See 2 CFR § 200.80; 45 CFR § 75.2; UGMS Part III. [State Uniform Administrative Requirements for Grants and Cooperative Agreements](#), Subpart C, sec. .25. Program Income; UGMS Subpart C- Post-Award Requirements, Section 25 – Program Income. HRSA’s March 21, 2016 [Frequently Asked Questions for PCNs 15-03 and 15-04 for Program Income, Program Income FAQs](#).
  2. Not an inclusive list.
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