

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: California

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES - PRESCRIBED DRUGS
(Underlined text denotes proposed amendments as submitted to CMS 12/29/2011 – CMS has not yet approved)

- I. The Medicaid program restricts coverage of certain covered outpatient drugs through the operation of a prior authorization program. The prior authorization process provides for a turn-around response by telephone, fax, or other telecommunications device within twenty-four hours of receipt of a prior authorization request. In emergency situations, providers may dispense at least a 72-hour supply of medications in accordance with the provisions of Section 1927(d)(5) of the Social Security Act.
- J. The State Agency believes reimbursement to long-term pharmacy providers to be consistent and reasonable with costs reimbursed to other providers. The State Agency maintains an advisory committee known as the Medi-Cal Contract Drug Advisory Committee in accordance with Federal law.
- K. The payment for drug products, including the drug product payment and the dispensing fee, as described in paragraph A and paragraph B, for drug products dispensed on or after March 1, 2011, through and including May 31, 2011, will be reduced by five percent.
- L. The payment for drug products, including the drug product payment and the dispensing fee, as described in paragraph A and paragraph B, for drug products dispensed on or after June 1, 2011 will be reduced by an amount that does not exceed ten percent on an aggregate basis. The State Agency may adjust the payments with respect to one or more drug products to impose a reduction less than 10 percent or more than 10 percent, so long as the resulting reductions for all drug products total no more than 10 percent and that the payment reductions and adjustments are consistent with applicable federal Medicaid requirements. These adjustments include, but are not limited to, payment adjustments for specific drug products or for specific providers of drug products.
- M. The effect of the payment reductions specified in paragraphs K and L will be monitored in accordance with the monitoring plan at Attachment 4.10-F, entitled "Monitoring Access to Medi-Cal Covered Healthcare Services."
- N. If the State Agency determines that payments do not or may not comply with the federal Medicaid requirements with respect to any payment that is reduced, the State Agency retains the discretion to not implement the particular payment reduction or adjustment and may adjust the payment as necessary in order to achieve consistency with federal Medicaid requirements. These adjustments include, but are not limited to, payment adjustments for specific drug products or for specific providers of drug products.