

State Plan Amendment 17-002 (Covered Outpatient Drug Rule)

STAKEHOLDER UPDATE

March 30, 2017

The Department of Health Care Services (DHCS) issued a Public Notice today for State Plan Amendment (SPA) 17-002 that describes the proposed changes to Medi-Cal pharmacy reimbursement for Covered Outpatient Drugs (CODs), and other related changes to the California Medicaid State Plan. The Public Notice may be accessed at the DHCS [website](#). The draft of the proposed SPA language will be posted for review and comment at the same DHCS webpage in mid-April. To view other project materials, including overall timelines, please visit the project [webpage](#).

On February 1, 2016, a Final Rule (42CFR Part 447 Part II) for Covered Outpatient Drugs (CODs) was released by the Centers for Medicare and Medicaid Services (CMS). This rule implements provisions of the Patient Protection and Affordable Care Act of 2010, pertaining to Medicaid reimbursement for CODs. Under the final rule, each state is responsible for establishing a Medicaid Fee-For-Service payment methodology that reimburses outpatient pharmacy providers based on an actual acquisition cost (AAC), plus a professional dispensing fee (PDF).