

Assembly Bill 97 (AB 97) Ten Percent Pharmacy Payment Reductions and State Plan Amendment (SPA) 12-014 pending Centers for Medicare and Medicaid Services (CMS) approval Stakeholder Update

January 8, 2014

Assembly Bill 97 (Chapter 3, Statutes of 2011) requires the Department of Health Care Services (DHCS) to implement payment reductions up to ten percent to most categories of services in the Medi-Cal program, including pharmacy. DHCS received federal approval for the implementation of ten percent pharmacy payment reductions, effective June 1, 2011.

DHCS submitted and is awaiting CMS approval of SPA 12-014, which if approved, will give DHCS the authority to exempt specific drug products and/or categories of drugs, or specific pharmacy providers from the AB 97 ten percent payment reductions effective March 31, 2012.

DHCS is in the process of finalizing implementation plans for the AB 97 ten percent pharmacy payment reductions.

DHCS has developed a proposed exempted drug list based on initial pharmacy provider input, and is currently accepting AB 97 drug exemption applications to consider additional drug products and/or categories of drugs that may meet the drug exemption criteria provided below. Individual drugs, or therapeutic categories of drugs meeting one or more of the following criteria will be considered for exemption:

1. Drugs for which documentation exists that the ten percent provider payment reduction will result in reimbursement below the acquisition cost generally available to the Medi-Cal pharmacy provider community.
2. Drugs that are only dispensed through limited or specialized networks of pharmacy providers.
3. Drugs that are used to treat unique clinical conditions with relatively low prevalence in the Medi-Cal population.
4. Drugs for which immediate or rapid negative clinical impact(s) will occur if consistent and ongoing access is impeded (e.g. drugs used to treat cancer, life-threatening infections, end stage renal disease, hemophilia, etc.)

[How to propose drug additions to the AB 97 drug exemption list](#)