



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

May 25, 2021

To: Tribal Chairpersons, Designees of Indian Health Programs,
and Urban Indian Organizations

Subject: Notice of Proposed Change to the Medi-Cal Program

The purpose of this letter is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

QUESTIONS AND COMMENTS:

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to Angeli.Lee@dhcs.ca.gov or by mail to the address below:

Contact Information

Department of Health Care Services
Director's Office
ATTN: Angeli Lee
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P.O. Box 997413
Sacramento, CA 95899-7413

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and Urban Indian Organizations

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In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may also request a consultation on this proposal at any time as needed.

Sincerely,

Original signed by Corinne Chavez for

Sandra "Sam" Willburn, Chief
Primary, Rural, and Indian Health Division
Department of Health Care Services

Enclosure



Department of Health Care Services (DHCS) Tribal and Designees of Indian Health Programs Notice

PURPOSE

To seek federal approval through State Plan Amendment (SPA) 21-0028 to add Medication Therapy Management (MTM) as a covered service under the Medi-Cal program.

BACKGROUND

California adopted the Centers for Medicare and Medicaid Services' (CMS) National Average Drug Acquisition Cost (NADAC) as the basis for actual acquisition cost (AAC) based reimbursement of Medi-Cal Fee-for-Service (FFS) pharmacy providers effective April 1, 2017. Upon implementing the new methodology in February 2019, DHCS heard from multiple pharmacies that the NADAC was significantly under reimbursing them for certain drugs (e.g. antipsychotic, HIV, and cancer). As a result, pharmacies would no longer be able to continue to provide certain specialty services associated with the dispensing of those drugs.

DHCS contracted with a vendor to conduct a survey to compare the NADAC price benchmark against the AAC in California for specific specialty drugs in February 2020. The vendor helped DHCS determine what types of services pharmacies provided in association with the dispensing of these specialty drugs. The survey found that the reimbursements given to pharmacies (for ingredient cost and professional dispensing fees) did not sufficiently cover the costs of providing these special services to beneficiaries. The survey report concluded that these services could be reimbursed separately through a contracted MTM methodology. Therefore, to ensure that beneficiaries will continue to have access to these services, DHCS will request authorization to add MTM as a pharmacist service.

MTM is a service provided by pharmacists to maximize the effectiveness of drug therapies, and prevent medication related problems. It is especially beneficial for patients who are on multiple medications, high-cost prescriptions, or have multiple chronic illnesses. An MTM session typically includes a patient/beneficiary sitting down with a pharmacist to discuss their prescribed medications in depth. MTM has five key elements: a review of the beneficiary's current medications, the creation of a personal medication record, development of a medication-related action plan, interventions and/or referrals to other health care providers, and documentation of all actions taken by the pharmacy and follow-ups. MTM helps to maximize patient adherence to prescribed treatments. Through ongoing education, it helps to improve patient health and reduce disease progression.

DHCS is seeking authority to provide MTM reimbursement as an added pharmacist service to any pharmacy provider who is willing to participate by signing a contract with DHCS. This contract would allow reimbursement for the costs and activities that are associated with dispensing specialty drugs to Medi-Cal beneficiaries. DHCS will establish and maintain a list of covered specialty drug categories for which MTM services reimbursement is available. DHCS will also publish protocols and utilization controls permitted for MTM services as well as establish reimbursement rates for the MTM services provided. For purposes of implementing MTM services, DHCS may enter into contracts with enrolled pharmacy providers as authorized in WIC, Section 14105.3.¹

¹ [California Code, Welfare and Institutions Code - WIC § 14105.3 | FindLaw](#)



SUMMARY OF PROPOSED CHANGES

DHCS intends to submit SPA 21-0028 by June 30, 2021, with an effective date of July 1, 2021, to accomplish the following:

- Add MTM as a covered pharmacist service under the Medi-Cal program.
- Make available MTM pharmacist services to Medi-Cal beneficiaries who meet the eligibility criteria.
- MTM services shall be subject to department protocols and utilization controls.
- DHCS will establish and maintain a list of covered specialty drug categories, eligibility criteria and conditions for which MTM pharmacist services will be reimbursed.
- DHCS may enter into contracts with willing Medi-Cal enrolled pharmacy providers to provide MTM pharmacist services to Medi-Cal beneficiaries for covered specialty drug categories and to patients that meet the eligibility criteria in the contracts.
- DHCS will establish and maintain the rates of reimbursement for covered MTM pharmacist services to participating Medi-Cal enrolled pharmacies who are contracted with DHCS.

IMPACT TO TRIBAL HEALTH PROGRAMS

- MTM is not reimbursable at the federal all-inclusive rate (AIR). Tribal health programs that operate a retail pharmacy separately enrolled in Medi-Cal, may request to contract with DHCS to provide MTM services and receive reimbursement under a separate fee schedule, subject to federal approval.
- Tribal health programs that operate a retail pharmacy may see an increase in Medi-Cal beneficiaries accessing MTM, resulting in an increase in the time spent with beneficiaries who need the services.

IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

- The proposed SPA may require a change in scope of services by FQHCs to include MTM services within the FQHC's Prospective Payment System (PPS) rate. When included in a FQHC's PPS rate, MTM services are not separately billable by the FQHC.
- If the services were not included in the FQHC's PPS rate calculation, MTM would be a benefit as defined in the California State Plan for a separately enrolled retail pharmacy provider at the FQHC location.
- FQHC's whose PPS rate does not include pharmacy services may experience an increase in Medi-Cal beneficiaries accessing MTM services. Pharmacy programs and organizations may also experience an increase in the time spent with beneficiaries who need the services associated with this benefit.

IMPACT TO INDIAN MEDI-CAL BENEFICIARIES

- The proposed SPA will provide multiple benefits to American Indian Medi-Cal beneficiaries. This includes beneficiaries who take specialty medications, are on multiple medications including over-the-counter, herbal, or dietary supplements, or who have multiple health conditions.



DHCS anticipates MTM will:

- Increase access to MTM services
- Increase access to specialty drugs
- Reduce preventable medication-related problems
- Improve medication adherence
- Reduce emergency room visits
- Reduce hospitalization and related costs
- Improve patient health and reducing the progression of diseases

RESPONSE DATE

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to Angeli.Lee@dhcs.ca.gov or by mail to the address below:

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