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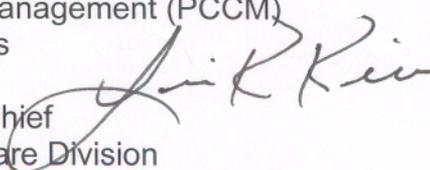


**GRAY DAVIS**  
Governor

April 17, 2003

MMCD All-Plan Letter 03004

**TO:** County Organized Health Systems (COHS) Plans  
Geographic Managed Care (GMC) Plans  
Kaiser Prepaid Health Plans (PHP)  
Primary Care Case Management (PCCM)  
Two-Plan Model Plans

**FROM:** Luis R. Rico, Acting Chief  
Medi-Cal Managed Care Division 

**SUBJECT:** MEDI-CAL MANAGED CARE HEALTH PLAN CAPITATED AND  
NON-CAPITATED HUMAN IMMUNODEFICIENCY VIRUS/ACQUIRED  
IMMUNE DEFICIENCY SYNDROME (HIV/AIDS) AND ANTIPSYCHOTIC  
DRUGS

### PURPOSE

The purpose of this letter is to provide specific definitions for HIV/AIDS and antipsychotic drugs referenced in the plan contract and attachments. The letter describes how new drug combinations are handled with respect to these definitions. Carve-out definitions of HIV/AIDS and selected psychiatric drugs determined prior to January 1, 2002 still apply. This letter applies only to drugs carved-out after this date.

### DEFINITIONS

**Carve-out drug:** A drug contractually excluded from the capitation rate set in the contract between the Medi-Cal Managed Care Division and a Health Plan. When dispensed, the pharmacy provider bills Fee-for-Service Medi-Cal instead of the Health Plan for the carved-out drug. The term carve-out is synonymous with “non-capitated,” and the term carve-in is synonymous with “capitated” when referring to these drugs



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[www.consumerenergycenter.org/flex/index.html](http://www.consumerenergycenter.org/flex/index.html)

**“Parent” drug:** A molecular entity (as defined by the Food and Drug Administration), already marketed in this country, which has a new chemical derived form its active ingredient.

## **POLICY**

The Medi-Cal Managed Care Division is applying these definitions in making a decision as to whether a “new” HIV/AIDS or antipsychotic drug, approved by the Food and Drug Administration, is to be capitated or non-capitated.

1. New dosage forms and salts of drugs are categorized as the same as the “parent” form of the drug and will be treated in the contract in the same manner as the “parent” drug.
2. Any new combination of currently non-capitated drugs, which is marketed as one drug, will be treated as non-capitated drug.
3. Any combination of a non-capitated drug and a capitated drug, which is marketed as one drug, will be treated as a non-capitated drug.
4. Any combination of drugs, all of which are capitated, but marked as one drug, will continue to be treated as capitated.

A new HIV/AIDS and antipsychotic drug that comes to market may be carved-out if it represents a new molecular entity.

‘New’ HIV/AIDS or antipsychotic drugs appearing in the most recent version of the AHFS (American Hospital Formulary Service) Drug Information Guide and the appropriate tables, AHFS 8:18:08 for antiretroviral drugs and AHFS 28:16:08 for antipsychotic drugs may be considered for future carve-out based on policies articulated in this letter.

If you have any questions regarding this letter, please contact your Contract Manager.