

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



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DATE: December 30, 2022

ALL PLAN LETTER 22-012 (*REVISED*)
SUPERSEDES ALL PLAN LETTER 20-020

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: GOVERNOR'S EXECUTIVE ORDER N-01-19, REGARDING
TRANSITIONING MEDI-CAL PHARMACY BENEFITS FROM MANAGED
CARE TO MEDI-CAL RX

PURPOSE:

The purpose of this All Plan Letter (APL) is to provide Medi-Cal managed care health plans (MCPs) with guidance on changes to the oversight and administration of the Medi-Cal pharmacy benefit. Governor Gavin Newsom's Executive Order (EO) N-01-19, requires the Department of Health Care Services (DHCS) to transition Medi-Cal pharmacy services from the managed care delivery system to the Fee-For-Service (FFS) delivery system known as Medi-Cal Rx, effective January 1, 2022.¹

This APL is divided into DHCS' requirements for MCPs regarding post-Medi-Cal Rx transition requirements for oversight and administration of the Medi-Cal pharmacy benefit and related activities. To the extent any existing APLs have inconsistent provisions specific to the Medi-Cal pharmacy benefit, this APL supersedes all inconsistencies in prior APLs, and DHCS has included a table of affected APLs in this guidance. Revised text is found in *italics*.

BACKGROUND:

One of the primary goals of the Governor's EO is to achieve cost-savings for drug purchases made by the state. As a result, a major component of EO N-01-19 requires DHCS to transition Medi-Cal pharmacy services from the managed care delivery system to the FFS delivery system. The transition was originally slated for January 1, 2021, but occurred on January 1, 2022. Transitioning pharmacy services from the managed care delivery system to the FFS delivery system has, among other things:

- Standardized the Medi-Cal pharmacy benefit statewide, under one delivery system.

¹ EO N-01-19 can be found at: <https://www.gov.ca.gov/wp-content/uploads/2019/01/EO-N-01-19-Attested-01.07.19.pdf>

- Improved access to pharmacy services with a pharmacy network that includes approximately 94 percent of the state's licensed outpatient pharmacies.
- Applied statewide utilization management protocols to all covered outpatient drugs.
- Strengthened California's ability to negotiate state supplemental drug rebates with drug manufacturers, thereby creating additional cost-savings for the state.

DHCS contracted with Magellan Medicaid Administration, Inc. (Magellan) to provide administrative services and supports relative to the Medi-Cal pharmacy benefit, which is collectively known as "Medi-Cal Rx". Magellan provides administrative services, as directed by DHCS, which include claims management, prior authorization (PA) and utilization management, pharmacy drug rebate administration, Provider and Member support services, program integrity (PI) activities, and other ancillary and reporting services to support the administration of Medi-Cal Rx.

The Medi-Cal FFS delivery system makes all medically necessary prescription drugs administered in an outpatient office or clinic setting by a health care professional available through the medical benefit. When establishing the scope of benefits for Medi-Cal Rx, DHCS' intent was to ensure Medi-Cal managed care Members have the same access to these prescription drugs as Medi-Cal FFS Members.

Change Overview

Most MCPs are impacted by the Medi-Cal Rx transition. However, Medi-Cal Rx does not apply to:

- Programs for All-Inclusive Care for the Elderly
- Senior Care Action Network
- *Medicare-Medi-Cal Plans or Medi-Medi Plans (MMP)*
- Major Risk Medical Insurance Program

As of January 1, 2022, Medi-Cal Rx is responsible for the following pharmacy benefits when billed by a pharmacy on a pharmacy claim:

- Covered Outpatient Drugs, including Physician Administered Drugs (PADs). MCPs must continue to retain PAD as a medical benefit, even though some may also be available as a pharmacy benefit when it is medically appropriate. In certain select cases, when medically appropriate, DHCS may also authorize a pharmacy to dispense and bill for PADs. However, this is an exception and this flexibility is not intended to replace coverage of PAD as a medical benefit.

- Specific Medical Supplies
- Enteral Nutritional Products

PADs are always a medical benefit when administered outside of a pharmacy setting. Therefore, PADs administered to managed care Members are primarily the responsibility of the MCP for claims processing and reimbursement. PADs are only a Medi-Cal Rx benefit when they are specifically listed on the Contract Drug List or when there is a pharmacy PA justifying the medical necessity as to why the medically administered drug needs to be billed as a pharmacy claim. Pursuant to Social Security Act Section 1927(k)(3), this policy includes any drug, biological product, or insulin provided as part of, or as incident to and in the same setting as, Renal dialysis. This policy also includes any PADs or devices dispensed related to an individual's Intrauterine Device.

For more granular information about pharmacy benefits under each of the categories identified above, please refer to the Medi-Cal Rx Policy Resources section of this APL.

DHCS recognizes the unique pharmacy needs of California Children's Services (CCS) Members in Whole Child Model (WCM) programs. This APL does not alter the MCP's obligation to fully comply with the requirements of APL 21-005 or any superseding APL.² Current pharmacy policy embodied in CCS Numbered Letters was integrated into Medi-Cal Rx policy to ensure continuity of services to support WCM programs.³

Additionally, DHCS issued CCS Information Notice (I.N.) 20-03 Governor's Executive Order N-01-19, Regarding Transitioning Medi-Cal Pharmacy Benefits from Managed Care to Medi-Cal Rx.⁴ The I.N. provided county CCS programs and the Genetically Handicapped Persons Program providers and staff with guidance on changes to the oversight and administration of the Medi-Cal pharmacy benefit due to the implementation of Medi-Cal Rx.

DHCS recognizes that Members may have emergency outpatient pharmacy service needs when traveling, and may not have access to a pharmacy enrolled in Medi-Cal. Medi-Cal Rx provides a process to ensure timely and appropriate provision of emergency outpatient pharmacy services including payment to pharmacies that are not enrolled Medi-Cal pharmacy Providers. MCPs are not responsible for the provision of,

² All APLs and Policy Letters (PL) can be found on the DHCS webpage at:
<https://www.dhcs.ca.gov/formsandpubs/Pages/MgdCarePlanPolicyLtrs.aspx>

³ CCS Numbered Letters can be found at:
<https://www.dhcs.ca.gov/services/ccs/Pages/CCSNL.aspx>

⁴ CCS I.N.s can be found at: <https://www.dhcs.ca.gov/services/ccs/Pages/CCSIN.aspx>

or payment for, such outpatient emergency pharmacy services.

Under Medi-Cal Rx, all mental health medications, including those currently carved-out (e.g., antipsychotics, lithium, monoamine oxidase inhibitors, and anticholinergics) and those currently covered by MCPs but carved-out under Medi-Cal Rx (e.g., antidepressants, psychostimulants, benzodiazepines), are covered under one uniform Medi-Cal Rx policy regardless of where the Member is receiving mental health services. Care coordination processes, roles, and responsibilities between Specialty Mental Health Services provided by County Mental Health Plans and Non-Specialty Mental Health Services covered by MCPs were not impacted by the transition.

In addition, retroactive to October 1, 2022, specific therapeutic and non-therapeutic Continuous Glucose Monitors (CGM) systems are now pharmacy-billed medical supply benefits through Medi-Cal Rx. Coverage continues to be restricted to products on the list of covered CGM systems, requires a PA for reimbursement, and is subject to specific coverage criteria.⁵ The current Transition Policy remains in effect; no reinstatement date for CGM has been announced.⁶ Refer to the Medi-Cal Rx Provider Manual section 13.4 concerning CGM systems specific coverage information.⁷

Please note that Medi-Cal Rx does not change the following:

- The scope of existing Medi-Cal pharmacy coverage for prescribed drugs, products, and services.
- The provision of pharmacy services that are billed on medical or institutional claims and/or as part of a bundled/all-inclusive billing structure in an inpatient or long-term care (LTC) setting, including Skilled Nursing Facilities (SNFs), regardless of delivery system.
- *Covered pharmacy services that have historically been carved out of managed care, including blood factor, HIV/AIDS drugs, antipsychotics, or drugs used to treat a substance use disorder. As of January 1, 2022, these drugs continue to be*

⁵ The list of covered CGM systems is available at:

https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fmedi-calrx.dhcs.ca.gov%2Fcms%2Fmedicalrx%2Fstatic-assets%2Fdocuments%2Fprovider%2Fforms-and-information%2FCovered_Therapeutic_Continuous_Glucose_Monitoring_CGM_Systems.xlsx&w_dOrigin=BROWSELINK

⁶ The Transition Policy is available at:

<https://www.dhcs.ca.gov/provgovpart/pharmacy/Pages/Medi-CalRX.aspx>

⁷ The Medi-Cal Rx Provider Manual is available at: https://medi-calrx.dhcs.ca.gov/cms/medicalrx/static-assets/documents/provider/forms-and-information/manuals/Medi-Cal_Rx_Provider_Manual.pdf

carved-out of *managed care*.

- Any pharmacy services that are billed as a medical and/or institutional claim instead of a pharmacy claim.
- DHCS' process for adding drugs to the Medi-Cal Contract Drug List (CDL) for which Medi-Cal Rx is responsible for when billed by a pharmacy on a pharmacy claim, including drugs that may not be physician administered.⁸
- Reporting of fraud, waste, and abuse to DHCS.

Medi-Cal Rx Policy Resources

For more information concerning specific Medi-Cal Rx policy, please refer to the following links:

Medi-Cal Rx: Transition

<https://www.dhcs.ca.gov/provgovpart/pharmacy/Pages/Medi-CalRX.aspx>

Medi-Cal Rx Scope

<https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MediCal-Rx-Scope-V06-2-8-2022.pdf>

Medi-Cal Rx Website

<https://medi-calrx.dhcs.ca.gov/home/>

Medi-Cal Rx Frequently Asked Questions (FAQs)

<https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/Transition-Medi-Cal-Pharm-Services-MC-FFSFAQsV11.pdf>

Medi-Cal Rx Provider Manual

<https://medi-calrx.dhcs.ca.gov/home/provider-manual/>

Medi-Cal Rx CDL and Medical Supplies Covered Lists (click Covered Products Lists)

<https://medi-calrx.dhcs.ca.gov/provider/forms/>

Medi-Cal Rx Roles & Responsibilities Clarification Summary

With the transition to Medi-Cal Rx on January 1, 2022, DHCS, Magellan and MCPs are responsible (indicated by an "X") for activities, including but not limited to those listed in

⁸ The current process for adding drugs to the CDL may be viewed at:
<https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/DrugPolProc.pdf>

the table below. This table is provided to add clarity to areas of concerns related to activity responsibilities for DHCS, Magellan, and MCPs.

Activity	DHCS	Magellan	MCP
1. Developing, implementing, and maintaining all Medi-Cal pharmacy policy, including, but not limited to: <ul style="list-style-type: none"> ○ Drug coverage ○ State supplemental drug rebates ○ PA/utilization management 	X		
2. Formulary updates including those based on regional needs, Member specific segment risks, prior utilization, health outcome data, and other considerations.	X		
3. Providing a printed copy of the “formulary” (CDL) per a Member request.		X	
4. Providing future Member, Provider, and pharmacy communications regarding pharmacy benefits/information.	X	X	
5. Negotiating and contracting for state supplemental drug rebates.	X		
6. Providing drug rebate administration services, in compliance with federal and state laws and DHCS’ policies and guidance.		X	
7. Establishing and maintaining the Medi-Cal pharmacy Provider network.	X		
8. Reviewing and issuing final determinations regarding all PA denials for pharmacy benefits (except administrative denials due to a 30-day non-response to a PA deferral).	X		
9. Contract management, inclusive of oversight and monitoring of all Medi-Cal Rx contract requirements and deliverables provided by Magellan.	X		
10. Processing and payment of all pharmacy services billed <i>to the MCP</i> on medical <i>or</i> institutional claims.			X
11. Establishing Medi-Cal Rx pharmacy reimbursement methodologies, consistent with applicable state and federal requirements.	X		

Activity	DHCS	Magellan	MCP
12. Providing claims administration, processing, and payment functionalities for all pharmacy services billed on pharmacy claims.		X	
13. Processing coordination of pharmacy benefits with other health coverage, including Medicare.		X	
14. In partnership with the California Department of Social Services (CDSS), providing oversight of, and ensuring access to, the State Fair Hearing (SFH) process related to Medi-Cal Rx.	X		
15. Providing Medi-Cal Rx Customer Service Center (CSC) to support all pharmacy benefit related Provider and Member calls twenty-four (24) hours per day, seven (7) days per week, three hundred and sixty-five (365) days per year, inclusive of holidays and weekends unless otherwise directed by DHCS.		X	
16. Providing daily data feeds to MCPs, and other entities as designated by DHCS, to support their responsibilities of Member care coordination, carrying out clinical aspects of pharmacy adherence, and disease and medication management.		X	
17. Providing real-time access into the Medi-Cal Rx electronic environment via a secure portal to all Members, Providers (prescribers and pharmacies), MCPs, and other entities as designated by DHCS.		X	
18. Providing dedicated Medi-Cal Rx Clinical Liaisons (CLs) for all MCPs to assist with care coordination and clinical issues, inclusive of Members enrolled in WCM MCPs.		X	
19. Providing CLs supported by appropriate clinical staff, which ensures MCP CLs, and by proxy MCPs, have twenty-four (24) hours per day, seven (7) days per week, three hundred and sixty-five (365) days per year access to these critical resources, including weekends and holidays unless otherwise directed by DHCS.		X	

Activity	DHCS	Magellan	MCP
20. Providing CLs to help resolve potential PA issues on the front end, with appropriate clinical staff support as needed, to ensure compliance with Medi-Cal Rx policy, which requires a decision to approve, defer, or recommend denial of a PA request within 24 hours.		X	
21. Providing CLs to facilitate intervention for urgent cases, such as after-hours hospital discharges where immediate access to medically necessary medication is required.		X	
22. Providing all CLs, Customer Service Representatives, and supportive clinical staff with training to understand and support the special needs and requirements of WCM MCPs and WCM MCP Members.		X	
23. Overseeing and maintaining all activities necessary for Member care management and coordination, and related activities consistent with legal and contractual obligations.			X
24. Providing oversight and management of all the clinical aspects of pharmacy adherence, including providing disease and medication management.			X
25. Maintaining policies related to notifying Members of all Food and Drug Administration (FDA) consumer level notifications as to disruptions in the supply chain or medication contamination.		X	
26. Reviewing PAs for PADs, medical supplies, Enteral Nutritional Products, and covered outpatient drug claims billed on a pharmacy claim by an outpatient pharmacy.		X	
27. Ensuring that claims for PADs are processed as a medical benefit. Processing and covering PADs, which are expected to be submitted on medical claims.			X
28. Providing utilization management functions and ensuring pharmacy PA decisions are made within 24 hours of receipt of the PA request.		X	
29. Providing prospective Drug Utilization Review (DUR) services.		X	
30. Providing retrospective DUR services.		X	X

Activity	DHCS	Magellan	MCP
31. Overseeing the Medi-Cal Global DUR Board and other DHCS organized pharmacy committees, in collaboration with Magellan.	X		
32. Participating in the Medi-Cal Global DUR Board and other DHCS organized pharmacy committee meetings.			X
33. Ensuring that DUR program meets or exceeds applicable provisions of Section 1004 requirements of the SUPPORT for Patient and Communities Act: A retrospective claims review process that monitors when an individual is concurrently prescribed opioids and benzodiazepines, opioids and antipsychotics, or <i>opioids and Medication Assisted Treatment (MAT)</i> .	X	X	X
34. Developing and implementing effective retrospective DUR and treatment outcome processes to assure that drug utilization is appropriate, medically necessary, and not likely to result in adverse events. ⁹		X	X
35. Developing effective prospective DUR processes to assure that drug utilization is appropriate, medically necessary, and not likely to result in adverse events.	X		
36. Implementing effective prospective DUR processes to assure that drug utilization is appropriate, medically necessary, and not likely to result in adverse events.	X	X	
37. Reimbursing for pharmacist professional services as required by Assembly Bill (AB) 1114 (Chapter 602, Statutes of 2016) in a community-based outpatient pharmacy setting. ¹⁰	X		X
38. Processing and payment of all pharmacist professional services allowed by AB 1114 that are billed on medical and institutional claims.			X

⁹ For example, performing reviews of claims data to identify outlier prescribing trends, inappropriate dispensing activities by a provider/providers, patterns suggesting possible misuse/abuse of medications, etc.

¹⁰ DHCS must reimburse for FFS-enrolled Medi-Cal beneficiaries.

Activity	DHCS	Magellan	MCP
39. Providing Non-Emergency Medical Transportation (NEMT) and Non-Medical Transportation (NMT) services required by Members to access pharmacy services.			X
40. Providing fraud and abuse identification processes that identifies potential fraud or abuse of controlled substances by Members, health care Providers, and pharmacies.		X	X
41. Providing program integrity (PI) and oversight of Medi-Cal Rx and Medi-Cal's FFS outpatient pharmacy benefits and services.	X		
42. Administering the Medi-Cal Rx Program Integrity and Compliance Unit (PI/SIU) and providing support to DHCS through the application of best practices for identifying, sharing, reporting, preventing, or mitigating fraud, waste, and abuse schemes and risks.		X	
43. Providing fraud and abuse reporting, including prompt referral of any potential fraud, waste, or abuse the MCP identifies to the DHCS Audits and Investigations Intake Unit as well as conducting, completing, and reporting to DHCS the results of a preliminary investigation of the suspected fraud and/or abuse within 10 working days of the date the MCP first becomes aware of, or is on notice of, such activity.			X

PRE AND POST TRANSITION POLICIES:

I. PRE-TRANSITION RESPONSIBILITIES

Pharmacy Transition Policy

To help support the Medi-Cal Rx transition and ensure continued and uninterrupted access to medically necessary medications, DHCS developed a pharmacy transition policy. For purposes of that policy, Magellan initially loaded at least 12 months of encounters/paid claims and PA history received from the MCPs and CA-MMIS into their claims processing system to support edits that may “grandfather” and/or “look-back” to see if a product has been previously dispensed to a Medi-Cal beneficiary whether in managed care or FFS. MCPs that delegated the function of pharmacy benefits management (PBM) data handling to a Subcontractor must ensure that the encounters/paid claims and PA history submitted to Magellan included Members

associated with the Subcontractor.

The original transition period was intended to be a 180-day period where DHCS did not require PA for existing prescriptions, including controlled substances (e.g., opioids, benzodiazepines) and antibiotics, without previously approved PAs from their applicable MCPs (or for prescriptions that had a previously approved PA that expired prior to the end of the transition period), for drugs not on the Medi-Cal CDL, or that otherwise have PA requirements under Medi-Cal Rx. This policy did not apply to new prescriptions or drugs that did not have PA requirements under Medi-Cal Rx.

In mid-February, 2022, DHCS made the decision to temporarily remove select claim edits and to lift select PA requirements. A decision was also made to extend the transition period beyond the initial 180-days.

DHCS and Magellan, in cooperation with MCPs and other stakeholders, have developed an incremental plan to reinstate the claim edits and PAs while phasing out the transition policy. Phasing out of the transition policy will come with a 90 day notice and will not occur earlier than January 2023.

Medi-Cal Pharmacy Financial Responsibility

For pharmacy-related services provided on or before December 31, 2021, by MCPs, the MCPs remain contractually responsible for all aspects of administration of the pharmacy benefit, as set forth in the applicable MCP contracts executed with DHCS.¹¹

With the Medi-Cal Rx transition on January 1, 2022, and in compliance with the Pharmacy Transition Policy described and referenced above, MCPs must not discontinue and/or void previously approved PAs for pharmacy-related services. DHCS requires MCPs to take all necessary steps to ensure their Members continue to have uninterrupted access to medically necessary pharmacy benefits and services during the transition to Medi-Cal Rx.

To help effectuate and facilitate a smooth transition from January 1, 2022, and forward, MCPs must act as follows:

- For all pharmacy services rendered on or after January 1, 2022, MCPs must refer all pharmacy-related calls to the Medi-Cal Rx CSC Line (1-800-977-2273), which is available twenty-four (24) hours a day, seven (7) days a week, or 711 for TDD Monday thru Friday, 8:00 a.m. to 5:00 p.m.

¹¹ MCP boilerplate contracts can be found on the DHCS website at:
<https://www.dhcs.ca.gov/provgovpart/Pages/MMCDBoilerplateContracts.aspx>

Medi-Cal Beneficiary Identification Cards and MCP Member Identification Cards

For Medi-Cal managed care Members, Medi-Cal Beneficiary Identification Cards (BIC) are used to verify Member eligibility for carved-out services, and allow Medi-Cal Providers to bill for any carved-out services rendered. As part of the transition to Medi-Cal Rx on January 1, 2022, and in the same manner as for other carved-out benefits and services, Medi-Cal beneficiaries should carry their plastic BIC card and have it available whenever they are going to the pharmacy. Medi-Cal managed care Members must keep their Member Identification (ID) Card **and** their Medi-Cal BIC with them. Members should take both cards to office visits, x-rays, pharmacies, and all other medical services.

Please note that DHCS is not changing and/or reissuing all Medi-Cal BICs as a result of the transition to Medi-Cal Rx. Today, Medi-Cal BICs contain information on the front, including unique identification number, full name, gender, date of birth, and issue date; on the back, the card has a magnetic slider strip and signature block. To the extent MCP Members lose or misplace their BIC cards, they can request a replacement BIC from their local county social services office.¹² If a Member's BIC is stolen, they should inform their local police department and county social services office. MCP Members should give as much information about the theft as possible. Once MCP Members are issued a new BIC, their old BIC card will no longer be valid.

For MCP Member ID cards, MCPs must have a procedure in place to notify Members of the Medi-Cal Rx CSC phone number and website. This can be accomplished by updating Member ID cards, as part of the corresponding mandatory update to the Member Handbook, sending out notices to Members, and including information in an Interactive Voice Response (IVR) system, or some combination of one or more of these options.

To help facilitate the MCP decision-making process relative to Member ID card updates, DHCS has identified two overarching scenarios, as follows:

- **Changing/Reissuing MCP Member IDs NOT Required:** This would apply to MCPs that use a single CSC phone number for all issues, which includes an IVR menu where the Member selects a specific number (e.g., "select 4") for pharmacy issues. MCPs can set up their IVR to automatically roll over to the Medi-Cal Rx CSC phone number upon the applicable selection. Given that users will often select the initial menu options for any issue, we suggest placing the pharmacy selection towards the end of the IVR menu selections.

¹² A listing of local county social services offices can be found here:
<https://www.dhcs.ca.gov/services/medi-cal/Pages/CountyOffices.aspx>

- **Changing/Reissuing MCP Member IDs Required:** This would apply to MCPs that either use a standalone pharmacy customer service phone number or that issue a separate pharmacy services ID card (e.g., issued by their pharmacy benefits manager, and in addition to the MCP Member ID for other services).

To avoid confusion and ensure the phone number on the cards aligns with the Medi-Cal Rx CSC phone number in the Member Handbook and various notices, MCPs must change/reissue Member ID cards (or rescind and issue notices in the case of standalone pharmacy services ID cards) to either remove the old phone number or replace the old phone number with the Medi-Cal Rx CSC phone number.

MCPs must reissue Member ID cards if Member ID cards have specific billing information or identifiers (e.g., Bank Identification Number (BIN), Processor Control Number (PCN), etc.), printed on the cards that conflict with Medi-Cal Rx. MCPs may print the Medi-Cal Rx BIN, PCN, and other information or identifiers specific to Medi-Cal Rx on reissued Member ID cards if desired.

DHCS allowed MCPs to use a Member applied adhesive label to cover or replace Member card information that conflicts with Medi-Cal Rx pharmacy services information as a temporary method of card information correction to meet compliance for the January 1, 2022 transition. The label must reflect the Member card content changes that are submitted to DHCS on the updated Member ID deliverable. DHCS does not require submission of label layouts in the updated Member ID Card deliverable.

For MCPs that use this temporary correction method for existing Member cards, DHCS requires those MCPs to have replaced all existing cards with corrected cards by April 1, 2022, including those with temporary labels. DHCS also requires all MCPs to provide newly enrolled Members with a Member ID card containing correct information (without temporary labels) beginning January 1, 2022.

Encounter Data, Quality Monitoring & Reporting Requirements

MCPs are expected to submit complete, accurate, and timely pharmacy encounter data for all dates of service prior to January 1, 2022, as required by APL 14-019, APL 14-020, and the most recent publication of the Quality Measures for Encounter Data. MCPs must also correct all encounter data errors identified by DHCS and sent to the MCPs through response files. For dates of service on or after January 1, 2022, MCPs are no longer responsible for submitting any pharmacy encounter data for pharmacy-related services covered by Medi-Cal Rx, i.e., those services billed by a pharmacy on a pharmacy claim. MCPs must still submit encounter data for pharmacy-related services that are not within the scope of Medi-Cal Rx, i.e., those services billed on a medical or institutional claim and/or as part of a bundled/all-inclusive billing structure in an inpatient

or LTC setting (including SNFs and other ICFs).

MCPs must still incorporate pharmacy data to meet MCP obligations for aspects of Member care management including basic care management, care coordination, medication management and adherence, enhanced care management for applicable populations of focus, and complex care management for high risk Members.

DHCS will provide updates to performance measures known as the Managed Care Accountability Set, applicable for the 2022 Reporting Year (RY) and forward, through its Quality and Performance Improvement Requirements APL that it releases prior to each RY.¹³

Healthcare Effectiveness Data and Information Set (HEDIS) Measures

National Committee for Quality Assurance (NCQA) accredited MCPs are required to report HEDIS measures with a pharmacy benefit (Appendix A). MCPs can use the pharmacy daily data feeds and real-time pharmacy portal information provided by Medi-Cal Rx for HEDIS reporting purposes. NCQA considers the daily pharmacy data feeds received from Medi-Cal Rx for carved out pharmacy benefits to be ancillary Provider/encounter data rather than supplemental data for reporting purposes, and this data can be used to identify eligible populations. If an MCP uses data from the real-time pharmacy portal information provided by Medi-Cal Rx, the MCP will need to work with their NCQA auditor to determine how these are classified for use because this process may differ by MCP. HEDIS measures requiring pharmacy data will be considered for the MCP's star ratings and will impact MCP's accreditation status (accredited vs. not accredited).

DHCS will identify specific standards that MCPs will be held accountable for regarding quality work through direct communication with MCPs that is released prior to each RY including but not limited to measures related to medication management and reconciliation.

II. POST-TRANSITION RESPONSIBILITIES

The following section outlines and provides details relative to key post-transition programmatic, operational, contractual, and policy requirements that are critical to ensuring MCPs meet expectations for the January 1, 2022, Medi-Cal Rx transition.¹⁴

¹³ The current Quality and Performance and Improvement Requirements APL (APL 19-017) and Supplement to APL 19-017 can be found on the DHCS webpage.

¹⁴ For information about Medi-Cal Rx coverage policy on or after January 1, 2022, MCPs should refer to the dedicated Medi-Cal Rx website and associated Medi-Cal Provider Manuals. The dedicated Medi-Cal Rx website can be found at: <https://medi-calrx.dhcs.ca.gov/home/>.

Magellan Daily Data Feeds

For pharmacy services on or after January 1, 2022, Medi-Cal Rx provides daily data feeds, in a file format agreed upon with the MCPs, to support MCP obligations for all aspects of Member care management including basic care management, care coordination, medication management and adherence, enhanced care management for populations of focus, and complex care management for high risk Members.

For the Medi-Cal Rx daily data feeds, DHCS will build upon existing data feeds to MCPs for existing carved-out drugs. Under the pre-transition policy, these data feeds are sent monthly and only to the DHCS-contracted MCPs using the applicable Health Care Plan (HCP) Code to identify membership in the contracted MCP. Under the post-transition policy, these data feeds are sent daily and will continue only to be sent to the DHCS-contract MCPs using the applicable HCP Code to identify membership in the contracted MCP.

DHCS recognizes that many MCPs have Network Provider Agreements and Subcontractor Agreements. As a result, DHCS anticipates that most DHCS-contracted MCPs already have some type of interface or arrangement with their Network Providers and Subcontractors for data sharing purposes. However, if not, DHCS requires that those DHCS-contracted MCPs to work to establish and implement data sharing arrangements with their Network Providers and Subcontractors for purposes of sharing the daily data feeds.

Ultimately, all DHCS-contracted MCPs are required to implement appropriate interfaces or arrangements with each of their Subcontractors and Network Providers to ensure timely access to information to support clinical aspects of pharmacy adherence, and disease and medication management for applicable sub-delegated populations.

Medi-Cal Rx Website/Pharmacy Portals & Clinical Liaison Access

Medi-Cal Rx Website/Pharmacy Portals: DHCS, in partnership with Magellan, has created a comprehensive Medi-Cal Rx website.¹⁵ This dedicated website offers content on a public platform that is accessible to the general public, MCP Members and all Medi-Cal beneficiaries, Providers (pharmacies and prescribing physicians), MCPs, and other entities as designed by DHCS. Additionally, secure pharmacy portals are available to MCP Members and all Medi-Cal beneficiaries, Providers (pharmacies and prescribing physicians), MCPs, and other entities as designated by DHCS, to ensure they can access appropriate tools for services that require access to protected health information.

¹⁵ The Medi-Cal Rx website is available at: <https://medi-calrx.dhcs.ca.gov/home/>

The MCRxSS is also available at the Medi-Cal Rx website and allows interested parties to sign up and receive regular Medi-Cal Rx updates by email. Additional information is posted on the Medi-Cal Rx website, which has been fully operational since January 1, 2022. For more information, please refer to the Medi-Cal Rx Website/Pharmacy Portal policy, which is available on the DHCS website.¹⁶

MCP Clinical Liaisons: The primary responsibility of MCP CLs is to work directly with the MCPs on clinical pharmacy-related issues to ensure Medi-Cal beneficiaries receive medically necessary medications in a timely fashion and based upon the established DHCS Medi-Cal Rx policy.

Medi-Cal Rx provides a dedicated Medi-Cal Rx CL team to support MCPs in complying with contractual obligations relating to Member care coordination, medication adherence, and other responsibilities related to medication requirements, in accordance with applicable state and federal law. The Medi-Cal Rx MCP CLs are Certified Pharmacy Technicians (CPhT) and expert users of the FirstTraxSM contact center system. The Medi-Cal Rx MCP CLs:

- Have in-depth knowledge of the CDL and related PA processes.
- Have access to a Magellan Medi-Cal Rx pharmacist twenty-four (24) hours per day, seven (7) days per week, including weekends and holidays to assist MCPs.
- Can assist with any clinical, pharmacy-related matter, including but not limited to urgent or time-sensitive requests, PA statuses, and claims issues.
- Have direct access to appropriate clinical staff including Registered Pharmacists and other Medi-Cal clinicians as well as a CPhT Supervisor and the CSC Director.

Please note that Medi-Cal Rx CLs should not be utilized for non-clinical and/or non-emergent issues, or general administrative issues, that could otherwise be resolved through the Medi-Cal Rx CSC.

The Medi-Cal Rx MCP CLs have an understanding of the MCP population by developing profiles for each MCP, based on the population the MCP serves, key areas of interest and/or challenges, and other nuances that are necessary to ensure quality customer service and timely access to medically necessary prescriptions.

To this end, MCP CLs are able to better understand anything that is unique about the MCP's population and intervene in urgent cases that cannot be resolved by the normal

¹⁶ The Medi-Cal Rx Website/Pharmacy Portal Policy is available at:
<https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MRX-Website-and-Pharmacy-Portal-Policy-081420.pdf>

pharmacy call center and are escalated by the MCP's designated contact(s).¹⁷ The MCP CLs also develop and own the relationship with particular MCPs, and are be trained to address all MCP inquiries.

Designated Users (DUs): DHCS allows DUs for each DHCS-contracted MCP, which can be utilized both at the DHCS-contracted plan level as well as for any Network Providers and Subcontractors. The DU access takes into consideration key MCP roles, including but not limited to pharmacy staff, care managers, enhanced care management Providers, and behavioral health staff, etc., that require access to the Medi-Cal Rx secure MCP Pharmacy Portal and the MCP CL.

DUs with CL access privileges are those individuals identified by the MCPs as needing CL access for critical functionalities including but not limited to clinical and care coordination, medication adherence, and other responsibilities related to medication requirements. DUs with CL access privileges are provided access to the MCP CLs through Medi-Cal Rx's dedicated IVR system to assist and resolve clinical pharmacy-related issues.

Please note that existing contractual requirements between DHCS and MCPs, including requirements to comply with the Health Insurance Portability and Accountability Act (HIPAA) and all Business Service Agreements/Business Use Agreements (BSAs/BUAs), provide sufficient coverage from a sensitive data and privacy perspective. To that end, MCPs must ensure that DUs only access or interact with data and information reasonably necessary to resolve a pharmacy benefit issue for a specific Member or population served, versus all contracted MCP lives.

Each DU has a password and User ID associated with the user's name and MCP. All DUs have access to the Medi-Cal Rx secure MCP Pharmacy Portal using their User ID and password. MCPs can determine whether they want all DUs, or a subset of DUs, to have access to MCP CLs. DUs identified by an MCP to have access to MCP CLs receive a Personal Identification Number (PIN) to access MCP CLs through the Medi-Cal Rx CSC IVR system.

Magellan provides each contracted MCP with a Monthly DU Access Report (MDUAR). Each MDUAR captures the following information for each DU:

- User Identity;
- Login/out date/time; and

¹⁷ For more information, please refer to the MCP CL policy, which is available at: <https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MRX-MCP-Clinical-Liaison-Policy-081420.pdf>

- Beneficiary Client Identification Numbers (CINs) whose records were accessed by the DU**
(**reported when a DU selects and goes into that Member record)

Magellan will deliver the reports to the MCPs monthly via a secure file transfer protocol or other secure method. These MCP specific MDUARs will be created in an Excel file format for consumption and utilization by the respective MCP to audit and verify DU lists and appropriate DU access. Magellan will provide the reports by the 5th business day of each month for the prior month.

MCPs who require Medi-Cal Rx to take action regarding access privileges for any DU must provide that request in accordance with the Medi-Cal Rx Designated User Access Request Form.

DHCS, in partnership with Magellan, has worked and will continue to work collaboratively with MCPs to identify the list of MCP DUs that will have immediate access to the secure MCP Pharmacy Portal and/or Medi-Cal Rx MCP CLs, based upon direction of the MCP, as of January 1, 2022. Going forward, and to facilitate changes to that initial DU list, DHCS, in partnership with Magellan, has established the following process for receiving and reviewing DU access requests for the Medi-Cal Rx secure MCP Pharmacy Portal and Medi-Cal Rx MCP CLs:

- MCPs will establish and maintain DU Access Request Contact(s) for MCPs to request authorized access to the Medi-Cal Rx secure MCP Pharmacy Portal and MCP CLs.
- Magellan will establish a DU Access Request Agent via an established email inbox that will be responsible for receiving and controlling DU Access Requests only from the DU Access Request Contact(s) for each MCP. Magellan will ensure access is granted only to MCP authorized individuals. In order to establish credentials, the DU Access Request Contact(s) for each MCP must submit a DU Access Request that includes the following DU information:
 - Individual's name, title, MCP, and MCP generated email address;
 - If the individual is a new incremental add or replacing someone who no longer needs access; and
 - If the individual shall have access to MCP CLs and MCP attestation that the individual meets MCP CL access requirements.
- Magellan will process MCP DU Access Requests following receipt of a completed DU Access Request from an MCP DU Access Request Contact.
- Magellan will provide approved DUs with a User ID and temporary password. DUs

authorized to have MCP CL access will also receive a PIN upon completion of registration and training.

- If a password needs to be reset, the user can do this through Magellan's portal system.
- If the PIN has been lost, the user must contact the Medi-Cal Rx CSC and request a new PIN.
- Magellan will complete processing of approved DU Access Requests no later than seven (7) business days from receipt of a completed DU Access Request to providing credentials to the approved DU as well as an approval response to the MCP DU Access Request Contact.
- Magellan will complete processing of disapproved DU Access Requests no later than seven (7) business days from receipt of a completed DU Access Request to providing a disapproval response to the MCP DU Access Request Contact.

MCPs must report all MCP DU changes (such as resignations or terminations) to DHCS and Magellan via the Medi-Cal Rx CSC within 24 hours so that the DU's access can be terminated.

MCP DUR Requirements:

The following outlines DUR related responsibilities and supports for MCPs.

- **Prospective DUR**– This is not required of MCPs as of January 1, 2022. MCPs can review pro DUR alerts and overrides for their Members and use this information for Provider (prescriber) education and interventions, which is a part of retrospective DUR.
- **Retrospective DUR** – This is still required of MCPs January 1, 2022, and forward. MCPs will receive comprehensive claims and PA history for their Members and can use claims data for their own quality improvement and retrospective DUR activities. In addition to that, as part of Global Medi-Cal DUR program, administered by DHCS in collaboration with Magellan and the University of California San Francisco (UCSF), retrospective DUR analyses will be conducted for the entire Medi-Cal population, and results shared in aggregate, with the DUR Board, and by MCP, via the Medi-Cal Rx MCP secure portal, for their populations only.

Any Provider outreach needed as part of retrospective DUR interventions, are recommended to MCPs for their Members. UCSF is responsible for FFS-enrolled beneficiaries, and MCPs are able to use FFS developed communications (e.g., Provider letter templates) or use their preferred method of Provider

communication.

MCPs must continue to provide retrospective DUR (Retro DUR) activities designed to manage care including but not limited to identifying patterns of:

- Therapeutic appropriateness
 - Adverse events
 - Incorrect duration of treatment
 - Over or under utilization
 - Inappropriate or medically unnecessary prescribing
 - Gross overprescribing and use
 - Fraud, waste, or abuse
 - Assessing medication adherence and identifying opportunities for care management interventions / outreach
- **Educational Outreach** – This is still required of MCPs January 1, 2022, and forward. UCSF will develop and publish educational bulletins and alerts throughout each year on a variety of topics. MCPs are currently required to disseminate DUR educational articles via their preferred method of Provider communication, which may include posting them on their Provider web page.

MCPs must provide active and ongoing outreach to educate Providers on common drug therapy problems (e.g., asthma medication ratio monitoring, opioid and naloxone co-prescribing, new prescribing guidelines and advisories) with the goals of improving prescribing and dispensing practices, increasing medication compliance, and improvement of over-all beneficiary health.

- **Annual DUR Report** – This is still required of MCPs January 1, 2022, and forward. MCPs must annually submit the modified annual report and must include descriptions of any retrospective DUR activities and any innovative practices implemented by the MCP in the prior federal Fiscal Year.
- **Global Medi-Cal DUR Board Participation** – This is still required of MCPs January 1, 2022, and forward. MCPs must participate in the activities of the Global Medi-Cal DUR Board, including but not limited to:
 - Providing advice and feedback related to the nature and scope of the prospective and retrospective DUR programs.
 - Recommendations for DUR interventions.

- Input regarding innovative DUR practices.
- Board meeting attendance and Board membership.

To encourage more widespread participation and diversify representation on the DUR Board, DHCS may consider a revision of the bylaws in order to introduce term limits and rotation of the MCPs represented in the DUR Board membership. DHCS may also consider including other stakeholder entities in the DUR Board membership rotation.

- **DHCS Organized Pharmacy Committee Meetings** – These are still required of MCPs January 1, 2022, and forward. An example of this type of meeting would be the Pharmacy Directors' Meeting.

Pharmacy Directors' Meeting

Post-transition on January 1, 2022, MCPs must still attend the Pharmacy Directors' Meetings hosted by DHCS. These meetings provide a platform where MCPs can engage in discussion on pharmacy benefit-related topics, including utilization management, changes to the Medi-Cal CDL, care coordination, quality improvement, etc. This can also serve as a forum for reporting out on experiences and challenges, if any, relative to the transition to Medi-Cal Rx.

H.R. 6, the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act

As an active member of the Statewide Opioid Safety Workgroup, the issue of opioid safety is of primary importance to DHCS. As of the transition to Medi-Cal Rx on January 1, 2022, there are no pharmacy lock-in programs for Medi-Cal beneficiaries in connection with any aspect of their pharmacy benefit, including opioids. This issue is addressed in the FAQs for Medi-Cal Rx and is summarized below.¹⁸

DHCS will not implement a lock-in program as part of its Medi-Cal Rx, implementation, but it will be evaluating options with the Medi-Cal Rx Contractor future forward. As part of the Medi-Cal Rx Request for Proposal #19-96125, DHCS solicited Proposals to explore further pharmacy lock-in program options, including, but not limited to use of multiple pharmacies, different prescribers of controlled substances, and number of controlled substances. In addition, DHCS is aware that approximately 50 percent of MCPs utilize pharmacy lock-in programs today, so through stakeholder engagement efforts, DHCS looks to learn more and utilize best practices for Medi-Cal Rx.

¹⁸ The Medi-Cal Rx FAQ is available at:

<https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/Transition-Medi-Cal-Pharm-Services-MC-FFSFAQsV11.pdf>

As of January 1, 2022, MCPs are not contractually responsible for the pharmacy benefit and MCPs are not able to continue lock-in programs through the use of the resources available through the DHCS Medi-Cal Rx Contractor. However, DHCS has adopted a number of measures designed to limit abuse, misuse, and fraudulent activities related to opioid medications. These measures include:

- Limitations on maximum day supply.
- Limitations on maximum quantity per dispensing.
- Limitations on number of refills and duration of therapy.
- Limitations on early refills.
- Improved access to Medication Assisted Treatment (MAT) medications used in the treatment of substance use disorders (SUDs).
- Restrictions based on Morphine Equivalent Dose (MED), using CDC guidelines.
- Working with prescribers to implement reasonable tapering of high dose opioids as appropriate.
- Limitations on concurrent use of opioids and benzodiazepines, muscle relaxants, and/or psychotropic medications.

Member Complaints and Grievances

As of January 1, 2022, Medi-Cal Rx is responsible for managing the resolution of complaints and grievances raised by MCP Members, their Authorized Representatives, or other interested parties, regarding a Medi-Cal Rx complaint or grievance.

Medi-Cal Rx complaints and grievances may be filed at any time, and are not subject to any specific codified timeframes relative to the subject of the complaint or grievance. Complaints or grievances may be made orally or in writing, consistent with all applicable state and federal law requirements and DHCS policies and procedures.

DHCS oversees the Medi-Cal Rx complaint and grievance process to ensure appropriate and timely handling and resolution occurs. For more information, please refer to the Medi-Cal Rx Complaints and Grievances policy, which is available on the

Medi-Cal Rx website, as well as in DMHC's APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx.^{19, 20}

The following outlines Medi-Cal Rx complaint and grievance processing requirements, which are intended to help manage transitional responsibilities for pharmacy-related complaints and grievances:

- Pharmacy-related complaints and grievances for services rendered or requested on or before December 31, 2021, by an MCP, which are services the MCP was at risk for, must be fully adjudicated by the MCP in accordance with APL 21-011 or any superseding APL.
- Pharmacy-related complaints and grievances received on or after January 1, 2022, by the Medi-Cal Rx CSC for services provided by an MCP on or before December 31, 2021, are transferred by the Medi-Cal Rx CSC to the appropriate MCP CSC for full resolution. The Medi-Cal Rx CSC will advise MCP Members that they should contact their MCP for such pharmacy-related complaints and grievances. Complaints and grievances received via phone or secure chat will be appropriately triaged and referred by the Medi-Cal Rx CSC to the MCP via phone once they are determined to be an MCP complaint or grievance. The Medi-Cal Rx CSC will make best efforts to immediately forward complaints and grievances for timely and accurate resolution by the appropriate MCP. Complaints and grievances received in writing, will be appropriately triaged and mailed or faxed within three (3) calendar days.
- The right of MCP Members to submit complaints and grievances to their MCPs for pharmacy-related services rendered on or before December 31, 2021, is not impacted by Medi-Cal Rx.
- Pharmacy-related complaints and grievances received by an MCP for Medi-Cal Rx services provided on or after January 1, 2022, must be transferred by the MCP to the Medi-Cal Rx CSC for resolution. Complaints and grievances coming in via phone or secure chat must be appropriately triaged and referred to the Medi-Cal Rx CSC via phone once they are determined to be an MCP complaint or grievance. MCPs must make best efforts to immediately forward complaints and grievances for timely and accurate resolution by the Medi-Cal Rx CSC. Complaints and grievances received in writing must be appropriately triaged and

¹⁹ The Medi-Cal Rx Complaints and Grievances policy document is available on DHCS' website at: <https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MRX-Complaints-and-Grievances-08-25-2020.pdf>.

²⁰ DMHC APL 20-035 is located at: [https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-035%20-%20Medi-Cal%20Pharmacy%20Benefit%20Carve%20Out%20-%20Medi-Cal%20Rx%20\(10_6_2020\).pdf?ver=2020-10-06-165704-497](https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-035%20-%20Medi-Cal%20Pharmacy%20Benefit%20Carve%20Out%20-%20Medi-Cal%20Rx%20(10_6_2020).pdf?ver=2020-10-06-165704-497)

mailed or faxed to the Medi-Cal Rx CSC within three (3) calendar days.

Medi-Cal Rx Member Appeals

For pharmacy-related services covered under Medi-Cal Rx requested on or after January 1, 2022, all MCP Member appeals involving disagreement with benefit-related decisions, such as coverage disputes, disagreeing with and seeking reversal of a request for PA involving medical necessity, etc., that are associated with a Notice of Action (NOA) are adjudicated through the existing SFH process. Although the Medi-Cal Rx CSC will not be involved in resolving Member appeals issues, please note that contacting the Medi-Cal Rx CSC to ask questions, seek clarification on the NOA contents, or provide additional information will not impact the Member's right to pursue a fair hearing.

For more information about the Medi-Cal Rx SFH appeals process, please see DHCS' existing SFH policy and processes which are available on the DHCS and California Department of Social Services' (CDSS) websites, respectively.^{21, 22} Please refer to DMHC's APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx for additional information related to Member appeals.

MCPs must resolve all MCP Member appeals that originated as a result of an MCP decision relative to pharmacy-related services for which the MCP was at risk on or before December 31, 2021, in accordance with APL 21-011 or any superseding APL. The right of MCP Members to submit appeals to DMHC, including but not limited to the right to Independent Medical Review (IMR), for MCP services rendered on or before December 31, 2021, are not impacted by Medi-Cal Rx.

Provider Claim Appeals

Provider claim appeals are a method to resolve claim payment problems (e.g., resubmission, non-payment, underpayment, overpayment, etc.). Post-transition on January 1, 2022, DHCS' Medi-Cal Rx Provider Claim Appeals policy aligns with and builds upon existing Medi-Cal FFS processes and protocols for the Medi-Cal program. Providers will complete the Medi-Cal Rx Provider Appeal form and submit the completed form to:

Medi-Cal Rx CSC, Provider Claims Appeals Unit
P.O. Box 610
Rancho Cordova, CA, 95741-0610.

²¹ DHCS' SFH webpage is available at: <https://www.dhcs.ca.gov/services/medi-cal/Pages/Medi-CalFairHearing.aspx>

²² CDSS' Hearing page is available at: <https://www.cdss.ca.gov/hearing-requests>

Once the Medi-Cal Rx Provider Appeal form is submitted, Medi-Cal Rx will acknowledge each appeal within 15 days of receipt and make a decision within 45 days of receipt. If Medi-Cal Rx is unable to make a decision within this time period, the appeal is referred to the professional review unit for an additional 30 days. If the appealed claim is approved for reprocessing, it will appear on a future Remittance Advice Details. The reprocessed claim will continue to be subject to Medi-Cal policy and claims processing criteria and could be denied for a separate reason.

Medi-Cal Rx will send a letter of explanation in response to each appeal. Providers who are dissatisfied with the decision may submit subsequent appeals, as stated in the Medi-Cal Rx Provider Manual.²³ Medi-Cal Providers also retain their right to seek judicial review of an appeal determination, as authorized under state law.²⁴

More information about the Medi-Cal Rx Provider Appeal process, including to access the Medi-Cal Rx Provider Appeal form is available on the Medi-Cal Rx website.

For provider claim appeals that originated pre-transition as a result of an MCP decision, but were delayed until post-transition to Medi-Cal Rx (e.g., they were in process but not fully resolved, delayed filing, etc.), the following outlines how those issues are to be handled:

- MCPs must resolve all Provider claim appeals for claims with dates of service prior to January 1, 2022. To help ensure a smooth transition and reduce administrative burden, MCPs should attempt to adjudicate and close all open pre-transition Provider claim appeals prior to January 1, 2022.
- MCPs must resolve all remaining open pre-transition Provider claims appeals.
- Any Provider claim appeal received by Medi-Cal Rx for a pharmacy claim adjudicated by the MCP prior to January 1, 2022, is routed to the MCP for resolution.

Provider PA Appeals

Providers can appeal Medi-Cal Rx PA denials, delays and modifications.²⁵ Providers will submit appeals of PA adjudication results, clearly identified as appeals, to:

Medi-Cal Rx CSC, Provider Claims Appeals Unit

²³ See the Medi-Cal Rx webpage for more information, available at: <https://medi-calrx.dhcs.ca.gov/home/>

²⁴ Welfare and Institutions Code (WIC) section 14104.5. WIC is searchable at: <http://leginfo.legislature.ca.gov/>.

²⁵ WIC section 14133.05.

P.O. Box 610
Rancho Cordova, CA, 95741-0610.

Medi-Cal Rx will acknowledge each submitted PA appeal within three (3) days of receipt and make a decision within 60 days of receipt. Medi-Cal Rx will send a letter of explanation in response to each PA appeal. Providers who are dissatisfied with the decision may submit subsequent appeals. Medi-Cal Providers may seek a judicial review of the appeal decision, as authorized under state law.²⁶ For more information about the Medi-Cal Rx Provider PA appeal process, please visit the Medi-Cal Rx website.

Provider PA appeals that originated pre-transition as a result of an MCP decision, but were delayed until post-transition to Medi-Cal Rx (e.g., they were in process but not fully resolved, delayed filing, etc.), must be handled as follows:

- MCPs must resolve all Provider PA appeals for PAs with dates of submission on or before December 31, 2021, in accordance with APL 21-011 or any superseding APL.
- To help ensure a smooth transition and reduce administrative burden, MCPs must attempt to adjudicate and close all open pre-transition Provider PA appeals prior to January 1, 2022.
- MCPs must resolve all remaining open pre-transition Provider PA appeals.
- Any Provider PA appeal received by Medi-Cal Rx for a pharmacy PA adjudicated by the MCP prior to January 1, 2022, will be routed to the MCP for resolution.

Post-Transition Monitoring

DHCS is preparing a Post Transition Monitoring (PTM) plan for Medi-Cal Rx focused on available data and tools to monitor key operation and clinical performance measures related to Medi-Cal Rx and MCP operations. This will allow for timely and effective actions focused on optimizing Member care, Member experience, and operational effectiveness. Currently, there are no MCP responsibilities that require post transition monitoring and reporting to DHCS for Medi-Cal Rx. However, DHCS will provide additional clarifying guidance in response to operational responsibility questions as they arise.

DHCS and DMHC APL Guidance

On October 6, 2020, DMHC issued an APL on Medi-Cal Rx (APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx) specific to various MCP regulatory and compliance requirements for the transition. This APL incorporates all of those provisions

²⁶ WIC section 14133.05.

by reference. In the event there are any conflicts between the provisions of DMHC’s APL 20-035 and this APL, the provisions of this APL would apply. For more information, please see DMHC’s APL²⁷.

Existing DHCS APL/PL Policy

To assist MCPs in understanding Medi-Cal Rx considerations related to existing APL and PL guidance, the following table provides supplementary guidance to assist with the Medi-Cal Rx transition. To the extent any existing APLs or PLs have inconsistent provisions specific to the Medi-Cal pharmacy benefit, this APL supersedes all inconsistencies in prior APLs or PLs. For more information, please see DHCS’ APL and PL websites as well as the Medi-Cal Rx Policy Resources section of this APL.

APL / PL	Summary
<p>APL 21-006 Network Certification Requirements</p>	<p>DHCS is currently updating the requirements for Annual Network Certifications to exclude pharmacies from the assessment; therefore, MCPs will not be required to contract with pharmacies for network certification purposes. Refer to APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx “Network Adequacy” section for additional guidance.</p>
<p>APL 19-017 Quality and Performance Improvement Requirements</p>	<p>DHCS will provide further instruction regarding Quality and Performance Improvement Requirements in the form of annual updates to this APL that DHCS will release prior to each RY.</p>
<p>APL 17-018 (superseded by APL 22-006) Medi-Cal Managed Care Health Plan Responsibilities for Outpatient Mental Health Services</p>	<p>Refer to the Medi-Cal Rx Policy Resources section of this APL to determine carved-out pharmacy services in support of outpatient mental health services. Per existing guidance to MCPs, DHCS is responsible for ensuring compliance with mental health parity provisions for drugs carved-out through specific contract agreements between MCPs and DHCS. Note, this APL has been superseded by APL 22-006, Medi-Cal Health Plan Responsibilities for Non-Specialty Mental Health Services.</p>
<p>APL 22-008</p>	<p><u>NMT</u></p>

²⁷ DMHC’s Medi-Cal Rx Transition APL 20-035 is available on DMHC’s website at:
[https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-035%20-%20Medi-Cal%20Pharmacy%20Benefit%20Carve%20Out%20-%20Medi-Cal%20Rx%20\(10_6_2020\).pdf?ver=2020-10-06-165704-497](https://www.dmhc.ca.gov/Portals/0/Docs/OPL/APL%2020-035%20-%20Medi-Cal%20Pharmacy%20Benefit%20Carve%20Out%20-%20Medi-Cal%20Rx%20(10_6_2020).pdf?ver=2020-10-06-165704-497)

APL / PL	Summary
<p>Non-Emergency Medical and Non-Medical Transportation Services</p>	<p>Prior to the Medi-Cal Rx transition, MCPs were required to provide NMT services for Members to access all Medi-Cal covered services, including those services that are carved-out of the MCP’s contract. Post-transition, MCPs must continue to provide NMT services for Members to access all Medi-Cal covered services, including those services that are carved-out of the MCP’s contract. This includes pharmacy trips for medications that are carved-out under Medi-Cal Rx.</p> <p><u>NEMT</u></p> <p>Prior to the Medi-Cal Rx transition, MCPs were only required to provide clinically appropriate NEMT services for Members to access Medi-Cal covered services that are carved-in to the MCP’s contract. For carved-out services, MCPs were generally only required make a best effort to refer for and coordinate NEMT.</p> <p>Post-transition and ongoing thereafter, in an effort to ensure a smooth and effective transition and prevent against any disruption to care and/or access issues, MCPs must continue to provide NEMT services for pharmacy trips for medications that are carved-out under Medi-Cal Rx. DHCS is in the process of updating APL 17-010 to include this updated policy. MCPs continue to be capitated for NEMT services for pharmacy trips for medications that are carved-out under Medi-Cal Rx, and DHCS will make any necessary rate adjustments as part of its standard processes.</p> <p>MCPs have access to real-time claims and PA data through the Medi-Cal Rx portal that will identify the dispensing pharmacy.</p>
<p>APL 17-008 Requirement to Participate in the Medi-Cal Drug Utilization Review Program</p>	<p>Refer to DMHC’s APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx “Utilization Management” and “Medi-Cal Rx Contractor Roles and Responsibilities” sections for guidance regarding the DUR. Also refer to DUR participation information in the Post-Transition section of this APL.</p>

APL / PL	Summary
<p>APL 21-011 Grievance and Appeal Requirements and Revised Notice Templates and “Your Rights” Attachments</p>	<p>Refer to DMHC’s APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx “Grievances & Appeals” section for guidance regarding Grievances and Appeals. Also refer to the “Complaints & Grievances”, “Member Appeals”, and “Provider Appeals” guidance in the Post-Transition section of this APL.</p>
<p>APL 16-014 Comprehensive Tobacco Prevention and Cessation Services for Medi-Cal Beneficiaries</p>	<p>The Medi-Cal pharmacy benefit covers all FDA-approved products for smoking cessation. They are all carved-out to Medi-Cal Rx when dispensed and billed by an enrolled Medi-Cal pharmacy Provider. Medical Providers can also legally provide them to their patients. MCPs are responsible for these medical claims just as they would be for any other claim billed by a non-pharmacy Provider.</p>
<p>APL 16-010 Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement</p>	<p>Refer to DMHC’s APL 20-035 (OPL): Medi-Cal Pharmacy Benefit Carve Out - Medi-Cal Rx “Standard Formulary Template” section for additional guidance regarding formularies. APL 16-010 is to be considered retired as of December 31, 2021.</p>
<p>APL 16-009 Adult Immunizations as a Pharmacy Benefit</p>	<p>Adult immunizations billed on pharmacy claims by an enrolled Medi-Cal pharmacy Provider are in scope for Medi-Cal Rx. The professional services provided by a pharmacist pursuant to AB 1114, including the consultation, assessment of need, and the administration of the injection will all remain the responsibility of the MCP when provided in an outpatient pharmacy setting.</p>
<p>APL 16-004 Medi-Cal Managed Care Health Plans Carved-Out Drugs</p>	<p>APL 16-004 will be superseded by DHCS to align with the current Medi-Cal Rx Policy Resources section of this APL.</p>
<p>APL 15-012 Dental Services - Intravenous Sedation and General Anesthesia Coverage</p>	<p>In response to related questions by MCPs, intravenous sedation and general anesthesia must be administered by a doctor and are never self-administered. These drugs are not currently part of the pharmacy benefit and will not be covered under Medi-Cal Rx.</p>

APL / PL	Summary
<p>APL 07-002 Conlan v. Bonta; Conlan v. Shewry: Court Ordered Medi-Cal Beneficiary Reimbursement Process APL</p>	<p>All initial claim requests for Beneficiary Reimbursement (“Conlan claims”) are currently received by DHCS’ California Medicaid Management Information Systems (CA-MMIS) division. CA-MMIS triages and refers these claim requests to the DHCS program and/or external organization responsible for processing (e.g., individual MCPs, other fiscal intermediaries, etc.).</p> <p>Starting January 1, 2022, CA-MMIS continues its intake responsibilities to triage and refer initial claim requests for pharmacy services administered by Medi-Cal Rx to the Medi-Cal Rx CSC for processing and final disposition.</p> <p>All initial claim requests for beneficiary reimbursement for pharmacy services rendered on or before December 31, 2021, that are received on or after January 1, 2022, are be triaged and referred by CA-MMIS to the DHCS program and/or external organization responsible on the date of service, which can and will include MCPs.</p>
<p>APL 06-010 Quality and Performance Improvement Program Requirements for 2007</p>	<p>HEDIS rates for Outpatient Drug Utilization services are not required since these services are carved-out to Medi-Cal Rx. Also, this APL was specific to the Quality and Performance Improvement Program Requirements for 2007.</p>
<p>APL 06-008 Contraceptive Devices</p>	<p>The APL 06-008 Standard of Care Policy is not in conflict with Medi-Cal Rx as APL 06-008 cites state law that allows for carve-out of outpatient prescription drug benefits while also providing requirements for MCPs who may pursue a partial carve-out as Medi-Cal Rx scope allows.</p>
<p>PL 14-003 Enteral Nutrition Products</p>	<p>Refer to the Medi-Cal Rx Policy Resources section of this APL for carve-out guidance to address MCP responsibilities for authorizing and paying for the formula, pumps, and tubing identified in PL 14-003.</p>
<p>PL 12-005 Enteral Nutrition Products (supersedes PL 07-006 and PL 07-016) PL 12-005</p>	<p>PL 12-005 is written in a manner where provision of formula through Medi-Cal Rx would comport with the PL as written.</p>

APL / PL	Summary
	Refer to the Medi-Cal Rx Policy Resources section of this APL for carve-out guidance to address MCP responsibilities for authorizing and paying for formula.

In addition to the impacts described for the APLs and PLs in the prior table, additional APLs and PLs are considered retired as of December 31, 2021. These APLs and PLs are listed below:

- APL 18-013** Hepatitis C Virus Treatment
- APL 16-010** Medi-Cal Managed Care Health Plan Pharmaceutical Formulary Comparability Requirement
- APL 08-013** Pharmacy Prior Authorization Requests by California Licensed Pharmacists
- APL 06-008** Contraceptive Devices
- APL 05-012** Medicare Modernization Act; Medicare Part D Prescription Drug
- APL 03-010** Medi-Cal Managed Care Plan Requirements for Provision of Contraceptive Drug Services and Supplies
- APL 03-004** Medi-Cal Managed Care Health Plan Capitated and Non-Capitated Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) and Antipsychotic Drugs

If the requirements contained in this APL, including any updates or revisions to this APL, necessitate a change in an MCP's *contractually required* policies and procedures (P&Ps), the MCP must submit its updated P&Ps to its Managed Care Operations Division (MCP) contract manager within 90 days of the release of this APL. If an MCP determines that no changes to its P&Ps are necessary, the MCP must submit an email confirmation to its MCP contract manager within 90 days of the release of this APL, stating that the MCP's P&Ps have been reviewed and no changes are necessary. The email confirmation must include the title of this APL as well as the applicable APL release date in the subject line.

MCPs are responsible for ensuring that their Subcontractors and Network Providers comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and PLs. These requirements must be communicated by each MCP to all Subcontractors and Network Providers.

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

Sincerely,

Original Signed by Dana Durham

Dana Durham, Chief
Managed Care Quality and Monitoring Division