

**DEPARTMENT OF HEALTH CARE SERVICES
NOTICE OF GENERAL PUBLIC INTEREST
RELEASE DATE: MAY 27, 2021**

**PROPOSED STATE PLAN AMENDMENT 21-0028 TO ADD MEDICATION
THERAPY MANAGEMENT (MTM) AS A PHARMACIST SERVICES BENEFIT
UNDER THE MEDI-CAL PROGRAM**

This notice provides information of public interest regarding a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA is to add pharmacy Medication Therapy Management (MTM) pharmacist services as a Medi-Cal benefit.

Effective April 1, 2017, California adopted 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. This complied with the Centers for Medicare & Medicaid Services (CMS) Final Rule for Covered Outpatient Drugs ¹(CMS-2345-FC), released on February 1, 2016. Upon implementing the new methodology in February 2019, DHCS heard from multiple pharmacies claiming the NADAC was significantly under reimbursing them for certain drugs (e.g. antipsychotic, HIV, and cancer) and, as a result, would no longer continue to be able to provide certain specialty services associated with the dispensing of those drugs.

In February 2020, DHCS engaged a third party vendor to research, survey, and analyze the reimbursement for select specialty disease state drugs to Medi-Cal FFS pharmacy providers and to collect information regarding specialized services provided to Medi-Cal beneficiaries in order to increase adherence, compliance, and outcomes from the drug therapy. The survey found that the reimbursement for ingredient cost and professional dispensing fee does not cover the costs of providing necessary specialized services to beneficiaries. The survey report concludes that to support continued access, the services offered by the specialty pharmacies could be included in, and reimbursed through, a contracted MTM methodology.

Pursuant to California Welfare and Institutions Code (WIC), section 14132.968², DHCS previously obtained CMS approvals required to implement the provisions, including federal financial participation, which was authorized under SPA 18-0039, and effective on April 1, 2019, allowing the reimbursement of pharmacist services under the Medi-Cal program when rendered to Medi-Cal beneficiaries. DHCS has established a fee schedule for the list of pharmacist services at a rate of reimbursement of 85 percent of the fee schedule for physician services under the Medi-Cal program. Since MTM is not a physician service, and therefore does not have a physician rate on file, rates for MTM codes will be reimbursed at 100 percent of the amount identified in the Provider Contract for each individual billing code.

¹ [Federal Register :: Medicaid Program; Covered Outpatient Drugs](#)

² [Law section \(ca.gov\)](#)

DHCS is seeking the following proposed changes with a proposed effective date of July 1, 2021.

1. Add MTM as a covered pharmacist service under the Medi-Cal program.
2. MTM pharmacist services will be available to Medi-Cal beneficiaries who meet the eligibility criteria and shall be subject to DHCS protocols and utilization controls.
3. DHCS will establish and maintain a list of covered specialty drug categories, eligibility criteria and conditions for which MTM pharmacist services will be reimbursed.
4. DHCS may enter into contracts with willing Medi-Cal enrolled pharmacy providers, as authorized in WIC, section 14105.3, 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.
5. As part of the terms of the Provider Contract, 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.
6. This MTM program neither restricts nor prohibits any service currently provided by pharmacists as authorized by law, as specified in statute.
7. DHCS may implement, interpret, or make specific this section, and any applicable federal waivers and state plan amendments, by means of all-county letters, plan letters, plan provider bulletins, or similar instructions, without taking regulatory action.

DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning the proposed SPA 21-0028, which is attached.

DHCS estimates the budgetary impact of \$40,500,000 Total Fund (annual cost of approximately \$14,200,000 General Fund; Fiscal Year 2022-23 and ongoing). Payments are forecasted to begin January 1, 2022. This may be offset by a decrease in other medical expenses, including but not limited to, health impacts of inadequate/inappropriate drug treatment of the condition and the related emergency room visits and/or hospitalizations caused by acute exacerbations of the disease(s) resulting from lack of compliance/adherence to drug therapy. Any offset costs cannot currently be calculated.

All proposed SPAs are subject to approval by CMS.

PUBLIC REVIEW AND COMMENTS

The proposed changes included in draft SPA 21-0028 are enclosed in this notice for public comment. DHCS is requesting stakeholder input on the impact, if any, on access to services as a result of the proposed action.

Upon submission to CMS, a copy of the proposed SPA 21-0028 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/PendingStatePlanAmendments.aspx>.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA 21-0028 or a copy of submitted public comments related to SPA 21-0028 by requesting it in writing to the mailing or email addresses listed below. Please indicate SPA 21-0028 in the subject line or message.

Written comments may be sent to the following address:

Department of Health Care Services
Pharmacy Benefits Division
Attn: Mr. Harry Hendrix, Jr., Chief
P.O. Box 997413, MS 4604
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA 21-0028 in the subject line or message.

To be assured consideration prior to submission of the SPA to CMS, comments must be received no later than June 27, 2021. Please note that comments will continue to be accepted after June 27, 2021, but DHCS may not be able to consider those comments prior to the initial submission of SPA 21-0028 to CMS.

STATE PLAN UNDER TITLE XIX OF SOCIAL SECURITY ACT
STATE California

- A. Non- institutional services for governmental and private providers listed in Supplement 17 of Attachment 4.19-B are reimbursed the same using the methodology set forth in paragraph (C).
- B. The State Agency's rates for the services listed in Supplement 17 were posted as of October 15, 2018, and are effective for dates of services on or after that date.
The rates for these services are posted on the Medi-Cal Rates website at:
<https://files.medi-cal.ca.gov/Rates/RatesHome.aspx>
1. The methodology utilized by the State Agency in establishing payment rates for pharmacist delivered Medication Therapy Management (MTM) Services is based on the following:
- a) Licensed Pharmacists Services are reimbursed at 85 percent of the current fee schedule for physician services. MTM is not a physician service, and therefore does not have a physician rate on file. Rates for MTM codes will be reimbursed at 100 percent of the amount identified in the Provider Contract for each individual billing code.
- b) The State Agency's fee schedule rates for MTM Services are set as of July 1, 2021 and are effective for services provided on or after that date. All rates for MTM Services are published at:
<https://files.medi-cal.ca.gov/pubsdoco/publications/masters-mtp/part2/reimbursement.pdf>.
- C. The policy of the State Agency is that reimbursement for each of the other types of care or service listed in Section 1905(a) of the Act that are included in the program under the plan will be at the lesser of usual charges or the limits specified in the California Code of Regulations(CCR), Title 22, Division 3, Chapter 3, Article 7 (commencing with Section 51501) and CCR, Title 17, Chapter 4, Subchapter 13, Sections 6800-6874, for EPSDT health assessment services, or as specified by any other means authorized by state law.

STATE PLAN UNDER TITLE XIX OF SOCIAL SECURITY ACT
STATE California

1. The methodology utilized by the State Agency in establishing payment rates will be as follows:
 - a) The development of an evidentiary base or rate study resulting in the determination of a proposed rate.
 - b) To the extent required by State or Federal law or regulations, the presentation of the proposed rate at public hearing to gather public input to the rate determination process.
 - c) The determination of a payment rate based on an evidentiary base, including pertinent input from the public.
 - d) The establishment of the payment rate through the State Agency's adoption of regulations specifying such rate in the CCR, Title 22, Division 3, Chapter 3, Article 7 (commencing with Section 51501), and CCR, Title 17, Chapter 4, Subchapter 13, commencing with Section 6868, Schedule of Maximum Allowances for EPSDT health assessment, or through any other means authorized by State law.

TN No. 21-0028

Supersedes

TN No. NEW

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Effective Date: July 1, 2021

State Plan Under Title XIX of the Social Security Act State:
California

NON-INSTITUTIONAL SERVICES

- c. Other practitioners' services.
 - d.1. Licensed Pharmacist Services are reimbursed at 85 percent of the current fee schedule for physician services. Payment for Licensed Pharmacist Services, including Pharmacist delivered Medication Therapy Management (MTM), does not include dispensing services outlined in Supplement 2 to Attachment 4.19-B.
 - d.2. Pharmacist delivered Medication Therapy Management (MTM) Services as referenced in Attachment 3.1-A and 3.1-B, are reimbursed using the methodology set forth in Attachment 4.19-B, page 1, paragraph B.
- 6. Home health services.
 - c.2. Durable medical equipment reimbursed as described in Attachment 4.19-B, pages 3a-3f.
- 9. Clinic services, other than those specific clinic services that are identified and described in Supplements 5, 9 and 10 to Attachment 4.19-B.
- 11. Physical therapy and related services.
 - a. Physical therapy.
 - b. Occupational therapy.
 - c. Services for individuals with speech, hearing, and language disorders (provided by or under the supervision of a speech pathologist or audiologist).
- 12. Prosthetic devices; hearing aids; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.
 - c. Prosthetic devices and hearing aids.
 - d. Eye glasses.

State Plan Under Title XIX of the Social Security Act State:
California

NON-INSTITUTIONAL SERVICES

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- 13. Other preventive services, i.e., other than those provided elsewhere in the plan, as referenced in Attachment 3.1-A and 3.1-B. Excludes substance abuse services provided under Drug Medi-Cal.
 - c. Preventive services.
 - 17. Nurse-midwife services.
 - 18. Hospice care.
 - 20. Extended services for pregnant women.
 - a. Pregnancy-related and postpartum services for a 60-day period after the pregnancy ends and any remaining days in the month in which the 60th day fall.
 - b. Services for any other medical conditions that may complicate pregnancy.
 - 21. Ambulatory prenatal care for pregnant woman furnished during a presumptive eligibility period by an eligible provider.
 - 23. Certified pediatric or family nurse practitioners' services.
 - 24. Any other medical care and any other type of remedial care recognized under State law, specified by the Secretary.
 - a. Transportation.
 - e. Emergency outpatient hospital services.

STATE PLAN CHART

Limitations on Attachment 3.1-A
Page 12a.7

TYPE OF SERVICE	PROGRAM COVERAGE**	PRIOR AUTHORIZATION OR OTHER REQUIREMENTS*
6d.9. Licensed Pharmacist Services	Licensed Pharmacist may perform all services under California's Scope of Practice Act law.	<p>Limited to services provided under scope of practice and to the extent permitted by applicable statutes and regulations. Limited to medically necessary services only. Does not include dispensing services outlined in Supplement 2 to Attachment 4.19-B</p> <p>Licensed Pharmacist Services are limited to 6 visits in 90 days. Treatment Authorization Request (TAR) is required for Licensed Pharmacist Services visits that exceeds 6 visits in 90 days.</p> <p>Medication Therapy Management (MTM) Services are a voluntary benefit provided by a licensed pharmacist to a recipient to optimize the therapeutic outcomes of the recipient's medications and prevent medication-related problems.</p> <p>MTM services are limited to any willing pharmacy that agrees to meet the requirements of participation for a defined list of covered drug categories.</p> <p>A qualified pharmacist may provide MTM services in person or via telepractice. Telepractice services</p>

* Prior authorization is not required for emergency services.

** Coverage is limited to medically necessary services.

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STATE PLAN CHART

Limitations on Attachment 3.1-A
Page 12a.7a

are subject to the same provision of services that are provided to a recipient in person. Providers must ensure the privacy of the recipient and secure any information shared via telepractice.

Coverage is limited to a total of six encounters per recipient per 365-day period. When the treatment duration of a medication is less than six months, coverage is limited to one encounter per month of treatment. Additional encounters may be authorized with written substantiation indicating that the beneficiary's acute or chronic condition requires additional encounters for adequate monitoring.

* Prior authorization is not required for emergency services.

** Coverage is limited to medically necessary services.

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STATE PLAN CHART

Limitations on Attachment 3.1-B
Page 12a.7

TYPE OF SERVICE	PROGRAM COVERAGE**	PRIOR AUTHORIZATION OR OTHER REQUIREMENTS*
6d.9. Licensed Pharmacist Services	Licensed Pharmacist may perform all services under California's Scope of Practice Act law.	<p>Limited to services provided under scope of practice and to the extent permitted by applicable statutes and regulations. Limited to medically necessary services only. Does not include dispensing services.</p> <p>Licensed Pharmacist Services are limited to 6 visits in 90 days. Treatment Authorization Request (TAR) is required for Licensed Pharmacist Services visits that exceeds 6 visits in 90 days.</p> <p>Medication Therapy Management (MTM) Services are a voluntary benefit provided by a licensed pharmacist to a recipient to optimize the therapeutic outcomes of the recipient's medications and prevent medication-related problems.</p> <p>MTM services are limited to any willing pharmacy that agrees to meet the requirements of participation for a defined list of covered drug categories.</p> <p>A qualified pharmacist may provide MTM services in person or via telepractice. Services are subject to the same provision of services that are</p>

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STATE PLAN CHART

Limitations on Attachment 3.1-B
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provided to a recipient in person. Providers must ensure the privacy of the recipient and secure any information shared via telepractice.

Coverage is limited to a total of six encounters per recipient per 365-day period. When the treatment duration of a medication is less than six months, coverage is limited to one encounter per month of treatment. Additional encounters may be authorized with written substantiation indicating that the beneficiary's acute or chronic condition requires additional encounters for adequate monitoring.

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