

Pharmacy Carve-Out: The following charts provide additional context and information related to the Department’s implementation of the Medi-Cal managed care to fee-for-service (FFS) pharmacy carve out (collectively called “Medi-Cal Rx”), effective at Medi-Cal Rx full assumption of operations. Please note that substantively new or clarified text from the last version of this document (version as of 12/10/2020) are denoted in bold/underlined text.

CHART #1

This chart provides a snapshot of what is changing and what is not in relation to pharmacy services in Medi-Cal’s two delivery systems, managed care and FFS, in the current state (pre-transition) and future state (post-transition).

	Current State (Pre-Transition)	Future State (Post-Transition)
Managed Care Delivery System		
<ul style="list-style-type: none"> Pharmacy benefits that are billed on medical and institutional claims. 	<ul style="list-style-type: none"> Managed Care Plans (MCPs) are responsible for providing these benefits, and this is built into the capitated payment. 	<ul style="list-style-type: none"> No change.
<ul style="list-style-type: none"> Pharmacy benefits that are billed on pharmacy claims. 	<ul style="list-style-type: none"> MCPs are responsible for providing these benefits, and this is built into the capitated payment. 	<ul style="list-style-type: none"> MCPs will no longer be responsible for those items identified in Chart #2 as being subject to the FFS carve-out; these benefits will be removed from the capitated payment. All of these claims will process through Medi-Cal Rx, and be adjudicated by Medi-Cal’s new pharmacy administrative services vendor.
<ul style="list-style-type: none"> Drugs currently “carved-out” of managed care delivery system (i.e., HIV/AIDS, Blood Factors, Anti-Psychotics, drugs used to treat substance use disorders). 	<ul style="list-style-type: none"> Most MCPs¹ are not currently responsible for covering these drugs and these costs are not built into the capitated payment. These drugs are reimbursed via the FFS delivery system only. 	<ul style="list-style-type: none"> No MCPs will be responsible for covering these drugs and the costs will not be built into the capitated payment.² If billed on medical and institutional claims, these drugs will process and be adjudicated through Medi-Cal’s FFS Fiscal Intermediary (FI). If billed on pharmacy claims, these drugs will process through Medi-Cal Rx, and be adjudicated by Medi-Cal’s new pharmacy administrative services vendor.

¹ With the exception of AHF, HPSM and Cal Optima, which currently cover HIV/AIDS drugs, as well as AHF, HPSM, and a few counties under PHP, which cover psychotherapeutic drugs.

² This will be true as of **Medi-Cal Rx full assumption of operations**.

Chart 1 (Continued)

	Current State (Pre-Transition)	Future State (Post-Transition)
FFS Delivery System		
• Pharmacy benefits that are billed on medical and institutional claims.	• Are processed and adjudicated through Medi-Cal's FFS FI.	• No change.
• Pharmacy benefits that are billed on pharmacy claims.	• Are processed and adjudicated through Medi-Cal's FFS FI.	• All of these claims will process through Medi-Cal Rx and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.
• Drugs currently "carved-out" of managed care delivery system (i.e., HIV/AIDS, Blood Factors, Anti-Psychotics, drugs used to treat substance use disorders).	• Are processed and adjudicated through Medi-Cal's FFS FI.	<ul style="list-style-type: none"> • If billed on medical and institutional claims, then there will be no change. • If billed on pharmacy claims, then these claims will process through Medi-Cal Rx, and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.

CHART #2

This chart provides a non-exhaustive inventory of the Medi-Cal pharmacy benefit, characterized as either **not subject** to i.e., those pharmacy benefits that are billed on medical and institutional claims, versus those **subject to** the carve out from managed care to FFS, i.e., all pharmacy benefits that are billed on pharmacy claims. Medi-Cal MCPs should use this chart to better understand the overarching scope of Medi-Cal Rx.

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially ³)?	Medical Claim (Not "Carved Out")	Pharmacy Claim ("Carved Out" to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Outpatient Prescription Drugs ⁴	General	Yes		X	No
	Contraceptives	Partially	X	X	Yes
Physician Administered Drugs (PADs) - including some oral medications	General	Partially	X	X	Yes
Vaccines	General	Partially	X	X	Yes

³ Partial carve-out represents those products that can be billed by both a pharmacy claim and a medical claim, but are only carved-out when billed as a pharmacy claim.

⁴ This includes prescription drugs, biological products, insulin, etc.

CHART #2 continued

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially ⁵)?	Medical Claim (Not “Carved Out”)	Pharmacy Claim (“Carved Out” to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Over the Counter (OTC), as allowed by law, and only when prescribed via a script from the physician ⁶	General	Yes		✓	No
Incontinence Supplies	General	No	X		No
Medical Supplies ^{7,8}	Syringes and Needles (non-insulin)	No	X		No
	Insulin Syringes	Yes		X	No
	Pen Needles	Yes		X	No
	Lancets	Yes		X	No
	Diabetic Test Strips	Yes		X	No
	Condoms	Partially	X	X	Yes
	Heparin/Saline flush	Partially	X	X	Yes
	Inhaler assistive devices	Yes		X	No
	Peak flow Meter	Yes		X	No
	Tracheostomy	No	X		No
	Ostomy	No	X		No
	Urological	No	X		No
	Wound Care	No	X		No
	Infusion tubing	No	X		No
	Infusion Pumps	No	X		No
Diaphragms/Cervical caps	Partially	X	X	Yes	

⁵ Partial carve-out represents those products that can be billed by both a pharmacy claim and a medical claim, but are only carved-out when billed as a pharmacy claim.

⁶ In order to be billable to DHCS as a covered Medi-Cal benefit, all OTC drugs must have a prescription, consistent with Social Security Act Section 1927 (Title 42 United States Code Section 1396r-8.)

⁷ Medical supplies do not include benefits considered **urable** medical equipment (DME) as defined under applicable federal Medicaid statutes, regulations, and/or policies.

⁸ With the exception of medical supplies subject to “partial” or “full” carve out, as well as glucometers and related testing supplies, as identified on this chart – pursuant to footnote #6, DME, DME supplies, and disposable medical supplies will remain the responsibility of the Medi-Cal MCPs in the managed care delivery system; or, in the FFS delivery system, billed to Medi-Cal’s existing FFS FI on medical or institutional claims, as they are today.

CHART #2 continued

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially ⁹)?	Medical Claim (Not “Carved Out”)	Pharmacy Claim (“Carved Out” to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Medical Supplies (continued) ^{10,11}	Thermometer (oral or rectal)	No	X		No
	Alcohol (or Alcohol Wipes)	No	X		No
	70% isopropyl alcohol swab sticks, and Povidone-iodine swab sticks	No	X		No
	Betadine or phisohex solution	No	X		No
	Chlorhexidine containing antiseptic	No	X		No
	Gloves (non-sterile or sterile)	No	X		No
	Sheeting, waterproof (protective underpad, reusable, bed size)	No	X		No
Enteral Nutrition Products	Formula	Partially	X	X	Yes
	Pumps	No	X		No
	Tubing	No	X		No
	General	No	X		No
Pharmacist Services	General	No	X		No

⁹ Partial carve-out represents those products that can be billed by both a pharmacy claim and a medical claim, but are only carved-out when billed as a pharmacy claim.

¹⁰ Medical supplies do not include benefits considered durable medical equipment (**DME**) as defined under applicable federal Medicaid statutes, regulations, and/or policies.

¹¹ With the exception of medical supplies subject to “partial” or “full” carve out, as well as glucometers and related testing supplies, as identified on this chart – pursuant to footnote #6, DME, DME supplies, and disposable medical supplies will remain the responsibility of the Medi-Cal MCPs in the managed care delivery system; or, in the FFS delivery system, billed to Medi-Cal’s existing FFS FI on medical or institutional claims, as they are today.