

DATE: May 9, 2025

TO: Public Hospital Outpatient Services Supplemental Reimbursement Program Participants

SUBJECT: Public Hospital Outpatient Services Supplemental Reimbursement Program Policy for 340B Drugs, Blood Factors and Organ Acquisitions

PURPOSE: The purpose of this Policy and Procedure Letter (PPL) is to clarify guidance regarding 340B drugs, blood factors, and organ acquisition in the Public Hospital Outpatient Services Supplemental Reimbursement program

BACKGROUND

The Public Hospital Outpatient Services Supplemental Reimbursement Program, also known as the Assembly Bill (AB) 915 Program, is a Certified Public Expenditure program that provides annual supplemental reimbursement to public acute care hospitals for outpatient (OP) fee-for-service (FFS) services provided to Medi-Cal beneficiaries. In accordance with State Plan, [Attachment 4.19-B, pages 46-50](#) and Welfare and Institutions Code (W&I Code) [14105.96](#), supplemental reimbursement, when combined with the amount received from all other sources of reimbursement from the Medi-Cal program, shall not exceed 100 percent of projected costs.

The AB 915 program utilizes the California Medicaid Management Information System (CA-MMIS) to extract AB 915 reimbursable OP FFS paid claims data. The CA-MMIS data is also used to validate charges and revenues reported on Affordable Care Act (ACA) interim claims. Additionally, the CA-MMIS data will also be used to validate charges and revenues for traditional and ACA claims during final reconciliations.

POLICY

Beginning with the interim claim payments for State Fiscal Year (SFY) 2023-24 and for final reconciliations of applicable SFYs, the AB 915 program will exclude claims for 340B drugs, blood factors, and organ acquisitions from the AB 915 CA-MMIS data because they are already reimbursed up to cost, and there are no uncompensated costs to claim under the AB 915 program. Providers should not include 340B drugs, blood factor, or organ acquisition data in their AB 915 program interim claim submissions.

340B Drugs: A 340B drug is a medication that is provided to eligible healthcare organizations and covered entities at significantly reduced prices through the federal 340B Drug Pricing Program, which is authorized by the State Plan, [Supplement 2 to Attachment 4.19-B](#). 340B drugs can be identified in the CA-MMIS data using the UD

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modifier, which providers were required to use since April 1, 2009. For periods after 2009, claims with a UD modifier will be excluded from the AB 915 CA-MMIS data.

Blood Factor: Blood Factor is an essential blood-clotting protein, also known as anti-hemophilic factor. It is used to prevent and control bleeding. The Blood Factor Reimbursement Program is authorized by State Plan, [Supplement 2 to Attachment 4.19-B](#) and reimbursed pursuant to W&I Code [14105.86](#). Beginning in 2009, Healthcare Common Procedure Coding System (HCPCS) codes, also known as procedure codes, can be utilized to identify blood factor drugs. The current list of HCPCS codes can be found in Part 2 of the Medi-Cal Billing Manual for [Blood and Blood Derivatives](#). For periods after 2009, the AB 915 program will utilize HCPCS codes from the Medi-Cal Billing Manual to exclude claims associated with blood factors in the AB 915 CA-MMIS data.

Organ acquisition: Organ acquisition refers to the process of obtaining organs for transplantation. For SFYs 2015-16 and forward, the AB 915 program will utilize revenue codes in Part 2 of the Medi-Cal Billing Manual for [Transplants](#) to exclude claims associated with organ acquisitions in the AB 915 CA-MMIS data.

Subsequent guidance will be issued to address the SFYs where descriptors for 340B Drugs, blood factors, and organ acquisitions are unavailable.

If you have any questions or require further assistance regarding this PPL, please contact the AB 915 Program mailbox at OPSupplemental@dhcs.ca.gov.

Sincerely,

ORIGINAL SIGNED BY KATIE BROOKS

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