



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



GAVIN NEWSOM  
GOVERNOR

**DATE:** November 18, 2020

**CCS Information Notice:** 20-03

**TO:** All County California Children's Services Programs and The Genetically Handicapped Persons Program

**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 Information Notice (I.N.) is to provide county California Children's Services (CCS) programs and the Genetically Handicapped Persons Program (GHPP) providers and staff with guidance on changes to the oversight and administration of the Medi-Cal pharmacy benefit.

**BACKGROUND:**

Governor Gavin Newsom's Executive Order (EO) N-01-19, requires the Department of Health Care Services (DHCS) to transition all Medi-Cal pharmacy services from the managed care delivery system to the Fee-For-Service (FFS) delivery system, effective April 1, 2021.<sup>1</sup> The Medi-Cal pharmacy services available through the FFS delivery system will be known collectively as "Medi-Cal Rx".

Transitioning Medi-Cal pharmacy services from the managed care delivery system to the FFS delivery system will, among other things:

- Standardize the Medi-Cal pharmacy benefit statewide, under one delivery system.
- Integrate current CCS/GHPP policies, flexibilities, and special considerations into the global standardized Medi-Cal pharmacy policies and procedures.
- Improve access to pharmacy services with a pharmacy network that includes approximately 96 percent of the State's pharmacies.
- Apply statewide utilization management protocols to all outpatient drugs.
- Strengthen California's ability to negotiate State supplemental drug rebates with drug manufacturers; thereby, creating additional cost-savings for the State.

DHCS has contracted with Magellan Medicaid Administration, Inc. (Magellan) to provide administrative services and supports for Medi-Cal Rx as of April 1, 2021. Magellan will provide administrative services, as directed by DHCS, which include prior authorization (PA) (known as Service Authorization Requests (SARs) in CCS and GHPP) and utilization management, claims management, pharmacy drug rebate administration, provider and member support services, and other ancillary and reporting services to support the administration of Medi-Cal Rx.

### **CHANGE OVERVIEW:**

As of April 1, 2021, Medi-Cal Rx will be responsible for the following pharmacy benefits when billed by a pharmacy on a pharmacy claim:

- Covered Outpatient Drugs, including some Physician Administered Drugs
- Some Medical Supplies (does not include non-DHCS contracted medical supplies)
- Enteral Nutritional Products (under DHCS contract)

For more information about pharmacy benefits under each of the categories identified above, please refer to the Medi-Cal Rx Scope document, which is on the DHCS' website.<sup>2</sup>

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

- The scope of existing Medi-Cal pharmacy coverage.
- Provision of pharmacy services provided as part of a bundled/all-inclusive billing structure in an inpatient or long-term care setting (including Skilled Nursing Facilities and other Intermediate Care Facilities), regardless of delivery system.
- Any pharmacy services that are billed as a medical and/or institutional claim instead of a pharmacy claim.

### **CCS and GHPP Policy:**

Applicable CCS and GHPP published policy for pharmacy services billed on pharmacy claims, presently outlined in various Numbered Letters (N.L.) or other I.N.s has been closely reviewed by subject-matter experts within DHCS and Magellan. This important coverage information will be transitioned to and incorporated in the Medi-Cal Rx Provider Manual, which will be available on or before April 1, 2021. Please note that there are no changes to the scope of the existing CCS and GHPP policy as a result of this shift in how policy information is provided, i.e., in N.L.s and I.N.s versus the Medi-Cal Rx Provider Manual.

### **Pharmacy Transition Policy<sup>3</sup>:**

DHCS understands the importance of ensuring a smooth and effective transition to Medi-Cal Rx for Medi-Cal beneficiaries, particularly those populations with highly-specialized health care needs. Accordingly, DHCS has developed and will implement a multi-faceted pharmacy transition policy, which includes “grandfathering” previously approved PAs from managed care and FFS, as well as a 180-day period with no PA requirements for existing prescriptions, to help support the Medi-Cal Rx transition. During this transition period, Magellan will provide system messaging, reporting and outreach to provide for a smooth transition to Medi-Cal Rx. The pharmacy transition policy will help to:

- Ensure Medi-Cal beneficiaries with existing prescriptions, with or without previously approved PAs, that for those prescriptions requiring PA in Medi-Cal FFS will have continued coverage for covered Medi-Cal pharmacy benefits through September 30, 2021 or until the end of the existing PA (whichever is longer), unless patient safety concerns exist. This will permit beneficiaries sufficient time during this one-time transition period to work with their doctors to submit a PA future forward based upon medical necessity or, alternatively, to decide whether it is preferable to switch to another Medi-Cal covered drug with no PA requirements.
- Allow pharmacy providers, physician prescribers, and others to become better acclimated to Medi-Cal Rx processes, including those drugs that do and do not require PA, and facilitate prescribing and treatment decisions for their Medi-Cal beneficiaries going forward.

### **SERVICE AUTHORIZATION REQUESTS:**

For pharmacy-related SARs received on or before March 31, 2020, by the CCS programs, the county CCS programs remain responsible for all aspects of administration of the pharmacy benefit. To facilitate continuity of pharmacy services outlined in the pharmacy transition policy above, it is critical that county CCS programs prioritize pharmacy SARs and complete processing them by April 8, 2021.

Existing approved SARs authorized by National Drug Code (NDC) will be converted to a Medi-Cal Rx PAs and continue to be effective through the duration of the SAR or 10/1/2021, whichever date is later.

DHCS will ensure that 15 months of historical claims history, from approved SARs are being transitioned to Medi-Cal Rx prior to April 1, 2021, to facilitate the pharmacy transition policy described above. Medications billed and paid by NDC with an approved Service Code Grouping (SCG) SAR will continue to be paid, until 10/1/2021 or expiration of the SCG SAR, whichever date is later.

On or after April 1, 2021, all new requests for PAs for covered drugs, supplies, and products for pharmacy services billed on a pharmacy claim must be directed to Medi-Cal Rx for triaging, disposition, and final adjudication, based upon medical necessity criteria and the integrated Medi-Cal pharmacy policy.<sup>4</sup> In Medi-Cal Rx, requests for PA will receive a response within 24 hours. Please note that individual PAs supported by medical necessity will be required for all drugs that require PA under the integrated Medi-Cal Rx pharmacy policy. New requests for SCGs to cover non-restricted CCS or GHPP drugs will not be issued in Medi-Cal Rx.

**County CCS Access to Med-Cal Rx:**

County CCS programs “Designated Users” (DU) will have access to real-time read-only beneficiary level claims and prior authorization information through the Medi-Cal Rx Pharmacy Portal to facilitate ongoing care coordination. The Integrated Systems of Care Division (ISCD) received and forwarded each counties’ “DUs” list to Medi-Cal Rx. Training will be provided to all DUs, and access into the secure Medi-Cal Rx Pharmacy Portal will be available as of April 1, 2021.

If you have any questions regarding this I.N., please contact the ISCD Medical Director or designee, via email at [ISCD-MedicalPolicy@dhcs.ca.gov](mailto:ISCD-MedicalPolicy@dhcs.ca.gov).

Sincerely,

**ORIGINAL SIGNED BY**

Roy Schutzengel  
Medical Director  
Integrated Systems of Care Division

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<sup>1</sup> 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>

<sup>2</sup> <https://www.dhcs.ca.gov/provgovpart/Documents/MRx-Scope-09-04-2020.pdf>

<sup>3</sup> <https://www.dhcs.ca.gov/provgovpart/pharmacy/Documents/MRX-Pharmacy-Transition-Policy-Ver%208.0-08-14-2020.pdf>

<sup>4</sup> <https://medi-calrx.dhcs.ca.gov/home/>