



TOBY DOUGLAS
DIRECTOR

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



EDMUND G. BROWN JR.
GOVERNOR

Date: April 30, 2014

CCS Information Notice: 14-06

TO: ALL COUNTY CALIFORNIA CHILDREN SERVICES (CCS) AND
GENETICALLY HANDICAPPED PERSONS PROGRAM (GHPP)
ADMINISTRATORS, MEDICAL CONSULTANTS, COUNTY MEDICAL
STAFF, AND SYSTEMS OF CARE DIVISION (SCD) STAFF

SUBJECT: DRUGS WITH FEDERAL UPPER LIMIT (FUL)

Certain drugs with multiple sources (multiple manufacturers) have upper limits to their reimbursement, as set by the United States Department of Health and Human Services (DHHS). Federal law requires the Medi-Cal Program (including the CCS Program and GHPP) to abide by the FUL as maximum reimbursement if it is lower than the Medi-Cal payment rate.

Pharmacies billing brand name drugs, while using a Service Code Grouping (SCG) Service Authorization Request (SAR), and who have its generic name listed in the FUL List, will experience a reduced reimbursement, often resulting in a net loss (reimbursement will be lower than the pharmacy's purchase price of the drug).

When brand name drugs are deemed medically necessary, the CCS Program counties should check if the brand name drug has a FUL:

1. Determine the generic name of the drug.
2. Go to the FUL List in the Medi-Cal Provider Manual.
3. Look up generic name and strength.
4. If listed, FUL applies to the brand name drug and will result in reduced reimbursement to the pharmacy when billed with a SCG SAR.
5. Issue a brand name SAR. See This Computes #102.

Recently, it has come to the attention of Systems of Care Division that some generic drugs listed on the FUL List will reimburse below a pharmacy's acquisition cost. As the Medi-Cal Program (and CCS/GHPP) does not have authority to update (reimbursement prices on) the FUL List, generic drugs on the FUL List may be granted a price override SAR if:

1. The acquisition cost is substantiated with a pharmacy's purchase invoice showing that the product costs more than the FUL reimbursement allows.
2. There are no other alternative manufacturers with a less costly product.
3. Therapeutic alternatives are not an option.

If you have any questions, please contact Edan Lum, Pharm D., Pharmaceutical Consultant at (916) 327-2486 or (510) 286-0708, or via e-mail edan.lum@dhcs.ca.gov

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