



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



EDMUND G. BROWN JR.
GOVERNOR

Date: June 22, 2016

CCS Information Notice: 16-07

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: AFFORDABLE CARE ACT FEDERAL UPPER LIMIT (FUL)
REIMBURSEMENT LIST

CCS Information Notice 14-06 described the Federal Upper Limit (FUL) as set by the United States Department of Health and Human Services (DHHS). Federal law requires the California Department of Healthcare Services (DHCS) Medi-Cal Program, including the CCS Program and GHPP, to accept the FUL as maximum reimbursement if it is lower than the Medi-Cal payment rate.

Under Section 2503(a)(1) of the Affordable Care Act (ACA), beginning March 2016, the Center for Medicare and Medicaid Services (Federal CMS) began publishing monthly updated ACA FULs. These ACA FULs will be implemented by DHCS for dates of service on the 15th of each month following release by Federal CMS through the 14th of the following month.

A full list of ACA Federal Upper Limits can be accessed at:

<http://www.dhcs.ca.gov/provgovpart/pharmacy/Pages/ACAFUL.aspx>

The ACA FUL contains principally generic drugs but some brand name drugs are listed as well.

Pharmacies billing drugs with its National Drug Code (NDC) listed in the ACA FUL list, using a Service Authorization Request (SAR), may experience a lower reimbursement than previously billed, often resulting in a net loss (reimbursement will be lower than the pharmacy's purchase price of the drug).

The Medi-Cal Program (and CCS/GHPP) does not have authority to revise (reimbursement prices on) the ACA FUL. The Medi-Cal Program has advised pharmacy providers to request a price override Treatment Authorization Request (TAR) if the reimbursed rate is below acquisition cost.

A price over-ride SAR may be granted if:

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

To issue a price override (aka brand name over-ride) SAR:

1. Enter the required information on the "Enter SAR" screen.
2. Select "Add Services."
3. Enter the NDC code under the "Drugs Requiring Specific Authorization" section on the "Search – Service Code" screen and select "Search"
4. If the NDC is not found in CMSNET, a message "No Matching Records Found" will be displayed on the "Search – Select Services" screen with a section to add the manual NDC code. Enter the 11-digit code in the section labeled "Type" and click on "Continue".
5. If the price override is for a CCS/GHPP restricted drug, the NDC will be found. However, do not check the box for the NDC. Instead, manually enter the 11digit NDC at the bottom to add the NDC and click on "Continue".
6. A pop-up message will appear with instructions to check "Yes" or "No".
7. For a brand name override or price override, check Yes.

The procedure for issuing a SAR for a brand name drug or price override SAR requires the user to have SAR override authority and price override code must be manually entered, even if the NDC is found in CMSNET. Manually entered NDCs do not display a service code description in CMSNET.

A brand name or price override SAR will end with a SAR # ending in "1". If it does not, then the SAR will not allow a price override. Only the NDC(s) for brand/price override

should be listed in an override SAR. All other codes not intended to have a brand/price override must be authorized separately to another SAR.

Note: Brand-Name/price over-ride SARs should not be granted for hemophilia factor products.

If you have any questions, please contact Edan Lum, Pharm D., Pharmaceutical Consultant at (916) 322-1543 or (415) 557-1058, or via e-mail edan.lum@dhcs.ca.gov

Sincerely,

ORIGINAL SIGNED BY PATRICIA MCCLELLAND

Patricia McClelland, Chief
Systems of Care Division