



**Tribal and Designee Medi-Cal Advisory Process  
Webinar on Proposed Changes to the  
Medi-Cal Program  
May 31, 2017**



# Purpose

- ❑ The Department of Health Care Services (DHCS) is hosting this webinar regarding proposed changes to the Medi-Cal Program. This webinar will provide information and allow for feedback on State Plan Amendments (SPA) and Waiver Renewals/Amendments proposed for submission to Centers for Medicare and Medicaid Services (CMS).
- ❑ Background: Executive Orders recognize the unique relationship of Tribes with the federal government and emphasize the importance of States to work with Tribes on matters that may impact Indian health.
- ❑ This webinar is one way for DHCS to provide information about the Medi-Cal program and get feedback verbally and writing.

# Agenda



Topic	Presenter
Welcome/Overview	Andrea Zubiato, DHCS, Indian Health Program (IHP) Coordinator
<b>SPAs Scheduled for Submission by June 30, 2017</b>	
Medi-Cal Fee-For-Service (FFS) Pharmacy Reimbursement Methodology SPA17-002	Trudi Balestreri, Project Manager DHCS Pharmacy Benefits Division
Feedback/Closing	All



# State Plan Amendment (SPA) Overview



# Medicaid State Plan Overview

State Plan: The official contract between the state and federal government by which a state ensure compliance with federal Medicaid requirements to be eligible for federal funding.

The State Plan describes the nature and scope of Medicaid program and gives assurance that it will be administered in accordance with the specific requirements of Title XIX of the Federal Social Security Act, Code of Federal Regulations, Chapter IV, and State law/regulations.

California's State Plan is over 1400 pages and can be accessed online at:

<http://www.dhcs.ca.gov/formsandpubs/laws/Pages/CaliforniStatePlan.aspx>



# State Plan Amendment (SPA) Overview

SPA: Any formal change to the State Plan.

Approved State Plans and SPAs ensure the availability of federal funding for the state's program (Medi-Cal).

The CMS reviews all State Plans and SPAs for compliance with:

- Federal Medicaid statutes and regulations
- State Medicaid manual
- Most current State Medicaid Directors' Letters, which serve as policy guidance.



# Medi-Cal FFS Pharmacy Reimbursement Methodology: Proposed Changes

Trudi Balestreri, Project Manager  
DHCS Pharmacy Benefits Division  
May 31, 2017



# Background

- CMS released Covered Outpatient Drug (COD) Final Rule in February, 2016
- State Medicaid agencies must submit a State Plan Amendment to implement new reimbursement methodology consistent with final rule.
  - Must be effective no later than April 1, 2017
  - Must be submitted to CMS no later than June 30, 2017





# Pharmacy Reimbursement Provisions

## Actual Acquisition Cost (AAC)

- Requires that states now base their reimbursement for drug ingredient costs on actual acquisition cost (AAC).
  - Previously, most states used average wholesale price (AWP) as the basis for reimbursement
    - (CA = AWP-17%).
- States may use the results of national or state surveys as their basis for AAC or another benchmark if state can demonstrate relationship to actual acquisition cost.



# Surveys

- DHCS contracted with Mercer to conduct 2 surveys to inform the development of California's reimbursement methodology
  - Actual Acquisition Cost (AAC) survey
  - Professional Dispensing Fee (PDF) survey



# Proposed Reimbursement Changes

Reimbursement will still be based on the “lowest of”

- The drug ingredient cost, plus a professional dispensing fee, or
- Usual and customary



# Drug Ingredient Cost

## Current

Lowest of AWP-17%, Federal Upper Limit (FUL), Maximum Allowable Ingredient Cost (MAIC)

## Proposed

CMS's National Average Drug Acquisition Cost (NADAC) will replace AWP-17% in the “lowest of” formula (e.g. NADAC, FUL, MAIC)

- When NADAC is not available, Wholesaler Acquisition Cost (WAC) + 0%



# Professional Dispensing Fee

## Current

\$7.25 retail community pharmacy;

\$8.00 long term care

## Proposed

2 tiered, based on total annual (Medicaid and non-Medicaid) claim volume, requires annual provider self-attestation

- Less than 90,000 claims = \$13.20
- 90,000 or more claims = \$10.05



# Proposed State Plan Amendment (SPA)17-002

- Effective date of April 1, 2017
- Public notice posted March 30, 2017
- Draft language was posted April 14, 2017
  - [http://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pro\\_SPA.aspx](http://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pro_SPA.aspx)

Includes instructions for public comment



# Impact to Tribal Health Programs and FQHCs

- All pharmacies will get an increase in professional dispensing fee (how much depends on volume)
- New drug ingredient reimbursement applies unless:
  - Pharmacy is a 340B covered entity
  - Pharmacy gets drugs using Federal Supply Schedule or at Nominal Price



# Impact to Indian Medi-Cal Beneficiaries

- DHCS does not anticipate any impact to Indian Medi-Cal Beneficiaries, expecting they will still have access to covered Medi-Cal drugs





# Questions?

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# Feedback



# Thank You!