



NOTICE OF GENERAL PUBLIC INTEREST

RELEASE DATE: OCTOBER 27, 2023

PROPOSED STATE PLAN AMENDMENT TO INCLUDE INVOICE PRICE AS A PHARMACY BENEFIT PAYMENT TYPE

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). Proposed SPA #23-0043 would allow the Department to reimburse providers their Actual Acquisition Cost (AAC), based on the invoice price based by the Medi-Cal provider, for a covered outpatient drug's ingredient cost when its National Average Drug Acquisition Cost (NADAC), Wholesale Acquisition Cost (WAC), Federal Upper Limit (FUL), and Maximum Allowable Ingredient Cost (MAIC) are not posted.

Medi-Cal's payment methodology for covered outpatient drugs complies with the Centers for Medicare and Medicaid (CMS) Covered Outpatient Drug Final Rule in accordance with 42 C.F.R. Part 447. Supplement 2 to Attachment 4.19-B of the State Plan states that payment for covered outpatient drugs is reimbursed at the lower of the drug's ingredient cost plus a professional dispensing fee or the pharmacy's usual and customary charge to the public. The drug's ingredient cost is the lowest of the NADAC, or WAC + 0% if NADAC is unavailable; FUL; or MAIC. The State Plan currently does not provide a payment methodology to calculate the drug's ingredient cost when none of the pricing benchmarks are available. This proposed SPA would allow the Department to reimburse providers the AAC in these rare circumstances.

DHCS estimates that the annual aggregate Medi-Cal expenditures for including invoice pricing will be budget neutral. The covered outpatient drugs are existing benefits; this expansion to invoice pricing merely offers a method to pay providers for their services when the usual pricing data are unavailable.

The effective date of the proposed SPA is January 1, 2024. All proposed SPAs are subject to approval by the Centers for Medicare and Medicaid Services (CMS).



Public Review and Comments

Upon submission to CMS, a copy of the proposed SPA #23-0043 will be published on:
<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2023.aspx>.

If you would like to view the SPA in person once it becomes available, please visit your local county welfare department. You may also request a copy of proposed SPA #23-0043 using the mailing or email address listed below.

Written comments may be sent to the following address:

Department of Health Care Services
Pharmacy Benefits Division
Attn: Lisa Ghotbi, Chief
P.O. Box 997413, MS 4604
Sacramento, California 95899-7417

Comments may also be emailed to PublicInput@dhcs.ca.gov. Please indicate SPA #23-0043 in the subject line or message.

A copy of submitted public comments to SPA #23-0043 may be requested in writing to the mailing or email address identified above.