

## **Table of Contents**

**State/Territory Name: California**

**State Plan Amendment (SPA) #: CA-22-0065**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850



**Center for Medicaid and CHIP Services**  
**Disabled and Elderly Health Programs Group**

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01/03/2023

Jacey Cooper, Director  
Department of Health Care Services  
Attn: Director's Office  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

Dear Jacey Cooper:

The CMS Division of Pharmacy team has reviewed California's State Plan Amendment (SPA) 22-0065 received in the CMS Division of Program Operations on October 24, 2022. This SPA proposes to revise the Medi-Cal reimbursement rate for physician administered drugs such that it will continually align with the Medicare Part B Fee schedule reimbursement rate.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that CA-22-0065 is approved with an effective date of October 1, 2022. We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into California's state plan.

If you have any questions regarding this request, please contact Whitney Swears at 410-786-6543 or [Whitney.Swears@cms.hhs.gov](mailto:Whitney.Swears@cms.hhs.gov).

Sincerely,

Cynthia R.  
Denemark -S

Digitally signed by  
Cynthia R. Denemark -S  
Date: 2023.01.04  
14:07:23 -05'00'

Cynthia R. Denemark, R.Ph.  
Acting Director  
Division of Pharmacy  
DEHPG/CMCS/CMS

Cc: Angeli Lee, California Department of Health Care Services  
Erika Sky, California Department of Health Care Services  
Cheryl Young, CMS, Medicaid and CHIP Operations Group

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER  
2 2 — 0 0 6 5

2. STATE  
CA

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT  
 XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**October 1, 2022**

5. FEDERAL STATUTE/REGULATION CITATION  
Section 1847A(b)(8) of the Social Security Act (42 U.S.C. 1395w-3a(b)(8))

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2022-23 \$ 497,255  
b. FFY 2023-24 \$ 639,475

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Supplement 2 to Attachment 4.19-B, page 10

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Supplement 2 to Attachment 4.19-B, page 10

9. SUBJECT OF AMENDMENT

Amends the Medi-Cal reimbursement rate for physician-administered drugs (PAD) to refer to the Medicare Part B rate without the specific definition of Average Sales Price (ASP) plus 6 percent. PAD reimbursement will be equal to the Medicare Part B rate for the particular product as published in the Medicare Physician Fee Schedule (MPFS) at the time the service is rendered.

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
Please note: The Governor's Office does not wish to review the State Plan Amendment.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME  
Jacey Cooper

13. TITLE  
State Medicaid Director

14. DATE SUBMITTED  
October 24, 2022

15. RETURN TO  
Department of Health Care Services  
Attn: Director's Office  
P.O. Box 997413, MS 0000  
Sacramento, CA 95899-7413

**FOR CMS USE ONLY**

16. DATE RECEIVED  
October 24, 2022

17. DATE APPROVED  
January 3, 2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
October 1, 2022

19. SIGNATURE OF APPROVING OFFICIAL  
Denemark -S  
Digitally signed by Cynthia R. Denemark  
Date: 2023.01.04 14:07:53 -05'00'

20. TYPED NAME OF APPROVING OFFICIAL  
Cynthia R. Denemark, R.Ph.

21. TITLE OF APPROVING OFFICIAL  
Acting Director, Division of Pharmacy

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
STATE: CALIFORNIA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –  
PRESCRIBED DRUGS

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PAYMENT METHODOLOGY FOR PHYSICIAN ADMINISTERED DRUGS

The reimbursement rate for physician administered drugs shall be equal to the Medicare Part B reimbursement rate for drugs and biologicals, when available for a particular product and published by CMS in the Medicare Fee Schedule (MFS), as described in Section 1847A of the Social Security Act.

When a Medicare Part B reimbursement rate is not available or published by CMS for a physician administered drug, the reimbursement rate will be determined as follows:

- If based on a National Drug Code (NDC), the NDC rate of reimbursement shall be equal to the drug's ingredient cost, as described in Paragraph 4 of this supplement, or
- If based on a Healthcare Common Procedure Coding system (HCPCS) code, the HCPCS code rate of reimbursement shall be equal to the volume-weighted average of the drug's ingredient cost for generically equivalent drugs as described in Paragraph 4 of this supplement.

For physician administered drugs purchased pursuant to the 340B program, a covered entity is required to bill and will be reimbursed an amount not to exceed the entity's actual acquisition cost for the drug, as charged by the manufacturer at a price consistent with Section 256b of Title 42 of the United States Code.