

## DEPARTMENT OF HEALTH SERVICES

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(916) 657-2941

January 6, 1995

TO: All County Welfare Directors  
All County Administrative Officers  
All County Medical Program Specialist/Liaisons

Letter No.: 95-03

## MEDICAL PRESCRIPTION DRUG BENEFIT

The purpose of this letter is to notify the counties of an upcoming change in utilization controls for the Medical Prescription Drug Benefit.

A new law, Welfare and Institutions Code Section 14105.335, requires drug companies to pay a ten percent supplemental rebate for each prescription drug reimbursed through the Medi-Cal program. The drug products of any manufacturer that fails to execute a contract or contract amendment for the rebates will be available to Medi-Cal beneficiaries only through prior authorization. This change is effective January 1, 1995.

Enclosed is a copy of the beneficiary notice explaining this new law. Please refer to the notice for an explanation of exceptions to the law. If you have any questions, please contact Carol Gallegos of the Medi-Cal Contracting Unit at (916) 653-9361.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Enclosure