



Medi-Cal Rx

Transitioning Medi-Cal Pharmacy Services from Managed Care to Fee-For-Service

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Executive Order (EO) N-01-19 Overview

- The Governor issued EO N-01-19, which, in part, requires that all Medi-Cal pharmacy services be transitioned from MC to FFS by January 1, 2021 (collectively referred to as “Medi-Cal Rx”).
- Medi-Cal Rx will, among other things:
 - Standardize the Medi-Cal pharmacy benefit statewide, under one delivery system.
 - Improve access to pharmacy services with a pharmacy network that includes an overwhelming majority of the state’s pharmacies.
 - Apply statewide UM protocols to all outpatient drugs.
 - Strengthen California’s ability to negotiate state supplemental drug rebates with drug manufacturers.



Medi-Cal Rx: What managed care entities does it impact?

- Medi-Cal Rx will impact all Medi-Cal Managed Care Plans (MCPs), including SCAN and AIDS Healthcare Foundation
- Medi-Cal Rx will not apply to PACE plans



Medi-Cal Rx: What Medi-Cal Pharmacy Services Does it Apply to?

- Medi-Cal Rx applies to all pharmacy services billed on pharmacy claims, including not limited to:
 - Outpatient drugs (prescription and over-the-counter), including Physician Administered Drugs
 - Enteral Nutrition Products
 - Medical Supplies

- Medi-Cal Rx does not apply to pharmacy services billed on medical/institutional claims.



Medi-Cal Rx: Pre- and Post-Transition Pharmacy Claims Processing

Delivery System	Claim Type Billed On	Adjudication Responsibility	
		Pre-Transition	Post-Transition
MCP Delivery System	Pharmacy services billed on a medical/institutional claim	MCPs	MCPs
	Pharmacy services billed on a pharmacy claim	MCPs	Medi-Cal Rx
FFS Delivery System	Pharmacy services billed on a medical/institutional claim	FFS Fiscal Intermediary (FI)	FFS FI
	Pharmacy services billed on a pharmacy claim	FFS FI	Medi-Cal Rx

Please Note: This transition applies to all drugs currently “carved-out” of managed care delivery system (i.e., HIV/AIDS, Blood Factors, Anti-Psychotics, drugs used to treat substance use disorders). As of January 1, 2021, no MCPs will be responsible for covering these drugs, and will be available only through the FFS delivery system.



Medi-Cal Rx: What is not changing?

- Medi-Cal Rx will not change:
 - The scope of the existing Medi-Cal pharmacy benefit
 - Provision of pharmacy services in an inpatient or long-term care setting, regardless of delivery system
 - Existing Medi-Cal managed care pharmacy carve-outs (e.g., blood factor, HIV/AIDS drugs, antipsychotics, or drugs used to treat substance use disorder)
 - The State Fair Hearing process



Request For Proposal (RFP) #19-96125

- To effectuate EO N-01-19, on August 22, 2019, DHCS released RFP #19-96125, for the takeover, operation, and eventual turnover of administration of Medi-Cal Rx.
- Final RFP Proposals were due on October 1, 2019, and DHCS expects to award the contract in November 2019. For more information, please visit one the [FI\\$Cal/Cal eProcure website](#)
- Questions regarding this RFP should be submitted via email to: CSBRFP1@dhcs.ca.gov



Post-Transition Responsibilities: DHCS

- Maintain Medi-Cal pharmacy policy, including but not limited to drug coverage, rebate, and utilization management
- Make final determination of prior authorization (PA) denials and retain state fair hearings
- Negotiation of, and policy related to, contracting of state supplemental drug rebates
- Establishing pharmacy reimbursement methodologies
- Establishing and maintaining the Medi-Cal pharmacy provider network



Post-Transition Responsibilities: Medi-Cal Plan Partners

- Maintain beneficiary care coordination
- Oversee clinical aspects of pharmacy adherence
- Provide disease and medication management
- Processing and payment of all pharmacy services billed on medical and institutional claims
- Participation on the Medi-Cal Global Drug Utilization Review (DUR) Board and other DHCS pharmacy committees



Post-Transition Responsibilities: Medi-Cal Rx Contractor

- Claims administration, processing, and payment
- Coordination of benefits with other health coverage, including Medicare
- Utilization Management (UM), including ensuring all prior authorization (PA) adjudication within 24 hours (note: all PA denials will require DHCS review prior to final determination)
- Prospective and Retrospective Drug Utilization Review (DUR) services
- Drug rebate administration services, which are compliant with federal and state laws, and adhere to DHCS policies and direction



Post-Transition Responsibilities: Medi-Cal Rx Contractor (Cont.)

- Provide beneficiary and provider supports, including 24/7/365 Customer Service Center to support all provider and beneficiary calls, as well as outreach, training, and informing materials
- Provide to Medi-Cal providers and plan partners real-time data access (through electronic database/portal), and daily data feeds for the purposes of coordinating care
- Provide direct plan partner liaisons to assist with care coordination and clinical issues



Medi-Cal Pharmacy Transitional Period

- To assist Medi-Cal beneficiaries, pharmacies, and providers in the transition to Medi-Cal Rx on January 1, 2021, DHCS will provide for a minimum 90-day pharmacy transitional period to include the following:
 - No prior authorization (PA) for prescriptions to help ensure Medi-Cal beneficiaries do not experience disruption in their care and/or access to medically necessary prescriptions.
 - Prospective Drug Utilization Review (DUR) requirements for drug safety.
 - Pharmacy, provider, and beneficiary assistance.
- DHCS will ensure that pharmacies, providers, and beneficiaries receive appropriate notification of, and additional information related to, the Medi-Cal Rx pharmacy transitional period and related processes.



Medi-Cal Rx Policy Considerations

- DHCS is currently exploring options for potential statutory and/or policy changes in the following areas:
 - Removal of the existing Medi-Cal FFS drug prescription co-pay (\$1 dollar) in state law.
 - Removal of the existing monthly six prescription limit in state law.
 - Creating policy to allow multi-year prior authorizations (PA) for certain disease conditions/classes of drugs based upon established and documented clinical criteria.
 - Implementing enhanced and/or expanded auto-adjudication functionalities related to PA.
 - Implementing enhancing existing opioid management tools, depending on the Proposals received as part of the procurement process.
 - Implementing pharmacy lock-in programs, depending on the Proposals received as part of the procurement process.



DHCS' Ongoing Commitment to Stakeholder Engagement

- DHCS is committed to working with its external partners (including but not limited to, MCPs, counties, providers, Tribal Health programs, consumer advocates and beneficiaries) to ensure a smooth and successful transition and implementation of Medi-Cal Rx through the following:
 - Publicly releasing for comment various Medi-Cal Rx draft informing materials (e.g., provider and beneficiary notices, All Plan Letters, etc.).
 - Ensuring MCPs, counties, providers, consumer advocates and beneficiaries receive timely and accurate information relating to the transition and associated implementation activities.
 - Providing status updates and gathering stakeholder feedback through various DHCS sponsored public meetings



Medi-Cal Rx & Tribal Health Programs

- DHCS is still evaluating the potential impacts that Medi-Cal Rx may have on Tribal Health programs.
- As more information becomes available and policy approaches are further refined this space, DHCS will reach out through various avenues – including through the Medi-Cal Tribal and Indian Health Program Designee meeting – to engage Tribal Health programs for feedback and input to help inform Medi-Cal Rx implementation efforts.



Additional Information

- For more information about Medi-Cal Rx, please visit DHCS' dedicated Medi-Cal Rx website: [Medi-Cal Rx: Transition](#)
- For questions and/or comments regarding Medi-Cal Rx, DHCS invites CCS Stakeholder Advisory Committee participants to submit those via email to RxCarveOut@dhcs.ca.gov