

**Department of Health Care Services
Proposed Trailer Bill Legislation**

Continuous Glucose Monitoring Reimbursement Methodology

FACT SHEET

Issue Title: Continuous Glucose Monitoring Reimbursement Methodology. The Department of Health Care Services (DHCS) proposes to amend the definition of medical supplies under the pharmacy benefit to be inclusive of diabetic products, effective July 1, 2022. The change would allow DHCS to implement a revised reimbursement methodology for continuous glucose monitoring (CGMs) from the current estimated acquisition cost, plus the pharmacy professional dispensing fee, to a Maximum Acquisition Cost plus 23 percent.

Background: CGMs are typically worn by a patient with diabetes directly on their skin and are used to monitor glucose levels. They can be used retrospectively (a patient wears the CGM for 72 hours and the data is used by a provider to inform a patient's treatment plan) or for real-time use (patients wear CGMs over long periods of time and are able to see the glucose levels). Typically, CGM components include a sensor, transmitter, and the receiver/display.

Medicare covers CGMs under the durable medical equipment benefit. Currently 34 State Medicaid programs have some form of coverage for CGM and commercial health plans cover CGMs. However, over the years, the benefit structure for CGM has evolved. Many Medicaid programs initially provided CGMs as a medical benefit, but with the advancement of technology, and more acceptance and use of the devices among providers and beneficiaries, commercial health plans and Medicaid programs have transitioned CGM to a pharmacy benefit. Allowing CGM to be covered under the pharmacy benefit provides streamlined delivery of the device to the beneficiary and improved access.

Under the Medi-Cal program, existing law defines diabetic medical supplies as "diabetic testing supplies." Historically, this has been limited to blood and urine glucose and ketone test strips, lancets for use with blood testing with diabetic test strips, and insulin syringes. On January 1, 2022, DHCS began reimbursing for CGMs as a "diabetic testing supply" pharmacy benefit based on the estimated acquisition cost plus the applicable pharmacy dispensing fee, either \$10.05 or \$13.20, per claim, which has resulted in reimbursements below cost to pharmacies.

Justification for the Change: Pharmacies declining to provide this benefit based on the current reimbursement methodology results in reduced access to beneficiaries. Adjusting the reimbursement methodology would mitigate below cost reimbursement to the pharmacy and would help improve access.

Estimate Issue PC 46: Continuous Glucose Monitoring Systems Benefit