

**DEPARTMENT OF HEALTH CARE SERVICES  
NOTICE OF GENERAL PUBLIC INTEREST  
RELEASE DATE: SEPTEMBER 28, 2022**

**PROPOSED STATE PLAN AMENDMENT TO ALIGN THE MEDI-CAL REIMBURSEMENT RATE FOR ALL PHYSICIAN ADMINISTERED DRUGS TO THE MEDICARE PHYSICIAN FEE SCHEDULE**

This notice is to provide information of public interest about a proposed State Plan Amendment (SPA) by the Department of Health Care Services (DHCS). The proposed SPA would broadly define the reimbursement methodology for physician administered drugs as equal to the Medicare Part B reimbursement rate for drugs and biologicals as published by the Centers for Medicare and Medicaid Services (CMS) in the Medicare Physician Fee Schedule (MPFS) when available.

Pursuant to SPA 11-018<sup>1</sup>, Medi-Cal already reimburses physician administered drugs and biologicals at the Medicare Part B rate of reimbursement as described in Section 1847A of the Social Security Act. This is currently defined in the State Plan as the average sales price (ASP) plus 6 percent. However, as the Medicare rate is subject to change, the Medi-Cal reimbursement rate as outlined in the State Plan would be rendered inaccurate or obsolete.

Section 11403 of the Inflation Reduction Act of 2022 (H.R. 5376)<sup>2</sup> increased the Medicare Part B reimbursement rate for certain biosimilar biological products from ASP plus 6 percent to ASP plus 8 percent during a 5-year period from October 1, 2022, to December 31, 2027. As a result of this change in the federal reimbursement rate, DHCS is seeking to refer all reimbursement rates for physician administered drugs to the MPFS in effect at the time the service is rendered pursuant to Social Security Act, Section 1848 (42 U.S.C. § 1395w-4).

When the Medicare rate is unavailable, pursuant to SPA 11-018, reimbursement will remain at the pharmacy rate, defined as the lower of (1) the National Average Drug Acquisition Cost (NADAC) or, if the NADAC is unavailable, the wholesaler acquisition cost (WAC) plus 0 percent; (2) the federal upper limit (FUL); or (3) the maximum allowable ingredient cost (MAIC).

DHCS requests input from beneficiaries, providers, and other interested stakeholders concerning the proposed SPA 22-0065, which is attached.

DHCS estimates that the annual aggregate Medi-Cal expenditures for physician administered drugs will increase by \$497,254.98 in total funds.

All proposed SPAs are subject to approval by CMS.

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<sup>1</sup> [California State Plan Amendment 11-018](#)

<sup>2</sup> [H.R.5376 - 117th Congress \(2021-2022\): Inflation Reduction Act of 2022. H.R. 5376, 117th Cong. \(2022\).](#)

## **PUBLIC REVIEW AND COMMENTS**

Upon submission to CMS, a copy of the proposed SPA 22-0065 will be published at the following internet address:

<https://www.dhcs.ca.gov/formsandpubs/laws/Pages/Pending-2022.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 22-0065 using the mailing or email addresses listed below.

Written comments may be sent to the following address:

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

Comments may also be emailed to [PublicInput@dhcs.ca.gov](mailto:PublicInput@dhcs.ca.gov). Please indicate SPA 22-0065 in the subject line or message.

A copy of submitted public comments to SPA 22-0065 may be requested in writing to the mailing or email addresses identified above.