



Department of Health Care Services
Pharmacy Benefits Division
MEMORANDUM

DATE: January 20, 2017

FROM: Harry Hendrix, Jr., Chief
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SUBJECT: Annual Report Required by Welfare and Institutions Code Section 14105.34

This memorandum serves as the annual report from the Department of Health Care Services (DHCS) for specified Medi-Cal pharmacy costs or Medi-Cal drug costs for state fiscal year 2015-16. This annual report is mandated by Welfare & Institutions Code Section 14105.34, which states:

- (a) The department shall provide for an annual written report of Medi-Cal pharmacy costs or Medi-Cal drug costs, as defined in subdivision (e) of Section 14105.31.
- (b) The annual report shall be consistent with the relevant sections of the Quarterly Report of Expenditures for the Medi-Cal Assistance Program, known as the CMS-64 Report, provided to the federal Centers for Medicare and Medicaid Services. The report shall include the following expenditure and receipt information:
 - (1) The total annual rebate amounts received by the department pursuant to agreements with the federal Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services.
 - (2) The total annual rebate amounts received pursuant to state contracts with drug manufacturers.
 - (3) Total drug cost amounts upon which rebate payments were made.

The annual report for this and ongoing years will be posted on the DHCS [Pharmacy Benefits webpage](#) in January of the following year.

Attachment

California Department of Health Care Services

Annual Medi-Cal Drug Cost and Rebate Report

Required by Welfare & Institutions Code Section 14105.34

State Fiscal Years (SFY) 2015-2016

<i>Fiscal Year</i>	Prescribed Drugs*			Rebates**		
	Title XIX	Title XXI	Total	Federal	State	Total
SFY 2015-16	\$3,581,736,483	\$131,800,147	\$3,713,536,630	\$(3,874,907,444)	\$(206,111,778)	\$(4,081,019,222)

Source: Data as of July 7, 2016; reported quarterly to the federal Centers for Medicare and Medicaid Services on Line 7 of the CMS-64 Quarterly Expense Report

*Amounts shown under “Prescribed Drugs” represent only Fee-For-Service (FFS) spending prior to rebates and does not include any drug costs for managed care besides what is carved out of the managed care capitation rate.

**The federal rebate amounts shown reflect rebates collected for FFS, County Organized Health System (COHS) plan, and Managed Care Organization (MCO) plan utilization. State rebate amounts shown reflect rebates collected for both FFS and COHS plan utilization. State rebates are not collected on MCO plan drug utilization.