

Pharmacy Carve-Out: The following charts provide additional context and information related to the Department's implementation of the Medi-Cal managed care to fee-for-service (FFS) pharmacy carve out (collectively called "Medi-Cal Rx"), effective at Medi-Cal Rx full assumption of operations. **Please note that substantively new or clarified text from the last version of this document (version as of 11/22/2021) are denoted in bold/underlined text.**

CHART #1

This chart provides a snapshot of what is changing and what is not in relation to pharmacy services in Medi-Cal's two delivery systems, managed care and FFS, in the current state (pre-transition) and future state (post-transition).

	Current State (Pre-Transition)	Future State (Post-Transition)
Managed Care Delivery System		
<ul style="list-style-type: none"> Pharmacy benefits that are billed on medical and institutional claims. 	<ul style="list-style-type: none"> Managed Care Plans (MCPs) are responsible for providing these benefits, and this is built into the capitated payment. 	<ul style="list-style-type: none"> No change.
<ul style="list-style-type: none"> Pharmacy benefits that are billed on pharmacy claims. 	<ul style="list-style-type: none"> MCPs are responsible for providing these benefits, and this is built into the capitated payment. 	<ul style="list-style-type: none"> MCPs will no longer be responsible for those items identified in Chart #2 as being subject to the FFS carve-out; these benefits will be removed from the capitated payment. All of these claims will process through Medi-Cal Rx, and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.
<ul style="list-style-type: none"> Drugs currently "carved-out" of managed care delivery system (i.e., HIV/AIDS, Blood Factors, Anti-Psychotics, drugs used to treat substance use disorders). 	<ul style="list-style-type: none"> Most MCPs¹ are not currently responsible for covering these drugs and these costs are not built into the capitated payment. These drugs are reimbursed via the FFS delivery system only. 	<ul style="list-style-type: none"> No MCPs will be responsible for covering these drugs and the costs will not be built into the capitated payment.² If billed on medical and institutional claims, these drugs will process and be adjudicated through Medi-Cal's FFS Fiscal Intermediary (FI). If billed on pharmacy claims, these drugs will process through Medi-Cal Rx, and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.

¹ With the exception of AHF, HPSM and Cal Optima, which currently cover HIV/AIDS drugs, as well as AHF, HPSM, and a few counties under PHP, which cover psychotherapeutic drugs.

² This will be true as of Medi-Cal Rx full assumption of operations.

Chart 1 (Continued)

	Current State (Pre-Transition)	Future State (Post-Transition)
FFS Delivery System		
<ul style="list-style-type: none"> Pharmacy benefits that are billed on medical and institutional claims. 	<ul style="list-style-type: none"> Are processed and adjudicated through Medi-Cal's FFS FI. 	<ul style="list-style-type: none"> No change.
<ul style="list-style-type: none"> Pharmacy benefits that are billed on pharmacy claims. 	<ul style="list-style-type: none"> Are processed and adjudicated through Medi-Cal's FFS FI. 	<ul style="list-style-type: none"> All of these claims will process through Medi-Cal Rx and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.
<ul style="list-style-type: none"> Drugs currently "carved-out" of managed care delivery system (i.e., HIV/AIDS, Blood Factors, Anti-Psychotics, drugs used to treat substance use disorders). 	<ul style="list-style-type: none"> Are processed and adjudicated through Medi-Cal's FFS FI. 	<ul style="list-style-type: none"> If billed on medical and institutional claims, then there will be no change. If billed on pharmacy claims, then these claims will process through Medi-Cal Rx, and be adjudicated by Medi-Cal's new pharmacy administrative services vendor.

CHART #2

This chart provides a non-exhaustive inventory of the Medi-Cal pharmacy benefit, characterized as either **not subject** to i.e., those pharmacy benefits that are billed on medical and institutional claims, versus those **subject to** the carve out from managed care to FFS, i.e., all pharmacy benefits that are billed on pharmacy claims. Medi-Cal MCPs should use this chart to better understand the overarching scope of Medi-Cal Rx.

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially ³)?	Medical Claim (Not "Carved Out")	Pharmacy Claim ("Carved Out" to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Outpatient Prescription Drugs ⁴	General	Yes		X	No
	Contraceptives	Partially	X	X	Yes
Physician Administered Drugs (PADs) - including some oral medications	General	Partially	X	X	Yes
Vaccines	General	Partially	X	X	Yes

³ Partial carve-out represents those products that can be billed by both a pharmacy claim and a medical claim, but are only carved-out when billed as a pharmacy claim.

⁴ This includes prescription drugs, biological products, insulin, etc.

CHART #2 continued

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially)?	Medical Claim (Not "Carved Out")	Pharmacy Claim ("Carved Out" to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Over the Counter (OTC), as allowed by law, and only when prescribed via a script from the physician ⁵	General	Yes		✓	No
Incontinence Supplies	General	No	X		No
Medical Supplies ^{6,7,8,9}	Sterile Syringes with Needles (non-insulin)	Partially	X	X	Yes
	Insulin Syringes	Yes		X	No
	Pen Needles	Yes		X	No
	Lancets	Yes		X	No
	Diabetic Test Strips	Yes		X	No
	Glucometers	Partially	X	X	Yes
	Control Solution	Partially	X	X	Yes
	Lancing Devices	Partially	X	X	Yes
	Disposable Insulin Delivery Devices	Partially	X	X	Yes
	Therapeutic Continuous Glucose Monitoring (CGM) Devices	Partially	X	X	Yes
	Condoms	Partially	X	X	Yes
	Heparin/Saline flush	Partially	X	X	Yes

⁵ In order to be billable to DHCS as a covered Medi-Cal benefit, all OTC drugs must have a prescription, consistent with Social Security Act Section 1927 (Title 42 United States Code Section 1396r-8.)

⁶ Medical supplies do not include benefits considered **durable** medical equipment (DME) as defined under applicable federal Medicaid statutes, regulations, and/or policies.

⁷ Except as noted on this chart as "partial" or "full" carve out DME, associated DME supplies, and disposable medical supplies will remain the responsibility of the Medi-Cal MCPs in the managed care delivery system; or, in the FFS delivery system, billed to Medi-Cal's existing FFS FI on medical or institutional claims, as they are today.

⁸ Disposable Insulin Delivery Devices or Therapeutic Continuous Glucose Monitoring (CGM) Devices are included in the 180-day transition policy. An active prior authorization or a recent (within the past 90 days) paid claim found on the beneficiary's historical file supporting continuity of care will allow a claim to pay.

⁹ For claims previously paid as a medical benefit billed on a CMS 1500 form that require Prior Authorization providers should include the active prior authorization previously submitted with the medical benefit claim and documentation of the most recently paid medical claim when they submit the pharmacy claim for the requested product to ensure coverage requirements are met.

	Inhaler assistive devices	Yes		X	No
	Peak flow Meter	Yes		X	No
	Tracheostomy	No	X		No
	Ostomy	No	X		No
	Urological	No	X		No
	Wound Care	No	X		No
	Infusion tubing	No	X		No
	Infusion Pumps	No	X		No
	Diaphragms/Cervical caps	Partially	X	X	Yes

CHART #2 continued

Pharmacy Benefit Category	Sub-Category	Subject to Carve-out (Yes, No, Partially)?	Medical Claim (Not "Carved Out")	Pharmacy Claim ("Carved Out" to FFS (Medi-Cal Rx))	Billable on Both Claim Types (Yes or No)?
Medical Supplies (cont.)	Thermometer (oral or rectal)	No	X		No
	Alcohol Prep Pads (or Alcohol Wipes)	Partially	X	X	Yes
	70% isopropyl alcohol swab sticks, and Povidone-iodine swab sticks	No	X		No
	Betadine or phisohex solution	No	X		No
	Chlorhexidine containing antiseptic	No	X		No
	Gloves (non-sterile or sterile)	No	X		No
	Sheeting, waterproof (protective underpad, reusable, bed size)	No	X		No

CHART #2 continued

Pharmacy Benefit Category	<u>Sub-Category</u>	<u>Subject to Carve-out (Yes, No, Partially)?</u>	<u>Medical Claim (Not “Carved Out”)</u>	<u>Pharmacy Claim (“Carved Out” to FFS (Medi-Cal Rx))</u>	<u>Billable on Both Claim Types (Yes or No)?</u>
Medical Supplies (cont.)	<u>COVID-19 OTC, Self-Administered, Antigen Tests</u> ¹⁰	<u>Partially</u>	<u>X</u>	<u>X</u>	<u>Yes</u>
Enteral Nutrition Products	Formula	Partially	X	X	Yes
	Pumps	No	X		No
	Tubing	No	X		No
Pharmacist Services	General	No	X		No

¹⁰ The Emergency Use Authorization of OTC FDA-authorized, self-administered COVID-19 antigen tests is only approved/permitted for a specific amount of time through the last day of the first calendar quarter that begins one year after the last day of the COVID-19 emergency period. Once that declaration is terminated or revoked, these medical supplies may no longer be a covered benefit. Notification of the benefit termination will be provided on the Medi-Cal Rx website via a Bulletin.

