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Department of Health Care Services

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Pharmacy Transition Policy
(Version 8.3, current as of 04/07/2021)

Policy Background

The Department of Health Care Services (DHCS), in partnership with Magellan Medicaid Administration, Inc. (Magellan), understands the importance of ensuring a smooth and effective transition to Medi-Cal Rx for beneficiaries. To achieve this, close and ongoing collaboration between DHCS, Magellan, and Medi-Cal Managed Care Plans (MCPs) is critical. As a result of this partnership and ongoing collaboration, DHCS has made changes to the Medi-Cal Rx Pharmacy Transition Policy, as noted in the Version number and date in the header above. To this end, any new and/or revised language from the prior version of this document are denoted through the use of **bold** and underlined text, e.g., "**Sample**".

DHCS proposes to implement a multi-faceted pharmacy transition policy to help support this transition. During this transition period, Magellan will provide system messaging, reporting and outreach to provide for a smooth transition to Medi-Cal Rx. The intent of this pharmacy transition policy is to:

- € Ensure Medi-Cal beneficiaries with existing prescriptions with or without previously approved Prior Authorizations (PAs) from their applicable Medi-Cal MCPs, for prescriptions that would require PA in Medi-Cal fee-for-service (FFS), will have continued coverage for covered Medi-Cal pharmacy benefits through "grandfathering" and "look-back" system logic, except where patient safety concerns exist, as described in detail below. Beneficiaries will have sufficient time during this one-time, transition period to work with their doctors to submit a PA future forward based upon medical necessity or, alternatively, to decide whether it is preferable to switch to another Medi-Cal covered drug with no PA requirements.
- € Allow pharmacy providers, physician prescribers, and others to become better acclimated to Medi-Cal Rx processes, including those drugs that do and do not require PA, and facilitate prescribing and treatment decisions for their Medi-Cal beneficiaries going forward.

DHCS' pharmacy transition policy will use strategies such as "grandfathering" previously approved PAs through their stated duration, not to exceed one (1) full year from the approval date of the PA, unless the drug is included in the list of exceptions allowing for extended/multi-year PAs up to five (5) years for certain drug classes/categories, as described below. The transition period also includes a 180-day period where DHCS will not require PA for existing prescriptions without previously approved PAs from their applicable Medi-Cal MCPs (or for prescriptions that have a previously approved PA that expires prior to the end of the transition period), for drugs not on the Medi-Cal Contract

Drug List (CDL), or that otherwise have PA requirements under Medi-Cal Rx. This policy does not apply to new prescriptions or drugs that do not have PA requirements under Medi-Cal Rx. Additional details are below.

Lastly, please note that in January 2020, DHCS solicited information, in a specified format/template, from the MCPs participating in our Managed Care Pharmacy Carve-Out workgroup, as well as from Pharmacy Directors, to allow for a comparative formulary analysis. Going forward, DHCS will be engaging all MCPs to receive additional information specific to their daily data/interface business requirements. Furthermore, DHCS is conducting an ongoing encounter data analysis of MCP utilization patterns to inform CDL/policy decisions on how to best align drug coverage policy **upon Medi-Cal Rx full assumption of operations.** This analysis and review plus the plan formulary analysis will help inform DHCS as to whether or not targeted adjustments are needed to the CDL prior to the transition date. In addition, for drugs not on the CDL, DHCS will be incorporating elements of claims and PA automated adjudication when possible to decrease the burden on providers and streamline access to care.

Policy & Assumptions

For purposes of the pharmacy transition policy, Magellan will load at least **15** months of encounters/paid claims and PA history received from the MCPs and existing Medi-Cal FFS Fiscal Intermediary (FI) into Magellan's claims processing system to support edits that may "grandfather" and/or "look-back" to see if a product has been previously dispensed to a Medi-Cal beneficiary whether in managed care or FFS. DHCS has identified four distinct scenarios to help illustrate how the transition policy will be operationalized commencing **upon Medi-Cal Rx full assumption of operations:**

- € **Existing prescriptions without a previously approved PA:** For all Medi-Cal, beneficiaries with an existing prescription that did not require PA **prior to implementation,** but will otherwise require PA per Medi-Cal Rx policy **upon Medi-Cal Rx full assumption of operations.** DHCS/Magellan will use encounters/paid claims data received from the MCPs and existing Medi-Cal FFS FI to "look back" and validate that a prior prescription existed for the applicable medication. Based upon this "look back", DHCS will not require any PA during the 180-day period for covered Medi-Cal pharmacy benefits billed on pharmacy claims¹²³, with the exception of off-label use pursuant to federal Medicaid

¹ For Medi-Cal drugs that are on CDL but are subject to Code 1 restrictions, if there is no PA record but the drug is present in the encounter/claims history, Medi-Cal Rx will look for the date prescription was written and create a PA-like override valid for one (1) year from the written date. Code 1 restrictions would be overridden except for the Code 1 labeler edit.

² NDCs from drug manufacturers that do not participate in the Medicaid program are excluded from payment and will be denied.

³ Coverage of Enteral nutrition products require prior authorization and are subject to those on Medi-Cal List of Covered Enteral Nutrition Products (List). Covered diabetic test strips, lancets and pen needles are subject to items on the List of Contracted Diabetic Supplies.

requirements⁴. DHCS/Magellan will also use the “look back” functionality pertaining to encounter/claims history and medical profile for purposes of facilitating systems edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.

- Under this scenario, upon submission of a claim during the 180-day period or anytime thereafter that would otherwise require PA, Magellan will ensure that submitting providers (i.e. pharmacies, prescribing providers, etc.) receive messages reminding them that an approved PA will need to be in place pursuant to Medi-Cal Rx policy for claims submitted **upon Medi-Cal Rx full assumption of operations.** Regardless of prior, encounter/paid claim history. The message will also advise them to check the Medi-Cal Rx CDL for an available drug alternative that does not require PA.
 - *Sample Message:* “As of [Insert Date], the medication submitted on this claim will require an approved prior authorization (PA) from Medi-Cal Rx for payment. Please ensure you have submitted a PA before that date. Alternatively, there may be clinically appropriate drug alternatives that do not require PA. Please review the Medi-Cal CDL for these options.”
- € Existing prescriptions with previously approved PA: For existing prescriptions for covered Medi-Cal pharmacy benefits with a previously approved PA **prior to implementation** DHCS/Magellan will use PA and encounter/claims history data to “grandfather” those prescriptions to allow continuation of the PA through its stated duration, (i.e. three months, six months, etc.), but not to exceed one (1) full year from the approval date of the PA. Please note that certain drug classes/categories, such as maintenance medications used to treat chronic conditions⁵, may be “grandfathered” pursuant to DHCS’ extended/multi-year PA policy, which allows for continuation of the PA through its stated duration, but not to exceed five (5) years from the approval date of the PA. DHCS/Magellan will

⁴ NOTE: DHCS’ policy is that all off-label use of an FDA-approved drug requires an approved PA. Please note that DHCS may be able to detect off-label dispensing of an FDA-approved medication based upon stated FDA indications and Medi-Cal beneficiary-specific information, including but not limited to age and required diagnosis.

⁵ Drug classes/classifications include: Diabetes (insulin and anti-diabetic drugs), Asthma/COPD (long and short acting bronchodilators, inhaled corticosteroids and combination products, antihistamines, epinephrine), Antidepressants, Anticonvulsants, Anti-Parkinson’s, Immunosuppressants (for prevention of transplant rejection and treatment of autoimmune disorders), Cardiovascular drugs (including antihypertensives, antiarrhythmics, alpha and beta blockers, inotropics, diuretics), Agents for chronic treatment of Rheumatoid Arthritis, Pulmonary Hypertension, Multiple Sclerosis, Attention Deficit Hyperactivity Disorder (ADHD), Alzheimer’s Disease, Gout, Antihyperlipidemics, Contraceptives, Glaucoma Agents, Hormone replacement, Thyroid disorders, drugs for overactive bladder, nasal steroids, treatment for allergies and cough.

also use encounters/paid claims and PA data to “look back” for purposes of facilitating edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.

- Under this scenario, upon submission of a claim requiring PA under Medi-Cal Rx policy following expiration of the grandfathered PA or one (1) full year (or if included in one of the drug classes/categories eligible for extended duration/multi-year PAs, then five (5) years) from the approval date of the PA, whichever is sooner, Magellan will ensure that submitting providers (i.e., pharmacies, prescribing physicians, etc.) receive messages reminding them that an approved PA will need to be in place for claims submitted after the stated date. The message will also advise them if an available drug alternative that does not require PA exists (i.e., on the Medi-Cal CDL) in a manner similar to the sample message below.
 - *Sample Message:* “As of [Insert Date], the medication submitted on this claim will require an approved prior authorization (PA) from Medi-Cal Rx for payment. Please ensure you have submitted a PA before that date. Alternatively, there may be clinically appropriate drug alternatives that do not require PA. Please review the Medi-Cal CDL for these options.”
- € New prescriptions requiring PA: For new prescriptions (i.e., drugs/therapies not previously prescribed to the Medi-Cal beneficiary in either Medi-Cal managed care or FFS) requiring PA under Medi-Cal Rx, the “grandfather” component would not apply, and the submitting provider would need to submit a PA for review/approval consistent with Medi-Cal Rx policy and based upon medical necessity for each individual patient. DHCS/Magellan would still use the “look back” information for purposes of facilitating systems edits and audits designed to alert providers to potential safety considerations such as contraindications, duplication, or overuse of the medication.
- Under this scenario, upon submission of a claim that requires PA under Medi-Cal Rx policy, the submitting providers (i.e., pharmacies, prescribing physicians, etc.) would receive a message indicating that an approved PA is required for coverage in a manner similar to the sample message below. It would also advise them to contact the submitting provider to determine if an available drug alternative that does not require PA exists (e.g., on the Medi-Cal CDL), and is clinically appropriate for the patient. The submitting provider (i.e., pharmacy, prescribing provider, etc.) could then make the decision to switch to an available drug alternative (e.g., on the Medi-Cal CDL) that does not have a PA requirement under Medi-Cal Rx, if clinically appropriate for the individual Medi-Cal beneficiary.

- Once the adjudicated PA request is returned to the submitter as approved, the billing provider (pharmacy) would then be able to resubmit the claim, and it would process and pay accordingly.
 - *Sample Message:* “The medication submitted on this claim requires an approved prior authorization (PA) from Medi-Cal Rx for payment. Please submit a PA request for this medication. Alternatively, there may be clinically appropriate drug alternatives that do not require PA. Please review the Medi-Cal CDL for these options.”
- € New prescriptions not requiring PA: For new prescriptions not requiring PA under Medi-Cal Rx, these claims are not impacted by this policy, and will be processed and paid by Magellan per Medi-Cal Rx policy, **upon Medi-Cal Rx full assumption of operations.**

Strategies for Claim Editing & Messaging

Under this policy approach, DHCS’ and Magellan’s proposed strategies for claim editing and messaging include, but are not limited to:

- € For all Medi-Cal Rx claims, Magellan will ensure that appropriate safety and other edits still apply such as Drug Utilization Review (DUR), drug limitations (e.g., some programs, such as the Family Planning, Access, Care, and Treatment (FPACT) program, may restrict coverage to only certain drugs), quantity limitations, etc. Please note that grandfathered encounters/claims will not trigger drug limitation claims denials.
- € For all Medi-Cal Rx claims, billing providers (pharmacies) will continue to receive all real-time, automated claims edit and audit alerts, including notification when the drug selected will require PA after the transition period ends, and whether there may be an available alternative drug that does not require PA (i.e., on the Medi-Cal CDL) in a manner similar to the sample message below.
 - *Sample Message:* As of [Insert Date], the medication submitted on this claim will require an approved prior authorization (PA) from Medi-Cal Rx for payment. Please ensure you have submitted a PA before that date. Alternatively, there may be clinically appropriate drug alternatives that do not require PA. Please review the Medi-Cal CDL for these options.
- € For all Medi-Cal Rx claims, although some affected claims will process and pay based on transition period look-back logic or grandfathered PA authorizations, submitting providers (e.g., pharmacies, prescribing providers) are encouraged to use such notifications to proactively work (if desired and/or clinically appropriate for the individual Medi-Cal beneficiary) to either switch the medication to an appropriate alternative that does not have a PA requirement, or submit a PA

request prior to the termination of the 180-day transition period or duration of the historical PA, whichever is later.

- € DHCS, in partnership with Magellan, will provide informational messaging and/or reporting to pharmacy providers, prescribing providers, and MCPs on a daily, weekly, and/or monthly basis, depending on need.

Transition Monitoring

Under this pharmacy transition policy, Magellan, in collaboration with DHCS, will provide regular transitional monitoring supports to help ensure submitting providers (i.e. pharmacies, physician prescribers, etc.) and other interested entities (i.e. pharmacies, physician prescribers, MCPs, etc.) will have all necessary information to support efforts related to a smooth and effective transition:

- € Daily data feeds to the MCPs, inclusive of claims (paid and denied) and PAs (approved and denied), as well as access to real-time information through the portal.
- € Reports (daily, weekly, and/or monthly, as needed) to identify movement from non-benefit and non-CDL drugs will be created to monitor progress based upon claims data and Customer Service Center (CSC) activity. This will also include alerting billing providers (pharmacies) who are submitting a claim for a drug that does require PA for which there is an available drug alternative (i.e., a drug on the Medi-Cal CDL) that does not require PA, which will enable the prescriber to make clinically appropriate decisions for his/her patient.
- € DHCS will review progress with Magellan and review or adjust workflows based on the data.
- € The Magellan MCP Clinical Liaisons will share status reports showing how many of each MCP's beneficiaries will need PAs post-transition and how many of those PAs have been submitted. These status reports could include, but would not be limited to, specific metrics and benchmarks such as:
 - Percentage of conversions achieved before the end of pharmacy transition period (e.g., 95 percent of Medi-Cal beneficiaries with prescriptions requiring PA have an approved PA to continue receiving their existing non-CDL medication).
 - Therapeutic abandonment or discontinuation rates after the transition period ends.
- € For specified metrics and benchmarks identified in the status reports that DHCS is failing to meet or exceed relative to the overall pharmacy transition period (e.g., only 75 versus 95 percent of Medi-Cal beneficiaries with prescriptions requiring

PA have an approved PA to continue receiving their existing non-CDL medication), DHCS, in partnership with Magellan, will develop alternative routes/recommendations to remediate and address those instances on a go-forward basis.

DHCS/Magellan Transition and Ongoing Support Services

DHCS, in collaboration with Magellan, supports measures to ensure effective communication to providers and beneficiaries about the transition process. Below are some areas that will be discussed in detail, as DHCS and Magellan refine our processes and our methodology for all aspects of the transition including, but not limited to:

- € Magellan will document the process for PA to streamline access to Medi-Cal Rx drugs 24 hours a day, 7 days a week. Transition support will be provided by a team of Customer Service Representatives (CSRs) including Certified Pharmacy Technicians (CPhTs), Licensed Nurses, and Pharmacists.
- € A description of the Prospective DUR screening of all prescriptions to ensure the beneficiary's safety in relation to the drug(s) prescribed.
- € A description of methods and processes for communication of the pharmacy transition process to beneficiaries and authorized caregivers to ensure their questions and inquiries are promptly addressed, and that they have access to their medications.
- € A description of methods and processes for communication of the pharmacy transition process to providers to ensure their questions and inquiries are promptly addressed.
- € Magellan will partner with DHCS to work collaboratively with MCPs to ensure a seamless transition for beneficiaries including:
 - Daily data feeds to the MCPs, inclusive of claims (paid and denied) and PAs (approved and denied), as well as access to real-time information through the portal.
 - Allowing MCP-authorized staff access to claims, prior authorization and other information, as determined by DHCS, via the Magellan's Medi-Cal Rx pharmacy portal to enable them to provide effective care coordination, medication adherence, and their other responsibilities.
 - Education for the authorized MCP staff on how to access and use the Magellan systems
 - Leverage Magellan's dedicated Managed Care Liaison Unit to help MCPs resolve pharmacy-related clinical issues.

DHCS and Magellan understand that a critical success factor to maintaining seamless transition for beneficiaries is close coordination between Magellan, DHCS, stakeholders, providers, and MCPs, in addition to the participation in various stakeholder meetings and forums, so that key partners have the opportunity to identify questions and concerns related to the pharmacy benefit, decision points, and workflows.

Program Integrity

DHCS, through Magellan, will actively track and report out on claims data submitted during the pharmacy transition period to determine what Medi-Cal covered drugs submitting providers (i.e. pharmacies, physician prescribers, etc.) are requesting, and how many PA-required notices are generated. DHCS will use this information, as needed, during program integrity activities.

- € DHCS recognizes that there is some inherent risk with this 180-day pharmacy transition policy, and will be actively engaged in program integrity oversight and monitoring activities, including post-audit reviews, to ensure compliance with applicable state and federal statutes and regulations, as well as governing board requirements.
- € Benchmarks and/or metrics relative to the pharmacy transition period may be developed by DHCS, in partnership with Magellan, and will be further informed based upon input sought from interested parties, inclusive of Medi-Cal MCPs, future forward.