



Medi-Cal Rx

# Drug Price Override Billing and PA Instructions

February 4, 2022

To ensure a review for a Drug Price Override/Reimbursement Below Cost, the criteria in this alert must be met. Medi-Cal Rx reimbursement for any outpatient drug covered under Medi-Cal Rx is always the lowest rate of either of the following:

1. The drug's ingredient cost, plus a professional dispensing fee, where the drug's ingredient cost is equal to the lowest of the following:
  - a. National Average Drug Acquisition Cost (NADAC) or the Wholesale Acquisition Cost (WAC) when no NADAC is available.
  - b. Maximum Allowable Ingredient Cost (MAIC).
  - c. Federal Upper Limit (FUL).
2. The pharmacy's usual and customary charge.

- » Additional product cost due to special packaging is NOT reimbursed—for example, unit of use, modified unit dose, or unit dose.
- » Price override applies to drugs only.
- » Medical supplies and enteral nutrition shall not have price overrides applied.

## Criteria for Review

In certain instances, Medi-Cal Rx will review and may approve reimbursement below cost requests. This can only be considered if and when an approved PA for a drug price override is on file at the time the claim is processed.

Pharmacies may submit PA requests for a Drug Price Override/Reimbursement Below Cost via the Medi-Cal Rx Secured Provider Portal, NCPDP P4 transaction, fax, or mail.

- » The PA request must clearly state the request is for a "*Drug Price Override/Reimbursement Below Cost.*"
- » An invoice with acquisition costs is required.

Once an approval is obtained, the claim needs to be submitted with the PA Type Code (PATC) field (461EU) marked with the number "1." For the claim to pay at the higher reimbursement rate, the pharmacy or billing provider must submit a PATC of "1" AND have an approved Drug Price Override PA on file.

If the drug does not have an approved Drug Price Override PA and the intention is **not** to request a Drug Price Override/Reimbursement Below Cost, using PATC-1 at Point of Service (POS) will cause the claim to deny with a reject code of "75 – Prior Authorization Required" and a transaction message of "PATC=1 on claim indicates Price Override is requested." This rejection should be an indication for the pharmacy to submit a PA request for a Drug Price Override/Reimbursement Below Cost if they so choose.

**PATC-1 is only used for a price override. For all other scenarios where a PA has been approved or is grandfathered without a price override, the PATC should be left blank on the claim.**

If a claim has been received prior to PA approval for a drug price override, the pharmacy must reverse the original claim and reprocess it to get the higher reimbursement rate.

## Contact Information

Medi-Cal Rx Customer Service Center toll-free number: 1-800-977-2273, available 24 hours a day, 7 days a week, 365 days per year.