



Recommencement of Pharmacy Retroactive Claim Adjustments in August 2023

July 31, 2023; Updated August 17, 2023

Pursuant to the February 2016 Centers for Medicare & Medicaid Services (CMS) rule on covered outpatient drugs, the Department of Health Care Services (DHCS) is required to use a pricing methodology based on Actual Acquisition Cost (AAC). Adoption of this policy necessitated retroactive adjustments for impacted claims with dates of service from April 1, 2017, through February 23, 2019.

While DHCS had initiated adjustments in May 2019, this effort was paused. The purpose of this alert is to notify pharmacies of the planned resumption of retroactive adjustments at the end of August 2023, with recoupments set to begin in October 2023. As some changes have occurred since the first iteration of adjustments were processed in May 2019, an overview of the process is provided below.

Medi-Cal Rx has published an updated support document, [Pharmacy Retroactive Claim Adjustments Frequently Asked Questions \(FAQs\)](#), with additional information about the process and available resources.

Background

In February 2016, CMS published its final rule on covered outpatient drugs (CODs) requiring state Medicaid agencies to adopt a methodology based on AAC for CODs. California's State Plan Amendment 17-002 was approved by CMS and became effective April 1, 2017. The associated system changes went into effect on February 23, 2019.

CMS required retroactive adjustments for impacted claims with dates of service from the policy effective date of April 1, 2017, through the implementation date of February 23, 2019. DHCS processed the first iteration of these adjustments (claims with dates of service in April 2017) in

May 2019 and paused further adjustments. Claims with dates of service from April 2017 through February 2019 will be reprocessed with this recommencement.

Resumption of Claim Adjustment Phase

Retroactive claim adjustments are scheduled to begin at the end of August 2023. These adjustments appear on the Medi-Cal Remittance Advice Details (RAD) forms available through the [Medi-Cal Provider Portal](#).

Note: This is **not** the Medi-Cal Rx Provider Portal.

The RAD will display the detail of the claims adjusted and the total adjustment. No recoupments will occur during the claim adjustment phase. All adjustments will appear on RAD forms with **Code 0812: Covered Outpatient Drug Retroactive Payment Adjustment**.

Resumption of Recoupments Phase

The retroactive claim adjustments will be transitioned to Medi-Cal Rx and Account Receivables (AR) will be created. The first recoupment is planned for October 2023. A recoupment schedule and additional information are available in the [Pharmacy Retroactive Claim Adjustments Frequently Asked Questions \(FAQs\)](#).

Pharmacies meeting the requirements of Assembly Bill 179, Statutes of 2022, which allowed DHCS to forego the recoupment of overpayments from independent pharmacies, will be notified of their AR cancellations in early 2024.

Contact Information

Contact information is provided in the [Pharmacy Retroactive Claim Adjustments Frequently Asked Questions \(FAQs\)](#).