Medi-Cal Rx

Reminder: Medi-Cal Rx Billing Policy for Physician Administered Drugs

July 26, 2023

ARCHIVED

Background

The Department of Health Care Services (DHCS) continues to receive reports of health care providers billing physician administered drugs (PADs) as pharmacy benefits instead of medical benefits, leading to denied access to PAD therapy for Medi-Cal members. The purpose of this alert is to remind providers that PADs should be billed as medical benefits.

What Pharmacy Providers and Prescribers Need to Know

PADs are defined as drugs that are administered or dispensed by a health care professional outside of a pharmacy setting, such as in physicians' offices, clinics, or hospital outpatient facilities and are non-self-administered by a patient or caregiver. As such, PADs dispensed or administered outside of a pharmacy setting are considered a medical benefit.

Providers should be aware that PADs which were previously covered by a managed care plan's (MCP) pharmacy network provider prior to January 1, 2022, are not automatically covered by Medi-Cal Rx. It is the responsibility of providers to verify the current coverage policy and to determine the appropriate entity to which the claim must be billed.

MCPs or their contracted agents should not reassign member claims across the board, either in full or in part, to be processed through Medi-Cal Rx. Allowable exceptions to this rule are described below in the section titled *PAD Pharmacy Claim Submission*.

PADs eligible for coverage via the pharmacy benefit can be found in the Contract Drugs Lists (CDLs) and Medi-Cal Rx Pharmacy Reimbursable Physician Administered Drugs list.

PAD Medical Claim Submission

- For a fee-for-service member, health care providers should submit the medical claim to the fee-for-service fiscal intermediary.
- For managed care members, health care providers should submit the medical claim to the applicable MCPs.

PAD Pharmacy Claim Submission

PADs eligible for coverage by Medi-Cal Rx via a pharmacy claim are listed on either the CDLs or the *Medi-Cal Rx Pharmacy Reimbursable Physician Administered Drugs* list. PADs not identified on the CDLs or *Medi-Cal Rx Pharmacy Reimbursable Physician Administered Drugs* list are considered a medical benefit and should be billed as a medical claim.

An exception for pharmacy benefit approval may be considered via a prior authorization (PA) request submission. Providers must note that the first step of the PA assessment is to determine whether it is justifiable for a PAD to be billed as a pharmacy claim. Only after that is established will the PAD PA be assessed for medical necessity. If a PA for PADs is submitted to Medi-Cal Rx, the following criteria must be met:

- Providers must include rationale for why the PAD must be billed as a pharmacy claim to Medi-Cal Rx and cannot be billed as a medical claim to the medical benefit for coverage; **AND**
- Providers must include clinical rationale to determine medical necessity for PAD therapy.

If the above criteria are met and a PA is approved by Medi-Cal Rx, a pharmacy provider may order, fill, and submit the claim for a PAD and have it sent to an administering provider to administer the drug appropriately.

Certain situations that may warrant an exception, requiring a claim and PA submission for the PAD to Medi-Cal Rx, may include the following:

- The medical provider is unable to access a specific PAD, and they may obtain it from a local or mail-order pharmacy.
- The PAD will be dispensed by the pharmacy provider and be administered via home infusion.
- The manufacturer has limited the distribution of the PAD to certain specialty pharmacies and/or distributors of specialty drugs.
- The member requires immediate access to the PAD and the administering provider is unable to provide and bill it as a medical claim.

While these exceptions do exist, it is important to remember that exceptions will be made on a case-by-case basis via an approved Medi-Cal Rx PA and only when absolutely necessary.

PAD claims can only be billed through Medi-Cal Rx with an approved PA that provides justification for billing the health care provider administered drug as a pharmacy claim.

What Pharmacy Providers and Prescribers Need to Do

- PADs that are listed on either the CDLs or the *Medi-Cal Rx Pharmacy Reimbursable Physician Administered Drugs* list may be billed to Medi-Cal Rx.

ARCHIVED

  - All other PADs that are not on these lists are considered a medical benefit.
  - Providers should submit claims via the medical benefit; under certain exceptions, the claim may be submitted to Medi-Cal Rx for a PA review and determination.
- Providers should refer to the Covered Products Lists on the Medi-Cal Rx Web Portal, for more information about products and services covered by Medi-Cal Rx.

What Managed Care Plan Providers Need to Know

Medi-Cal members should not be directed to obtain PADs from a pharmacy unless there is a warranted exception, as previously described. PA approvals of PADs billed by pharmacy providers are not intended to replace PAD coverage as a medical benefit. PADs will always remain a medical benefit even when made available as a pharmacy benefit on a case-by-case basis.

If a medical provider bills for a pharmacy drug as part of a medical visit or incidental to a medical visit, it should be treated as a medical claim, even if the drug is typically considered a pharmacy drug. MCPs should not deny such claims on the basis of their classification as a pharmacy claim. It is important to recognize that such claims are, in fact, medical claims and should be treated as such.

Contact Information

You can call the Medi-Cal Rx Customer Service Center (CSC) at 1-800-977-2273, which is available 24 hours a day, 7 days a week, 365 days per year.

For other questions, email Medi-Cal Rx Education & Outreach at MediCalRxEducationOutreach@primetherapeutics.com.

ARCHIVED