



# 30-Day Countdown: Reinstatement of Cost Ceiling and Prior Authorization for Enteral Nutrition and Specific Standard Therapeutic Classes

---

August 23, 2023; Updated September 14, 2023

## Background

The purpose of this alert is to notify pharmacy providers and prescribers that on September 22, 2023, Phase IV, Lift 2 (P4/L2) will be implemented for members 22 years of age and older.

P4/L2 will:

- Reinstatement of utilization management (UM) claim edits for **Reject Code 78 – Cost Exceeds Maximum**.
- Reinstatement of prior authorization (PA) requirements for new start therapies for standard therapeutic classes (STCs) 68, 86, and 87, including enteral nutrition products.
- Enable PA submissions in advance of the retirement of the Transition Policy for renewing/refilling prescriptions for products in STCs 68, 86, and 87, which include enteral nutrition products.

**Note:** Claims for members 21 years of age and younger will not be impacted.

## Reinstatement of Cost Ceiling Claim Edits for Reject Code 78

### What Pharmacy Providers and Prescribers Need to Know

Effective September 22, 2023, Medi-Cal Rx will reinstate cost ceiling claim edits for members 22 years of age and older. Reject Code 78 will be reinstated for all STCs with some exclusions (see list below). To improve pharmacy claim submission and processing quality and to mitigate

potential fraud, waste, and abuse (FWA) in Medi-Cal Rx, the previous \$10,000 cost ceiling policy has been revised to cost ceiling categories by drug type as outlined in the following table:

Cost Ceiling Limits	
Drug/Product	Cost Ceiling
Over-the-counter (OTC)	\$50/claim
Generic	\$1,000/claim
Single and Multi-Source Brand	\$4,000/claim
High-Cost Generics and Brands *	\$14,000/claim
Claims over the Cost Ceiling Maximum for each category will trigger Reject Code 78 and will require a PA or a real-time override by the Medi-Cal Rx Customer Service Center (CSC).	

\* Drugs/products in this category include generic and brand drugs not in the *Generic* or *Single and Multi-Source Brand* categories, where the claim threshold amount is equal to or greater than \$14,000.

The updated policy will apply when a point of service (POS) pharmacy claim exceeds the dollar claim amount threshold as specified in the table and claims will reject for Reject Code 78 with the following supplemental message, "[*\$XX.00*] *Maximum Cost Exceeded. For override, call CSC (1-800-977-2273) or submit a Prior Authorization.*"

**Note:** Drug classes that are exempt from the cost ceiling requirements include (but are not limited to) the following:

- Blood clotting factors and related treatments for hemophilia
- Treatments for cancer (including antineoplastic and immunologic agents as well as myelo-supportive therapies)
- Immunosuppressive and immunologic agents (including immune globulins)
- HIV and hepatitis C virus (HCV) medications
- Gene therapies and other select targeted biologic therapies
- Specific disposable medical supplies, diabetic testing supplies, insulins, and compounds

Additional drugs exempt from cost ceiling requirements can be found in the [Medi-Cal Rx Provider Manual](#).

## What Pharmacy Providers and Prescribers Need to Do

Reject Code 78 requires approval of an override with clinician review to receive a paid claim. Providers should perform the following steps:

1. Consider prescribing a less costly therapy, if clinically appropriate.
2. If a change in therapy is not appropriate,
  - a. Contact the Medi-Cal Rx CSC for consideration of a real-time override; or
  - b. Submit a PA request via one of the approved Medi-Cal Rx PA submission methods.


Refer to the [Prior Authorization Submission Reminders](#) alert and the [Medi-Cal Rx Provider Manual](#) for more information on submitting a PA.

## Reinstatement of PA Requirements for STCs 68, 86, and 87

### What Pharmacy Providers and Prescribers Need to Know

PA requirements will be reinstated for new start therapies for STCs 68, 86, and 87. New starts are defined as new therapies or medications not previously prescribed to the member during the 15-month lookback period.

Phase IV, Lift 2 (P4/L2) Drug Classes		
Protein Lysates (STC 68)	Infant Formulas (STC 86)	Electrolytes and Miscellaneous Nutrients (STC 87)



- Enteral nutrition products are included within STCs 68, 86, and 87.
- Members 21 years of age and younger will not be impacted.

## What Pharmacy Providers and Prescribers Need to Do

- Pharmacy providers should assess business processes and workflows to account for the reinstatement of PA requirements for drugs/products in STCs 68, 86, and 87 for new starts for members 22 years of age and older.
- If a member is 22 years of age and older and currently receiving a drug/product in | STCs 68, 86, and 87, pharmacy providers and prescribers should prepare for the November 2023 retirement of the Transition Policy in the following ways:
  - Consider alternate therapies that may not require a PA, if clinically appropriate. Review the [Contract Drugs & Covered Products Lists](#) page on the [Medi-Cal Rx Web Portal](#).
  - If a change in therapy is not appropriate, submit a PA request in advance of the retirement of the Transition Policy via one of the approved Medi-Cal Rx PA submission methods. Refer to the [Prior Authorization Submission Reminders](#) alert and the [Medi-Cal Rx Provider Manual](#) for more information on submitting a PA.



Providers are encouraged to submit a PA in advance of the retirement of the Transition Policy for STCs 68, 86, and 87 (including enteral nutrition products) beginning September 22, 2023 for members 22 years of age and older.

## Resources

To prepare for the reinstatement of the claim edit and PA requirements, pharmacy providers and prescribers are encouraged to:

- Refer to the *Reinstatement Spotlight* published weekly on the [Bulletins & News](#) page.
- Review the [90-Day Countdown: Reinstatement of Prior Authorization Requirements for Enteral Nutrition Products for Members 22 Years of Age and Older](#) alert.
- Review Medi-Cal Rx billing guidelines in the [Medi-Cal Rx Billing Tips](#).
- Review *Appendix D* in the [Medi-Cal Rx Provider Manual](#).
- Review the [NCPDP Payer Specifications Sheet](#).

- Review the [Prior Authorization Submission Reminders](#) alert.
- Continue to review the [Medi-Cal Rx Web Portal](#) for additional information.

## Contact Information

You can call the Medi-Cal Rx 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@magellanhealth.com](mailto:MediCalRxEducationOutreach@magellanhealth.com).