

**Introduced by Senator Allen**February 25, 2015

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An act to amend Section 14132.01 of the Welfare and Institutions Code, relating to Medi-Cal.

## LEGISLATIVE COUNSEL'S DIGEST

SB 447, as introduced, Allen. Medi-Cal: clinics: drugs and supplies.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services and under which qualified low-income persons receive health care benefits. The Medi-Cal program is, in part, governed and funded by federal Medicaid provisions.

The Medi-Cal program, pursuant to a federal waiver, administers a program known as the Family Planning, Access, Care, and Treatment (Family PACT) Program, to provide comprehensive clinical family planning services to any person who has a family income at or below 200% of the federal poverty level and who is eligible to receive those services pursuant to the waiver. Existing law requires reimbursement for drugs and supplies covered under the Medi-Cal program and Family PACT Program by a licensed community clinic or free clinic, or an intermittent clinic, to be the lesser of the amount billed or the Medi-Cal reimbursement rate and caps reimbursement at the net cost of the drugs or products as provided to retail pharmacies under the Medi-Cal program. Existing law sets the costs for drugs and supplies covered under those programs at an aggregate amount equivalent to the sum of the actual acquisition cost of a drug or supply plus a clinic dispensing fee not to exceed \$12 per billing unit, as specified. Existing law also sets the cost for a take-home drug that is dispensed for use by the patient within a specific timeframe of 5 or less days from the date medically

indicated at the actual acquisition cost for that drug plus a clinic dispensing fee, not to exceed \$17 per prescription.

This bill would revise this reimbursement formula, and would instead require the clinic dispensing fee to be the difference between the actual acquisition cost of a drug or supply, to be calculated not less than annually, and the Medi-Cal reimbursement rate. The bill would remove the cap on reimbursement that is based on the net cost of drugs or supplies when provided by retail pharmacies under the Medi-Cal program.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14132.01 of the Welfare and Institutions  
2 Code is amended to read:  
3 14132.01. (a) Notwithstanding any other ~~provision of law, a~~  
4 community clinic or free clinic licensed pursuant to subdivision  
5 (a) of Section 1204 of the Health and Safety Code or an intermittent  
6 clinic operating pursuant to subdivision (h) of Section 1206 of the  
7 Health and Safety Code, that has a valid license pursuant to Article  
8 13 (commencing with Section 4180) of Chapter 9 of Division 2  
9 of the Business and Professions Code shall bill and be reimbursed,  
10 as described in this section, for drugs and supplies covered under  
11 the Medi-Cal program and Family PACT Waiver Program.  
12 (b) (1) A clinic described in subdivision (a) shall bill the  
13 Medi-Cal program and Family PACT Waiver Program for drugs  
14 and supplies covered under those programs at the lesser of cost or  
15 the clinic's usual charge made to the general public.  
16 (2) For purposes of this section, "cost" means an aggregate  
17 amount equivalent to the sum of the actual acquisition cost of a  
18 drug or supply plus a clinic dispensing ~~fee not to exceed twelve~~  
19 ~~dollars (\$12) per billing unit as identified in either the Family~~  
20 ~~PACT Policies, Procedures, and Billing Instructions Manual, or~~  
21 ~~the Medi-Cal Inpatient/Outpatient Provider Manual governing~~  
22 ~~outpatient clinic billing for drugs and supplies, as applicable. For~~  
23 ~~purposes of this section, "cost" for a take-home drug that is~~  
24 ~~dispensed for use by the patient within a specific timeframe of five~~  
25 ~~or less days from the date medically indicated means actual~~  
26 ~~acquisition cost for that drug plus a clinic dispensing fee, not to~~

1 ~~exceed seventeen dollars (\$17) per prescription. Reimbursement~~  
2 ~~shall be at the lesser of the amount billed or the Medi-Cal~~  
3 ~~reimbursement rate, and shall not exceed the net cost of these drugs~~  
4 ~~or supplies when provided by retail pharmacies under the Medi-Cal~~  
5 ~~program. fee. The actual acquisition cost of a drug or supply shall~~  
6 ~~be calculated not less than annually. The clinic dispensing fee~~  
7 ~~shall be the difference between the actual acquisition cost of a~~  
8 ~~drug or supply and the Medi-Cal reimbursement rate.~~

9 (c) *Reimbursement shall be at the lesser of the amount billed*  
10 *or the Medi-Cal reimbursement rate.*

11 (e)

12 (d) A clinic described in subdivision (a) that furnishes services  
13 free of charge, or at a nominal charge, as defined in subsection (a)  
14 of Section 413.13 of Title 42 of the Code of Federal Regulations,  
15 or that can demonstrate to the department, upon request, that it  
16 serves primarily low-income patients, and its customary practice  
17 is to charge patients on the basis of their ability to pay, shall not  
18 be subject to reimbursement reductions based on its usual charge  
19 to the general public.

20 (d)

21 (e) Federally qualified health centers and rural health clinics  
22 that are clinics as described in subdivision (a) may bill and be  
23 reimbursed as described in this section, upon electing to be  
24 reimbursed for pharmaceutical goods and services on a  
25 fee-for-service basis, as permitted by subdivision (k) of Section  
26 14132.100.

27 (e)

28 (f) A clinic that otherwise meets the qualifications set forth in  
29 subdivision (a), that is eligible to, but that has elected not to, utilize  
30 drugs purchased under the 340B Discount Drug Program for its  
31 Medi-Cal patients, shall provide notification to the Health  
32 Resources and Services Administration's Office of Pharmacy  
33 Affairs that it is utilizing non-340B drugs for its Medi-Cal patients  
34 in the manner and to the extent required by federal law.