

POLICY AND PROCEDURE	
Policy # and TITLE: PH30 Medical vs. Pharmacy Benefit	
Primary Policy owner: Pharmacy	POLICY #: PH30
Impacted/Secondary policy owner: Select the department(s) that are responsible for compliance with all, or a portion of the policy or procedure as outlined	
1) <input type="checkbox"/> All Departments 2) <input type="checkbox"/> Behavioral Health (BH) 3) <input type="checkbox"/> Benefits Administration (BA) 4) <input type="checkbox"/> Care Management (CM) 5) <input type="checkbox"/> Claims (CLMS) 6) <input type="checkbox"/> Community Marketplace & Member Engagement (MAR) 7) <input type="checkbox"/> Compliance (CMP/HPA) 8) <input type="checkbox"/> Configuration (CFG) 9) <input type="checkbox"/> Provider Contracting (CONT) 10) <input type="checkbox"/> Cultural & Linguistics (CL) 11) <input type="checkbox"/> Customer Service (CS)	12) <input type="checkbox"/> Facilities (FAC) 13) <input type="checkbox"/> Finance (FIN) 14) <input type="checkbox"/> Health Equity (HEQ) 15) <input type="checkbox"/> Human Resources (HR) 16) <input type="checkbox"/> Information Technology / Core Systems (IT) 17) <input checked="" type="checkbox"/> Pharmacy (PH) 18) <input type="checkbox"/> Provider Networks (PRO) 19) <input type="checkbox"/> Quality Management (QM/GRV/HE) 20) <input checked="" type="checkbox"/> Utilization Management (UM)
PRODUCT TYPE: <input checked="" type="checkbox"/> Medi-Cal	Supersedes Policy Number: Policy # and Policy Title

I. PURPOSE

On January 7, 2019, Governor Gavin Newsom issued Executive Order N-01-19 (EO-N-01-19) for achieving cost-savings for drug purchases made by the state. This executive order carved out pharmacy benefits from Managed Care Health Plans (MCP). The order established Medi-Cal Rx a statewide pharmacy benefit. Medi-Cal Rx

Health Plan of San Joaquin
Version updated 2023.04.19

PH30



covers all outpatient prescription medications for Medi-Cal beneficiaries after 1-1-2022. MCP's are required to make payments to providers billing physician administered medications on medical and institutional claims.

Outpatient pharmacy benefits were transitioned to Medi-Cal Rx on 1-1-2022. Due to the benefit transitioning, some medications are paid for by Medi-Cal Rx and some are paid for by the Health Plan of San Joaquin. HPSJ may request providers to bill specific injectable medications to Medi-Cal Rx. Methods to distinguish whether a medication would be billed through the Pharmacy Benefit (billed to Medi-Cal Rx) or the Medical Benefit (billed to the Health Plan of San Joaquin) are listed below.

Pharmacy Benefit = Medication is processed through an outpatient pharmacy via a Pharmacy Benefit Manager (PBM) at a dispensing pharmacy location. If a PA is required, then visit https://med-calrx.dhcs.ca.gov/cms/medicalrx/static-assets/documents/provider/bulletins/2022.01_A_PA_Submission_Reminders.pdf for various methods to send a PA to Med-Cal Rx.

Medical Benefit = Medication is already currently in stock at the provider's office (buy-and-bill) or within the facility administering the medication (e.g. outpatient infusion centers). If a PA is required then send a Medical Authorization form to HPSJ - https://hpsj4.wpengine.com/wp-content/uploads/2017/07/Medical-Authorization-7_17-updated.pdf.

For a detailed listing of Medi-Cal Rx scope see the Medi-Cal Rx scope document: [Medi-Cal Rx Scope_V 5.0_11_22_2021](#)

II. **POLICY**

The following general Medical Necessity criteria are used when determining whether a medication is eligible to be billed to HPSJ as a Medical Pharmacy Claim. All criteria below must be met for the service to be considered medically necessary.

1. All claims for physician administered medications must be billed to HPSJ by the network provider on a medical claim. For medications that

- require prior authorizations providers must submit a Medical Authorization Form to request a prior authorization for injectable medications that will be administered in the office or infused at the clinic. The form can be found at: <https://www.hpsj.com/forms-documents/>. Or submit the PA electronically through the secure HPSJ provider portal, accessed at <https://www.hpsj.com/providers>.
2. The services are safe, effective, and consistent with nationally accepted standards of medical practice.
 3. The services are not experimental or investigational.
 4. The services are individualized, specific, and consistent with the individual's signs, symptoms, history, and diagnosis.
 5. The services follow peer reviewed evidence-based literature that support medical necessity.
 6. These services are reasonably expected, in a clinically meaningful way, to:
 - a. Help restore or maintain the individual's health, or
 - b. Improve or prevent deterioration of the individual's disorder or condition, or
 - c. Delay progression of a disorder or condition characterized by a progressively deteriorating course when that disorder or condition is the focus of treatment for this episode of care.
 7. No exclusionary criteria are met:
 - a. The package insert for the medication recommends that the medication be self-administered at home.
 - b. Administering Provider does not maintain stock of the medication in office or clinic.
 - c. The medication is exclusively available through a specialty outpatient pharmacy.
 - d. Requests for therapeutic and non-therapeutic Continuous Glucose Monitoring (CGM) Systems as they are covered pharmacy-billed medical supply benefits through Medi-Cal Rx (https://medi-calrx.dhcs.ca.gov/cms/medicalrx/static-assets/documents/provider/bulletins/2022.10_A_Diabetic_Supplies_CGM_Updates.pdf).

III. PROCEDURE

How to submit a MEDICAL (UM) prior authorization form for review:

1. Submit request through HPSJ's Medical Authorization Request form which can be obtained from https://hpsj4.wpengine.com/wp-content/uploads/2017/07/Medical-Authorization-7_17-updated.pdf.
2. Include clinic notes documenting diagnosis, past treatment history, and any pertinent laboratory tests.
3. Fax both the completed prior authorization form and the clinic documents to the HPSJ Medical Department: 209.942.6302.

IV. ATTACHMENT(S)

1. DHCS Medi – Cal Managed Care Plans Definitions (Exhibit A, Attachment I, 1.0 Definitions)
2. [Glossary of Terms Link](#)
3. Medi-Cal Managed Care Contract Acronyms List (Exhibit A, Attachment I, 2.0 Acronyms)

V. REFERENCES

1. 2014 General Utilization Management Secondary Review Criteria
2. Health and Safety Code Sections 1367.01 and 1363.5
3. NCQA Standard UM 2, Clinical Criteria for UM Decisions
4. NCQA Standard UM 4, Appropriate Professionals
5. Welfare and Institutions Code Section 14087.41

VI. REVISION HISTORY

**Version 001 as of 01/01/2023*

Version*	Revision Summary	Date
001	New policy, moved onto 2023 template	04/21/2023
002	Formatting and grammar edit as well as specifying that CGM devices are excluded from the HPSJ medical benefit and are available through the Medi-Cal Rx pharmacy benefit.	06/19/2023
Initial Effective Date: 09/14/2023		

VII. Committee Review and Approval

Committee Name	Version	Date
Compliance Committee		
<ul style="list-style-type: none"> Privacy & Security Oversight Committee (PSOC) 		
<ul style="list-style-type: none"> Risk Management 		
<ul style="list-style-type: none"> Delegation Oversight 		
<ul style="list-style-type: none"> Policy Review 	001	10/18/2023
Quality and Utilization Management		
<ul style="list-style-type: none"> Quality Of Care 		
<ul style="list-style-type: none"> Grievance 		

VIII. REGULATORY AGENCY APPROVALS

Department	Reviewer	Version	Date
Department of Healthcare services (DHCS)	DHCS Contract Manager File & Use	001	09/14/2023
Department of Managed Care (DMHC)			

IX. Approval signature*

Signature	Name Title	Date
	PRC Chairperson	
	Policy Owner	
	Department Executive	
	Chief Executive Officer	

*Signatures are on file, will not be on the published copy