POLICY AND PROCEDURE	
Title: 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) ☐All Departments 2) ☐Behavioral Health & Social Services (BH/SS) 3) ☐ Benefits Administration (BA) 4) ☐ Case Management (CM) 5) ☐ Claims (CLMS) 6) ☐ Community Marketplace & Member Engagement (MAR) 7) ☐ Compliance (CMP/HPA) 8) ☐ Configuration (CFG) 9) ☐ Provider Contracting (CONT) 10) ☐ Cultural & Linguistics (CL) 11) ☐ Customer Service (CS)	12) ☐ Facilities (FAC) 13) ☐ Finance (FIN) 14) ☐ Human Resources (HR) 15) ☐ Information Technology / Core Systems (IT) 16) ☐ Pharmacy (PH) 17) ☒ Provider Networks (PRO) 18) ☐ QI Health Equity (GRV/HE/HEQ/PHM/QM) 19) ☒ Utilization Management (UM) 20) ☐ Procurement (PRM) 21) ☐ Administration (SAF/BC/EM) 22) ☐ Medical Management (MM)
Product Type: ☒Medi-Cal ☐D-SNP	**Supersedes Policy Number:** N/A

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 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 Health Plan of San Joaquin and Mountain Valley Health Plan ("Health Plan"). Health Plan 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 Health Plan) 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://medi-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 Health Plan - 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

A. The following general Medical Necessity criteria are used when determining whether a medication is eligible to be billed to Health Plan 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 Health Plan 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 Health Plan 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).
    e. The medication is on Medi-Cal Rx's list of Pharmacy Reimbursable Physician Administered Drugs: https://medi-

calrx.dhcs.ca.gov/cms/medicalrx/static-assets/documents/provider/forms-and-information/Pharmacy_Reimbursable_Physician_Administered_Drugs.pdf.

f. MEDI-CAL RX CELL AND GENE THERAPY COVERAGE
    i. Cell and gene therapy (CGT)- CGT is carved out to fee for service (FFS).
        A. Beneficiaries with sickle cell disease, Health Plan cannot subject cell and gene to UM review. This includes prior authorization. Members must be referred to a DHCS provider that is enrolled with DHCS and can bill FFS.
        B. Health Plan will refer beneficiaries to the county for a CCS eligibility determination if the Member demonstrates a CCS condition(s) as outlined in the CCS Medical Eligibility Guide, up to age 21. Health Plan will work with county to facilitate access to CGT for sickle cell disease patients.
        C. Health Plan will remain responsible for all associated outpatient or inpatient medical services and non-medical ancillary services that support Members through their CGT treatments including pre/posttreatment services, and administration associated fees and supplies

III. PROCEDURE

A. How to submit a MEDICAL (UM) prior authorization form for review:
    1. Submit request through Health Plan'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 Health Plan's Medical Department: 209.942.6302.

IV. ATTACHMENT(S)

A. DHCS Medi – Cal Managed Care Plans Definitions (Exhibit A, Attachment I, 1.0 Definitions)
B. Glossary of Terms Link
C. Medi-Cal Managed Care Contract Acronyms List (Exhibit A, Attachment I, 2.0 Acronyms)

V. REFERENCES

A. 2014 General Utilization Management Secondary Review Criteria
B. Health and Safety Code Sections 1367.01 and 1363.5
C. NCQA Standard UM 2, Clinical Criteria for UM Decisions
D. NCQA Standard UM 4, Appropriate Professionals
E. Welfare and Institutions Code Section 14087.41

VI. REVISION HISTORY

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 Health Plan's medical benefit and are available through the Medi-Cal Rx pharmacy benefit.	06/19/2023
003	Updated content to reference Mountain Valley Health Plan, transitioned to new template, and included exclusion of Medi-Cal Rx covered physician administered drugs.	05/15/2024
004	Policy submitted to address DHCS APL 25-013 Medi-Cal RX Pharmacy Benefits, and Cell and Gene Therapy Coverage Section for cell and gene therapy added.	12/16/2025
Initial Effective Date: 09/14/2023		
Published Date:08/20/2026		

VII. Committee Review and Approval to be Completed by Compliance

Committee Name	Version	Date
Compliance Committee (CC)	004	08/14/2026
• Privacy & Security Oversight Committee (PSOC)		
• Program Integrity Committee(PIC)		
• Audits & Oversight Committee (AOC)		
• Policy Review Committee (PRC)	003	11/27/2024
Quality Improvement Health Equity Committee (QIHEC)	004	05/20/2026
• Quality Operations Committee (QOC)		
• Grievance Committee (GC)		

VIII. REGULATORY AGENCY APPROVALS

Department	Reviewer	Version	Date
Department of Healthcare services (DHCS)	DHCS Contract Manager	004	01/08/2026
Department of Managed Care (DMHC)			

IX. *Approval signature**

Signature	Name Title	Date
	PRC Chairperson	

Signature	Name Title	Date
	Policy Owner	
	Department Executive	
	Chief Executive Officer	

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