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## DWC Forum - Pharmaceutical Fee Schedule Comment Period ending Oct. 8, 2018

### Background Information and Overview

The Division of Workers' Compensation (DWC) invites the public to participate in the DWC Forum public comment period relating to proposed changes to the Pharmaceutical Fee Schedule that is currently codified at title 8, California Code of Regulations, section 9789.40.

Under the California Labor Code, the fee schedule for pharmaceuticals is based primarily upon the Medi-Cal pharmacy payment system. Medi-Cal is now implementing a revised payment methodology approved by the Centers for Medicare and Medicaid Services (CMS). Background information on the Medi-Cal changes can be reviewed on the Department of Health Care Services (DHCS) [Pharmacy Reimbursement Project](#) web page. Due to requirements of federal law, the DHCS will implement Medi-Cal pharmacy fee schedule changes retroactively to April 1, 2017. For workers' compensation, fee schedule changes will not be retroactive; the draft regulations propose that the new methodology become effective for pharmaceuticals dispensed on or after January 1, 2019.

The following regulation changes are proposed to implement Labor Code section 5307.1 and to align the fee schedule with the new Medi-Cal system:

- Elimination of the Average Wholesale Price (AWP) minus 17 percent as a benchmark for the drug ingredient;
- Revised methodology for payment of the drug ingredient to align with the new Medi-Cal system, which sets the maximum at the lower of the following:
  - National Drug Acquisition Cost (NADAC) or Wholesale Acquisition Cost (WAC) for drugs lacking a NADAC price;
  - Federal Upper Limit;
  - Maximum Allowable Ingredient Cost (MAIC);
  - Usual and Customary Charge;
- Adoption of the revised two-tier Medi-Cal dispensing fee structure for pharmacies (which increases the dispensing fee from the current \$7.25 to \$10.05, or to \$13.20 for those pharmacies listed by Medi-Cal as eligible for the higher fee);
- Rules addressing fees for compounded drugs and repackaged drugs.

The DWC looks forward to receiving public comment on the draft regulations.