

Medi-Cal Rx Pharmacy Transition

340B Covered Entity Impact

September 18, 2019



Pharmacy Transition (Medi-Cal Rx) Background

- The Executive Order directs the Department of Health Care Services (DHCS) to transition all pharmacy services from Medi-Cal Managed Care to fee-for-service (FFS) by January 2021.
- In July 2019 DHCS released a draft Request for Proposal (RFP) for the administration of Medi-Cal pharmacy benefits and services (Medi-Cal Rx). The final RFP was released on August 22, 2019.
- This transition will eliminate savings that community clinics and health center (referred to as community health centers or CHCs) receive from the 340B program in Medi-Cal Managed Care.

Community Health Centers and 340B Impact

- While we support the Governor's overall goal to lower the cost of drugs, we are concerned about the impact this transition will have on the 340B Drug Discount Program covered entities, including community health centers, and the patients that benefit from this program.
- According to a recent survey completed by California Primary Care Association (CPCA, 2019), CHCs could lose as much as \$150 million in 340B saving, which could result in the closures of pharmacies and CHC sites, reductions in critical services to patients, and staff layoffs.
- Savings from the 340B program allows my community health center to [INSERT HOW YOU USE 340B SAVINGS].
- These savings have become a critical part of my CHCs sustainability and ability to meet the needs of our patients – going well beyond the limits of the prospective payment system (PPS), the payment health centers receive for care provided to Medi-Cal beneficiaries.
- With many limits on how and when a health center can bill a visit under PPS, 340B fills the gap on the array of uncompensated services and costs.

Health Centers Engaging on Transition Impact

- As committed providers in the Medi-Cal program, we are working to ensure that all Medi-Cal beneficiaries, including the 1 in 3 receiving care at California's CHCs, continue to receive quality care through the Medi-Cal pharmacy transition.
- Community health centers fought hard to secure a stakeholder forum that would help to ensure that all of the necessary questions and analysis of this major transition were taking place.
- CHC leaders from across the state participated in the first DHCS stakeholder meeting in August, and will be at the next one continuing to provide feedback in this critical public forum.
- CHC leaders met with outgoing DHCS Director, Jennifer Kent, and her team in early September for an initial conversation on Medi-Cal Rx, implications to patient care and CHCs.
- In particular, CHCs welcomed hearing directly from the Department a commitment to mitigating the significant financial losses that CHCs will experience when the 340B Program in Medi-Cal Managed Care is eliminated.
- In response to DHCS' request for validated 340B data, CHCs and DHCS committed to working together on a 340B form, and conversations are underway about what data and a process to submit and validate.

Request of Health Center Champions

- Together, through our state association CPCA and their advocacy affiliate, CaliforniaHealth+ Advocates, CHCs are working now on solutions for how to ensure no CHC is harmed by the pharmacy transition and that the safety net is strengthened.

- Health centers - and the 7 million people we serve – cannot afford to lose all we have built through the 340B savings.
 - As we enter into the next critical phase of this policy dialogue, we’d like to ask for your support on our request to the Administration that community centers are made whole and the services and supports funded by 340B savings continue into the future.
 - We also request your continued leadership in pushing for a full analysis of the Pharmacy Transition with a focus on ensuring there be no harm to the safety net, and that there be ongoing, meaningful stakeholder engagement throughout the implementation process.