

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT STATE: California  
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -  
PRESCRIBED DRUGS

- “Physician-administered drug” means any legend, nonlegend drug, or vaccine administered or dispensed to a beneficiary by a Medi-Cal provider other than a pharmacy provider and billed to the department on a fee-for-service basis.
- “Pharmacy rate” means the Estimated Acquisition Cost (EAC) as defined in paragraph A.

TN No. 11-018  
Supersedes  
TN No. None

JUN 26 2012  
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PAYMENT METHODOLOGY FOR PHYSICIAN ADMINISTERED DRUGS

The reimbursement rate for physician administered drugs shall be equal to the Medicare Part B reimbursement rate for drugs and biologicals, when available for a particular product and published by CMS, as described in Section 1847A of the Social Security Act and currently defined as Average Sales Price (ASP) plus 6%.

When a Medicare Part B reimbursement rate is not available or published by CMS for a physician administered drug, the reimbursement rate will be determined as follows:

- i. If based on a National Drug Code (NDC), the NDC rate of reimbursement shall be equal to the pharmacy rate of reimbursement, or
- ii. If based on a Healthcare Common Procedure Coding System (HCPCS) code, the HCPCS code rate of reimbursement shall be equal to the volume-weighted average of the pharmacy rate of reimbursement for generically equivalent drugs.

Reimbursement for physician administered drugs shall be exempt from legislatively mandated provider payment reductions.

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