**DWC Forum: Draft Pharmaceutical Fee Schedule Revision**

**Background Information**

The Division of Workers’ Compensation (DWC) invites comment upon draft regulations pertaining to the pharmaceutical fee schedule. The DWC Forum comment period closes on July 3, 2020.

[Labor Code section 5307.1](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=5307.1.&lawCode=LAB) requires the DWC to adopt regulations to establish maximum reasonable fees for pharmaceuticals dispensed to injured workers. The Labor Code methodology is based primarily on the Medi-Cal pharmacy payment system. Medi-Cal has implemented a revised payment methodology approved by the Centers for Medicare and Medicaid Services (CMS) utilizing “National Average Drug Acquisition Cost” (NADAC) based upon survey data compiled by CMS instead of the “average wholesale price” (AWP). The new Medi-Cal methodology also revises the pharmacy dispensing fee value and structure by updating the dispensing fee from $7.25 to a two-tier dispensing fee of $10.05 or $13.20, depending on the volume of pharmacy claims processed. The details of the Medi-Cal fee methodology are set forth in [State Plan Amendment 17-002](https://www.dhcs.ca.gov/formsandpubs/laws/Documents/17-002ApvOct.pdf). The State Plan Amendment and related Medi-Cal documents explaining the methodology change are posted on the Department of Health Care Services [Pharmacy Reimbursement Project](https://www.dhcs.ca.gov/provgovpart/pharmacy/Pages/PharmSurvey.aspx) webpage.

DWC proposes to amend the workers’ compensation pharmaceutical fee schedule in accordance with the provisions of Labor Code section 5307.1, and in light of the Medi-Cal payment system changes. The proposed regulations set forth separate provisions for pharmacy-dispensed and physician-dispensed pharmaceuticals in order to implement statutory provisions that set forth additional fee caps for some physician-dispensed pharmaceuticals.

Documents posted to the DWC Forum include the following.

**Draft Regulation Text**

Format note: plain text is current codified language; strikethrough text is deleted language; double underline text is added language; single underline indicates a hyperlink is provided in the text.

The regulation draft would:

* Amend existing regulations in the Physician Fee Schedule (Sections 9789.12.1, 9789.13.2, 9789.13.3) that cross reference to the pharmaceutical fee schedule
* Amend existing Pharmacy Fee Schedule regulation (Section 9789.40)
* Adopt new Pharmaceutical Fee Schedule regulations and structure; separate provisions for pharmacy-dispensed pharmaceuticals (Sections 9789.40.1, 9789.40.2, 9789.40.3) and physician-dispensed (Sections 9789.40.4, 9789.40.5) pharmaceuticals
* Amend Official Medical Fee Schedule section 9789.111 which sets forth effective dates

**Medi-Cal data file extract**

The document is an **extract** of the Medi-Cal data to illustrate the proposed format of the pricing data file. It is provided for illustrative purposes only; it is NOT a complete data file.

NDC\_Current\_New2020Sample\_DWCForum.txt is a pipe-delimited text file with the following fields:

NDCNo

LabelName

GenericName

Lowest Cost

No-Sub Cost

Price Date

**NPI List of pharmacies to receive the higher tier dispensing fee**

* Document is an **extract** of the Medi-Cal file illustrating format of the file. It is NOT the full Medi-Cal list of providers that are eligible to receive the higher tier dispensing fee.
* wc\_npi\_dispensing\_feeSample\_DWCForum.txt is a space-delimited and fixed-length txt file with the following fields:
  + NPI
  + EFF.DATE
  + END.DATE
* The “effective date” and “end date” specify the dates that the holder of the listed NPI is eligible for the higher tier fee for Medi-Cal pharmacy dispensing. For workers’ compensation, the eligible listed pharmacies will be entitled to the higher dispensing fee beginning on the date specified in the workers’ compensation regulation.
* The [National Plan and Provider Enumeration System Registry](https://npiregistry.cms.hhs.gov/) maintains the NPI Registry Public Search tool, which is a free directory of all active National Provider Identifier (NPI) records. The NPPES also provides NPI directory access in a full download file, or through an Application Programming Interface (API).

**“Compounding and Sterility Fee Tables and Instructions” draft for DWC Forum**

DWC currently uses the compounding and sterility fees of Medi-Cal that are set forth in the Medi-Cal Table 2024. The draft regulations would continue the use of the Medi-Cal fees by adoption of the “Compounding and Sterility Fee Tables and Instructions” document. The draft regulations would adopt and incorporate the document by reference into Sections 9789.40.2 and 9789.40.5.