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*To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.*



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**PROVIDER INFORMATION NOTICE (PIN)**

**PIN:** 18 – 03  
**TITLE:** Pharmacy Updates – Reimbursement  
**DATE:** June 1, 2018

This is to provide MHLA Community Partner (CP) clinics with updated reimbursement information for Eligible Dispensaries (dispensaries) and On-site Licensed Pharmacies, as well as to provide instruction for clinics if HRSA terminates a CP's 340B contracted pharmacy.

**Dispensaries**

Dispensaries will be compensated for all MHLA formulary and prior authorization approved medications provided to Participants contingent upon submission of medication dispensing data to Ventegra.

As a reminder, dispensaries must submit all dispensed reimbursable medication claims to Ventegra in accordance with the MHLA/Ventegra Dispensary File Layout within 24 hours of dispensing. If the next day is a holiday or weekend, data must be transmitted the next business day.

CPs with dispensaries receive regular EF1 and EF2 reports from Ventegra in a secure format that identifies which claims cannot be processed by Ventegra (for example, due to missing required data fields in the claim), as well as those claims that have been processed by Ventegra but rejected due to lack of MHLA eligibility, non-formulary medication, refill to soon, etc. Effective July 1, 2018, dispensaries have sixty (60) days to fix and resubmit rejected claims (and/or those that could not be processed by Ventegra). Rejected claims submitted later than this timeframe will not be paid. It is important to note that a claim will only adjudicate on or after the day the Participant is enrolled in MHLA – dispensary claims are not retroactive to the first of the month. A dispensary claim cannot be processed prior to the Participant's day of enrollment into the MHLA Program.

Dispensaries will be reimbursed as follows:

- \$4.00 per 30-day supply of DHS-4 formulary designated drugs, up to \$12 for a 90-day of drugs. (Dispensaries may fill up to a 100 day supply).
- \$8.00 for a 30-day supply of DHS-8 formulary designated drugs, up to \$24 for a 90-day supply). (Dispensaries may fill up to a 100-day supply).
- \$2.00 for over-the-counter (OTC) formulary agents as indicated in the MHLA Formulary.
- Medical Supplies are reimbursed a set amount based on quantity dispensed (i.e., \$4 for every 50 Insulin Syringes, \$8 for every 50 Test Strips, \$8 for one Spacer) and designated as DHS MAC on the formulary.

- Formulary drugs designated as 340B or prior authorization approved non-formulary drugs, will be paid the medication's 340B drug ingredient cost and an administrative fee of \$5.00.
- Drugs dispensed through a Patient Assistance Program (PAP) are not reimbursable. Dispensaries are required to submit PAP applications for PAP drugs that are identified on the MHLA Formulary.

### **On-Site Licensed Pharmacies**

On-Site licensed pharmacies are pharmacies that are owned and operated by the CP and are located on the CP's clinic premises. To be part of the MHLA pharmacy network, the on-site State licensed pharmacy must contract with Ventegra to be part of the network.

On-site Licensed Pharmacies will be reimbursed as follows:

- \$4.00 for a 30-day supply of drugs (up to a 90 day supply) for drugs designated in the MHLA formulary as DHS-4.
- \$8.00 for a 30-day supply of DHS-8 formulary designated drugs, up to \$24 for a 90-day supply). (Dispensaries may fill up to a 100-day supply).
- \$2.00 for Over-the-Counter (OTC) formulary agents as indicated in the MHLA Formulary. On-site pharmacies may bill Ventegra \$2.00 for formulary OTC medications and cannot charge Participants for medications on the \$2.00 OTC list. However, on-site pharmacies may send the Participant to a retail (off-site) pharmacy to purchase OTCs.
- Medical Supplies are reimbursed a set amount based on quantity dispensed (i.e., \$4 for every 50 Insulin Syringes, \$8 for every 50 Test Strips, \$8 for one Spacer) and designated as DHS MAC on the formulary.
- For drugs designated as 340B, and/or all other formulary agents (not DHS-4 or 8, OTC or Supplies) or prior authorization approved non-formulary agents will be paid the medication's 340B drug ingredient cost and a dispensing fee in accordance with the terms and conditions established by Ventegra.

Ventegra will pay CPs with on-site licensed pharmacies for reimbursable medications on a weekly basis. It is important to note that a claim will only adjudicate on or after the day the Participant is enrolled in MHLA – pharmacy claims are not retroactive to the first of the month. A pharmacy claim cannot be processed prior to the Participant's day of enrollment into the MHLA Program.

### **340B Contract Pharmacies (Off or On-Site)**

In accordance with the MHLA Agreement, CPs are required to have access to 340B drug pricing and be registered with the Health Resource Services Administration (HRSA) Office of Pharmacy Affairs (OPA) with the exception of non-FQHC clinic sites located in Service Planning Area (SPA) 1. CPs without an on-site licensed pharmacy are required to register at least one MHLA contracted 340B pharmacy with HRSA OPA to dispense 340B medications to MHLA participants. CPs can opt to register DHS Central Pharmacy, a retail/onsite 340B pharmacy, or both to fulfill their contractual obligation to register at least one 340B pharmacy with HRSA OPA.

If HRSA OPA terminates a CP's 340B contract pharmacy resulting in the CP no longer having access to 340B drug pricing (for example, due to failure by the clinic to complete their recertification process with HRSA, the clinic did not successfully pass a HRSA audit, or for any other reason), the CP must notify the MHLA Contract Administration unit. Participants in the MHLA program may **not** be charged for 340B-designated or any other non-OTC medication. Therefore, a CP that loses its only 340B contract with a pharmacy resulting in no other 340B pharmacy options for the CP will have two (2) options:

- Coordinate with the MHLA program to transfer all affected participants to another Medical Home that has access to a 340B pharmacy option, or
- Make arrangements to reimburse a retail pharmacy directly for any 340B-designated medication that the pharmacy dispenses to the MHLA participant, until such time that the 340B contracted retail pharmacy can be re-registered with HRSA OPA.

If you have any questions, please contact your Program Advocate.



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