

Hello Managed Care Advisory Group Members:

Medi-Cal Rx is an important initiative for improving health care delivery by standardizing the Medi-Cal pharmacy benefit under one delivery system and improving access to pharmacy services with a network that includes a large majority of the state's pharmacies. DHCS is pleased to announce that on July 27, 2021, it accepted a Conflict Avoidance Plan submitted by its Medi-Cal Rx vendor, Magellan Medicaid Administration (MMA), Inc., a subsidiary of Magellan Health, Inc. (Magellan), to mitigate conflicts associated with the proposed acquisition of Magellan by Centene Corporation. As a result of the acceptance of the Conflict Avoidance Plan, DHCS has determined that full Medi-Cal Rx implementation will begin January 1, 2022. The Conflict Avoidance Plan is posted on the [DHCS website](#).

DHCS has determined the Conflict Avoidance Plan meets conflict avoidance/mitigation requirements around the two areas of identified conflict which are:

- As Centene owns managed care plans that participate in the Medi-Cal program, beneficiary pharmacy claims data submitted to MMA as the Pharmacy Benefit Administrator could, if shared with Centene, give their subsidiary plans access to proprietary data of non-Centene plans and create unfair advantage.
- As Centene owns six specialty pharmacies that provide drugs to the Medi-Cal program, neither Centene nor any subsidiary can be involved in prior authorization or claim approvals and payments to those pharmacies or with program integrity/fraud, waste and abuse activities.

The major features of the Conflict Avoidance Plan are:

- If Centene acquires Magellan, and for so long as Magellan is under contract to DHCS, the operations, staffing, information technology systems, and data of MMA will be kept completely separate from Centene's health plan business line. This commitment is affirmed by Centene;
- A third-party monitor selected by DHCS will be in place to ensure this organizational separation is maintained; and
- DHCS will handle all aspects of claims processing and authorization for the Centene-owned pharmacies and MMA will incorporate such system-wide data as needed for DHCS to run analytics in support of quality assurance and program integrity for those claims. The DHCS work efforts will not result in State General Fund costs.

DHCS will take the necessary steps to ensure beneficiaries are able to receive their prescriptions and that pharmacies will have available needed information regarding claims and prior authorizations and to ensure that Medi-Cal managed care plans will receive the necessary data to ensure appropriate utilization and continuity of care for beneficiaries enrolled in managed care.

DHCS will resume Medi-Cal Rx stakeholder engagements and update schedules accordingly. For project questions or comments, visit the [DHCS website](#) or email RxCarveOut@dhcs.ca.gov.

Department of Health Care Services

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