

DMHC and Regulation of Pharmacy Benefits

Thursday, February 18, 2021
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Agenda

1. Overview of the DMHC.
2. Overview of DMHC regulation of pharmacy benefits

DMHC Mission Statement

The California Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system.

What does the DMHC do?

- Protects the health care rights of more than 26 million Californians
- Regulates licensed health plans in California via the Knox-Keene Health Care Service Plan Act of 1975

What does the DMHC do?

- **The DMHC regulates:**
 - Full-service and specialized plans
 - Commercial and Medi-Cal Managed Care Plans
 - Medicare Advantage Plans (Limited regulation)
- **DMHC's Help Center—assists health care consumers receive the services they're entitled to (1-888-466-2219).**

What the DMHC doesn't do...

- Does not regulate health insurers licensed by the Cal. Dept. of Insurance or self-insured employers.
- Does not regulate providers (including hospitals and pharmacies)
- Does not require plans to contract with particular providers.
- Does not set provider reimbursement rates.

Prescription Drug Coverage

- Most full-service plans cover medically necessary prescription drugs.
- Cost-sharing allowed—up to \$250 for a 30-day supply in most instances.
- The DMHC receives and reports on information regarding health care costs associated with prescription drugs.
 - From 2017 to 2019, prescription drug costs paid by plans increased by \$1 billion.
 - Prescription drugs accounted for 12.8% of total health plan premiums in 2017.

Prescription Drug Coverage

- The DMHC does not have authority to prohibit “white bagging,” so long as the practice does not harm enrollees or impact enrollees’ ability to receive medically necessary care.

Questions?

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