



Rick McMahan
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August 2, 2012

Subject: Adjustment of Claims for Average Wholesale Price (AWP) Changes

Dear Pharmacy Provider:

First Databank (FDB) is currently the Department of Health Care Services' (DHCS) primary price reference source vendor. FDB ceased publishing Average Wholesale Price (AWP) in its National Drug Data File (NDDF) on September 28, 2011.

On June 28, 2011, Governor Edmund G. Brown Jr. signed Assembly Bill 102 (Chapter 29, Statutes of 2011), the Health Trailer Bill, which provided DHCS the authority to establish a process with the primary price reference source vendor, to temporarily report the AWP consistent with the definition of AWP in California *Welfare and Institutions Code* (W&I Code), Section 14105.45.

The new AWP reporting process had not been established prior to September 28, 2011. Consequently pharmacy reimbursement was based on the most recent pricing data available in the claims processing system, until the reporting of AWP was re-established.

The Department of Health Care Services (DHCS) has instructed Xerox State Healthcare, LLC (Xerox) to update the Medi-Cal claims processing system with the alternative pricing amounts for all related Pharmacy claims. This is the third and final adjustment related to AWP changes.

No action is required on your part. Xerox is adjusting those affected paid claims processed from September 1, 2011 through May 14, 2012. Adjustments will appear on *Remittance Advice Details* (RADs) with RAD **code 0883: Retroactive Price Correction**, beginning August 23, 2012.

If you disagree with any of these resubmissions, you may submit a *Claims Inquiry Form* (CIF) within six months of the new RAD date. For CIF completion instructions, please refer to the *CIF Completion* and *CIF Special Billing Instructions* sections in the appropriate Part 2 manual or on the Medi-Cal website (www.medi-cal.ca.gov).

If you have questions, please call the Telephone Service Center (TSC) at 1-800-541-5555, option 11, followed by option 17.

Sincerely,

Rick McMahan

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