Designation of Categorical Risk Level for Medi-Cal Fee-For-Service (FFS) Pharmacy Providers Located in Los Angeles County

This bulletin is provided under the authority granted to the Department of Health Care Services (DHCS) under Welfare and Insitutions Code (W&I Code) Section 14043.75(b), and supersedes a prior bulletin in which DHCS designated Los Angeles County pharmacy providers and applicants as "high" categorical risk, effective November 16, 2016.

Title 42 of the Code of Federal Regulations (CFR) Sections 455.410 and 455.450, and W&I Code Section 14043.38, require DHCS to establish categorical risk levels for, and screen all applicants and providers participating in the Medi-Cal program according to their risk of fraud, waste or abuse to the Medi-Cal program. 42 CFR Section 455.450 and W&I Code Section 14043.38 establish three categorical risk levels: "limited," "moderate," or "high," risk for screening provider applications. W&I Code Section 14043.38(a) requires DHCS, at minimum, to utilize the federal regulations in determining a provider's or applicant's categorical risk.

Pursuant to W&I Code Section 14043.38(a), DHCS has reassessed the risk of potential fraud, waste and abuse posed by pharmacy providers located in Los Angeles County. Effective May 5, 2022, DHCS shall designate and screen pharmacy applicants located in Los Angeles County that are seeking enrollment in Medi-Cal for the first time, submitting an application for continued enrollment, or updating the information submitted in a previously approved application, as "limited" categorical risk.

Provider types designated as "limited" categorical risk are subject to license verification in accordance with 42 CFR Section 455.412, and database checks in accordance with 42 CFR Section 455.436. The usual conditions that cause a provider to be screened at the "high" categorical risk level still apply, as outlined in 42 CFR Section 455.450(e)(1-2) and W&I Code section 14043.38(b). Therefore, DHCS may determine to elevate an applicant's or provider's risk level to "high," and thereby screen the applicant or provider accordingly.