<table>
<tr><td colspan="3">Policy/Procedure Number: MPRP4065 (previously MCRP4065)</td><td colspan="3">Lead Department: Health Services
Business Unit: Pharmacy</td></tr>
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☐ Internal Policy</td></tr>
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Last Review Date: 08/12/2026</td></tr>
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<tr><td rowspan="2">Reviewing Entities:</td><td colspan="2">☒ IQI</td><td colspan="2">☒ P & T</td><td colspan="2">☐ QUAC</td></tr>
<tr><td colspan="2">☐ OPERATIONS</td><td colspan="2">☐ EXECUTIVE</td><td>☐ COMPLIANCE</td><td>☐ DEPARTMENT</td></tr>
<tr><td rowspan="2">Approving Entities:</td><td colspan="2">☐ BOARD</td><td colspan="2">☐ COMPLIANCE</td><td>☐ FINANCE</td><td>☒ PAC</td></tr>
<tr><td>☐ CEO</td><td>☐ COO</td><td colspan="2">☐ CREDENTIALS</td><td colspan="2">☐ DEPT. DIRECTOR/OFFICER</td></tr>
<tr><td colspan="3">Approval Signature: Robert Moore, MD, MPH, MBA</td><td colspan="3">Approval Date: 08/12/2026</td></tr>
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I. RELATED POLICIES:

A. MPRP4001 - Pharmacy & Therapeutics (P&T) Committee
B. MCRP4064 - Continuation of Prescription Drugs
C. MCRP4068 - Medical Benefit Medication TAR Policy
D. MPRP4034 - Pharmaceutical Patient Safety
E. CMP09 - Investigating & Reporting Fraud, Waste and Abuse
F. CMP36 – Delegation Oversight and Monitoring

II. IMPACTED DEPTS:

A. Health Services

III. DEFINITIONS:

A. Partnership Advantage: Effective Jan. 1, 2028, Partnership HealthPlan of California will operate a Centers for Medicare & Medicaid Services (CMS)-approved Dual-Eligible Special Needs Plan (D-SNP) in specific counties as described in the Department of Health Care Services (DHCS) CalAIM Dual Eligible Special Needs Plan Policy Guide. This line of business will be known as Partnership Advantage and will be a Medicare Advantage plan offered to all full-benefit, dual-eligible beneficiaries 21 years of age or older who reside in the applicable counties. Partnership Advantage Members will be qualified to receive both Medi-Cal and Medicare services as described in the Partnership Advantage Member Handbook.
B. Medi-Cal Rx: The program title established by the State of California Department of Health Care Services (DHCS) for the new system of administering Medi-Cal pharmacy benefits through the fee-for-service (FFS) delivery system effective Jan 1, 2022. Refer to All Plan Letter APL 25-013 for more information.
C. Pharmacy Benefit Manager (PBM): A third party entity that manages prescription drug benefits for health plans.

IV. ATTACHMENTS:

A. N/A

V. PURPOSE:

DHCS APL 17-008 clarifies Medi-Cal managed care health plan contractual requirements related to Medi-Cal drug utilization review (DUR) program requirements pursuant to Title 42, Code of Federal Regulations (CFR), Section 438.3(s). Accordingly, Partnership HealthPlan of California's (Partnership) Drug Utilization Review (DUR) program was established in 2017 to educate physicians and pharmacists to better identify patterns, and reduce the frequency of fraud, waste and abuse, gross overuse, and inappropriate or medically unnecessary care, both among physicians, pharmacists, and patients, and fraud, abuse, associated with specific drugs or groups of drugs.

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VI. POLICY / PROCEDURE:

A. Partnership's DUR Program meets both Medi-Cal and Medicare program requirement as described below:

1. Partnership participates in the Global Medi-Cal DUR program pursuant to APL 25-013 and APL 23-026. Activities of the Global Medi-Cal DUR Board include but are not limited to:
   a. Providing advice and feedback related to the nature and scope of the prospective and retrospective DUR programs.
   b. Recommendations for DUR interventions.
   c. Input regarding innovative DUR practices
   d. Board meeting attendance and Board membership
2. Prospective DUR. is not required of Partnership due to the implementation of Medi-Cal Rx. Partnership is able to review prospective DUR alerts and overrides for members and use this information for prescriber education and interventions, which is a part of retrospective DUR. Pursuant to Medi-Cal Rx policy, Partnership will receive comprehensive claims and PA history for members and can use claims data for quality improvement and retrospective DUR activities. Partnership's Pharmacy department will create Business Object report as an automated process for retrospective claim review to monitor drug utilization and develop interventions to address identified unsafe and/or inappropriate prescribing and dispensing. Partnership will use such reports and other resources to continue to provide retrospective DUR activities to monitor coordination of care including but not limited to identifying patterns of:
   a. Therapeutic appropriateness
   b. Adverse events
   c. Incorrect duration of treatment
   d. Over and under utilization
   e. Inappropriate or medically unnecessary prescribing
   f. Gross overprescribing and use
   g. Concurrent prescribing of opioids and benzodiazepines or opioids and antipsychotics or opioids and Medication Assisted Treatment (MAT)
   h. Fraud, waste, or abuse including identifying and addressing fraud and abuse of controlled substances by MCP Members, health care Providers who are prescribing drugs to MCP members, and pharmacies dispensing drugs to MCP Members.
   i. Assessing medication adherence and identifying opportunities for care management interventions/outreach
   j. Use of all psychiatric drugs to include antipsychotics, mood stabilizers, and anti-depressant medication for all children under 18 years of age and all foster children.
3. Educational Outreach. Pursuant to Medi-Cal Rx policy, Partnership will continue to provide active and ongoing outreach to educate providers on common drug therapy problems (e.g., asthma medication ratio monitoring, opioid and naloxone co-prescribing, new prescribing guidelines and advisories) with the goals of improving prescribing and dispensing practices, increasing medication compliance, and improvement of over-all beneficiary health.
4. Establishment of a DUR Board, either directly, or through a contract with a private organization, that meets the requirements of Section 1927(g) of the SSA. Partnership's P&T Committee will serve as Partnership's DUR Board to review Partnership's DUR program and activities and make recommendations where necessary to improve Partnership's drug utilization.
5. Annual DUR Report. Pursuant to APL 17-008 and APL 25-013 as Medi-Cal Rx is now

fully implemented, Partnership will continue to provide an annual report that summarizes and describes retrospective DUR activities and any innovative practices implemented during the prior federal Fiscal Year.

6. Functions and activities to fully comply with the Medicaid-related DUR provisions contained in section 1004 of the SUPPORT ACT as set forth in APL 23-026.

B. Partnership Advantage Part D Quality Assurance Program, in conjunction with delegated PBM's systems, policies and procedures, includes the following:
   1. Representation that network providers are required to comply with minimum standards for pharmacy practice as established by the States.
   2. Concurrent drug utilization review systems, policies, and procedures designed to ensure that a review of the prescribed drug therapy is performed before each prescription is dispensed to an enrollee in a sponsor's Part D plan, typically at the point-of-sale or point of distribution. The review must include, but not be limited to,
      a. Screening for potential drug therapy problems due to therapeutic duplication
      b. Age/gender-related contraindications
      c. Over-utilization and under-utilization
      d. Drug-drug interactions
      e. Incorrect drug dosage or duration of drug therapy
      f. Drug-allergy contraindications
      g. Clinical abuse/misuse
   3. Retrospective drug utilization review systems, policies, and procedures designed to ensure ongoing periodic examination of claims data and other records, through computerized drug claims processing and information retrieval systems, in order to identify patterns of inappropriate or medically unnecessary care among enrollees in a sponsor's Part D plan, or associated with specific drugs or groups of drugs.
   4. Internal medication error identification and reduction systems.
   5. Provision of information to CMS regarding its quality assurance measures and systems according to guidelines specified by CMS.

C. Delegation Oversight and Monitoring
   1. Partnership delegates Medicare pharmacy functions to a pharmacy benefits manager.
   2. A formal agreement is maintained and inclusive of all delegated functions.
   3. Oversight/Regular monitoring activities include, but are not limited to, an audit conducted no less than annually.
   4. Results from the annual delegation oversight audit shall be presented to Partnership's Delegation Oversight Review Sub-Committee (DORS) for review and approval and reviewed by the Chief Medical Officer (CMO) or physician designee.

VII. REFERENCES:

A. Department of Health Care Services (DHCS) All Plan Letter (APL) 23-026 Federal Drug Utilization Review Requirements Designed To Reduce Opioid Related Fraud, Misuse, and Abuse (revised Feb. 20, 2024 *supersedes* APL 19-012)
B. Department of Health Care Services (DCHS) All Plan Letter (APL) 17-008 Requirement to Participate in the Medi-Cal Drug Utilization Review Program (May 10, 2017)
C. Department of Health Care Services (DHCS) All Plan Letter (APL) 25-013, Medi-Cal Rx Pharmacy Benefits, and Cell and Gene Therapy Coverage (Sept. 18, 2025 *supersedes* APL 22-012)
D. SSA 1927(k): Definition of Covered Outpatient Drugs
E. Title 42 Chapter IV Subchapter B Part 423 Subpart D

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VIII. DISTRIBUTION:

A. Partnership Pharmacy Department Directors
B. Partnership Provider Manual

IX. POSITION RESPONSIBLE FOR IMPLEMENTING PROCEDURE: Director of Pharmacy Services

X. REVISION DATES:

Medi-Cal - 05/13/20; 11/11/20; 05/12/21;05/11/22, 05/10/23, 5/08/24, 05/14/25, 5/13/26, 8/12/26

PREVIOUSLY APPLIED TO:

N/A

XI. Policy Disclaimer:

A. In accordance with the California Health and Safety Code, Section 1363.5, this policy was developed with involvement from actively practicing health care providers and meets these provisions:
    1. Consistent with sound clinical principles and processes;
    2. Evaluated and updated at least annually;
    3. If used as the basis of a decision to modify, delay or deny services in a specific case, the criteria will be disclosed to the provider and/or enrollee upon request.
B. The materials provided are guidelines used by Partnership to authorize, modify or deny services for persons with similar illnesses or conditions. Specific care and treatment may vary depending on individual need and the benefits covered under Partnership.
C. Partnership's authorization requirements comply with the requirements for parity in mental health and substance use disorder benefits in 42 CFR 438.910.