



Policy: MA.5012
Title: **Pharmacy Network:
Credentialing and Access**
Department: Medical Management
Section: Pharmacy Management

CEO Approval: /s/ Michael Hunn 11/22/2024

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Applicable to: ☐ Medi-Cal
☒ OneCare
☒ PACE
☐ Administrative

I. PURPOSE

This policy establishes Pharmacy credentialing and access standards and to set forth a procedure by which the Pharmacy Benefit Manager (PBM) shall determine if a Pharmacy and its professional and technical staff meet credentialing standards and if Members have appropriate geographic access to the Participating Pharmacy Network.

II. POLICY

A. Credentialing Standards

1. CalOptima Health shall establish credentialing standards, as set forth herein, and review those standards periodically.
2. CalOptima Health may delegate the process for credentialing and recredentialing each Pharmacy and its professional and technical staff to a Pharmacy Benefit Manager (PBM) through a written agreement.
3. Each Participating Pharmacy and its professional and technical staff shall meet CalOptima Health's credentialing standards and shall be credentialed prior to entering into a Participating Pharmacy Agreement (PPA) and recredentialed every two (2) years thereafter.
4. All peer review and quality assessment reports and Records produced and obtained pursuant to this Policy shall be governed by California Welfare and Institutions Code, Section 14087.58(b), and California Evidence Code, Section 1157.
5. CalOptima Health shall provide oversight of the credentialing and recredentialing process, including conducting an annual Audit of the PBM's credentialing process to ensure compliance with the standards set forth herein.

B. Access Standards

1. CalOptima Health shall ensure that each Member has access to Pharmaceutical Services as follows:

- a. At least ninety percent (90%) of Members, on average, in urban areas live within two (2) miles of a Participating Pharmacy;
 - b. At least ninety percent (90%) of Members, on average, in suburban areas live within five (5) miles of a Participating Pharmacy; and
 - c. At least seventy percent (70%) of Members, on average, in rural areas live within fifteen (15) miles of a Participating Pharmacy.
 2. Members shall have access to network pharmacies within ten (10) miles or thirty (30) minutes of their residence.
 3. CalOptima Health may delegate the responsibility for determining whether or not access standards are met to the PBM.
- C. Participation in Participating Pharmacy Network
1. Before providing Pharmaceutical Services to a Member, a Pharmacy that meets the terms and conditions of the PPA and credentialing standards shall sign the most current version of the PPA.
 2. A signed PPA with a Chain Pharmacy shall be applicable to the individually licensed locations of that Chain Pharmacy that meet the credentialing standards set forth herein.
 3. A Pharmacy shall not assign the PPA without prior written consent from CalOptima Health and the PBM. The Pharmacy to which the PPA is assigned shall meet all credentialing standards and the terms and conditions of the PPA as set forth in this policy.

III. PROCEDURE

A. Delegation

1. Except as otherwise indicated herein, the Pharmacy credentialing process shall be delegated to a PBM according to a written agreement.
2. CalOptima Health shall oversee this delegated function and may reclaim the right to carry out the function but shall not direct the daily operations of the function. CalOptima Health shall ensure, through oversight and monitoring of the data collection process and review of actual data on a sampling basis, that the function is conducted pursuant to the standards set forth herein. The PBM shall use the credentialing data it collects in connection with this policy solely for credentialing purposes and directory listings.

B. Credentialing Standards

1. All Participating Pharmacies in the Participating Pharmacy Network shall meet the credentialing standards set forth herein.
2. Each Applicant Pharmacy and Participating Pharmacy shall meet the following credentialing standards both initially and on an ongoing basis:
 - a. Completion of the PBM Pharmacy Provider Credentialing Sheet: Each Applicant Pharmacy and Participating Pharmacy shall complete the PBM Provider Credentialing Sheet and

submit the PBM Provider Credentialing Sheet to the PBM within the timeframes specified in this policy.

- b. Board of Pharmacy Permit: Each Applicant Pharmacy and Participating Pharmacy shall have an applicable Board of Pharmacy permit and shall post the permit in public view on the licensed premises in accordance with State Board of Pharmacy regulations.
- c. Drug Enforcement Agency (DEA) Certificate: If the Applicant Pharmacy or Participating Pharmacy stocks or dispenses controlled substances, it shall have a current DEA certificate for the handling of controlled substances and shall post the certificate on the licensed premises in accordance with state and federal law.
- d. If requested -Seller's Permit: Each Applicant Pharmacy and Participating Pharmacy shall have a current seller's permit and shall post the permit in public view on the licensed premises. If the permit has not been renewed within thirty (30) calendar days past its expiration date, the Applicant Pharmacy and Participating Pharmacy shall provide to the PBM a written explanation for the delay in renewal.
- e. Pharmacist License and Professional Educational Degrees: Each Pharmacist employed at a Participating Pharmacy shall have a current Pharmacist's license issued by the state in which the Pharmacist practices. Each Pharmacist shall keep the original license on his or her person at all times while on duty at the Pharmacy. Each Pharmacist shall supply copies of any supporting documentation, including the current license and professional educational degrees within ten (10) calendar days after receipt of a written request.
- f. Pharmacy Technician Registration and Professional Educational Degree/Certificate: Each Pharmacy Technician employed at an Applicant Pharmacy, or Participating Pharmacy, shall have a current Pharmacy Technician registration issued by the state in which the Pharmacy Technician practices, and shall post the registration within the licensed premises in accordance with State Board of Pharmacy regulations. Each Pharmacy Technician shall keep the original registration certificate on his or her person at all times while on duty in the Pharmacy. Each Pharmacy Technician shall supply copies of any documentation supporting his or her registration, including the registration and professional educational degree/certificate within ten (10) calendar days after receipt of a written request.
- g. Liability Insurance: Each Applicant Pharmacy and Participating Pharmacy shall purchase adequate professional liability insurance as evidenced by a current and valid insurance certificate listing the name of the insuring entity, the name of the insured Pharmacy, the amounts carried, and the expiration date of the policy. The Pharmacy shall either keep the original insurance certificate or a copy thereof on the licensed premises or make a copy of the certificate available within ten (10) calendar days after receipt of a written request.
- h. Medi-Cal/Medicaid Eligibility: Each Applicant Pharmacy and Participating Pharmacy shall maintain eligibility to provide Pharmaceutical Services under the Medicaid program in the state in which it has licensed premises at all times during the term of the PPA and shall maintain written proof of such eligibility on the licensed premises, or supply a copy of the written proof of its Medi-Cal/Medicaid eligibility within ten (10) calendar days after receipt of a written request. CalOptima shall not accept a previous owner's Medi-Cal/Medicaid provider number for a Pharmacy to which a PPA is Assigned.
- i. Pharmacist-in-Charge (PIC): Each Applicant Pharmacy and Participating Pharmacy shall provide the PBM with the name and license number of the designated PIC as required by Title 16, California Code of Regulations, Section 1709.1.

- j. Names and License/Registration Numbers of Pharmacists and Pharmacy Technicians: Each Applicant Pharmacy and Participating Pharmacy shall provide the PBM with the names and license or registration numbers of each of the Pharmacists and Pharmacy Technicians employed at the Pharmacy.
- k. If requested -California Board of Pharmacy Self-Assessment Tool: If the Applicant Pharmacy, or Participating Pharmacy, is licensed in California, it shall have on its licensed premises a current and complete California Board of Pharmacy Self-Assessment form in accordance with the requirements specified in Title 16, California Code of Regulations, Section 1715. If the Applicant Pharmacy, or Participating Pharmacy, is licensed outside of California, it shall be subject to the regulations of the state in which it is located.
- l. Ownership: Each Applicant Pharmacy and Participating Pharmacy shall provide to the PBM the name, business address, and telephone number of its owner(s). Each Applicant Pharmacy and Participating Pharmacy shall disclose all other Pharmacies by National Council on Prescription Drug Programs (NCPDP), Name, and Address in which an owner has ownership, or a controlled interest of at least five percent (5%).
- m. Fax Machine: Each Applicant Pharmacy and Participating Pharmacy shall maintain in good operating condition on its licensed premises a fax machine to be used to transmit CalOptima Health Pharmacy Prior Authorization Requests and other documents as may be required to the PBM in order to meet the timeframes of the prior authorization process. The fax machine must operate in accordance with International Telecommunications Union (ITU) Group 3 (G3) protocol, and must support V.21, V.27TER, and V.17 modem standards.
- n. Computer System, Claims Submission, and Drug Utilization Review (DUR): Each Applicant Pharmacy and Participating Pharmacy shall maintain in good operating condition on its licensed premises a computer system that utilizes Pharmacy Prescription processing software for the processing of online, real time Prescription claims. The Prescription processing software shall be certified by its manufacturer, or distributor, as compatible with the most current version of the NCPDP standards for electronic Pharmacy claims. The computer system shall include printing equipment used to generate labels which are affixed to the container of each Prescription dispensed to Members, and which comply with all regulatory requirements for Prescription labeling. Each Pharmacy's computer system must be capable of receiving and allowing the operator to immediately respond to electronic Drug Utilization Review (DUR) and other messages sent by the PBM to the Pharmacy.
- o. Medicare Provider: Each Applicant Pharmacy and Participating Pharmacy shall be a registered Medicare provider in active standing.
- p. An Applicant Pharmacy and Participating Pharmacy shall meet additional requirements as set forth in the PPA including, but not limited to, fraud assessment requirements.

C. Adverse Actions

- 1. If an Applicant Pharmacy, its owner, PIC, Pharmacists, or Pharmacy Technicians have, at any time within five (5) years prior to the Applicant Pharmacy's application, been subject to adverse action including, but not limited to, written field admonishment, citations, judgments, stipulations, ineligibility for, or suspension from, any Medicaid or any Medicare program by CalOptima Health, or any regulatory or law enforcement agency, the Applicant Pharmacy shall disclose to the PBM, in writing, the material details and conditions associated with any such adverse action upon submission of the PBM Pharmacy Provider Credentialing Sheet.

2. If a Participating Pharmacy, its owner, PIC, Pharmacists, or Pharmacy Technicians at any time during the term of the PPA become subject to adverse action including, but not limited to, written field admonishment, citations, judgments, stipulations, ineligibility for, or suspension from, any Medicaid, or any Medicare, program by CalOptima Health, or any regulatory or law enforcement agency, the Participating Pharmacy shall, within ten (10) calendar days after such adverse action, disclose to the PBM, in writing, the material details and conditions associated with any such adverse action.
3. Failure to disclose adverse actions as required by Section III.C.1. and III.C.2. of this policy may result in denial of participation for an Applicant Pharmacy or termination of the PPA for a Participating Pharmacy.
4. CalOptima Health may require a Pharmacy to file appropriate affidavits and other evidence of the Pharmacy's capacity to meet the standards set forth in this policy and to perform the requirements of the PPA, as well as the express written consent of its authorized representative, before allowing an Applicant Pharmacy to participate in the Participating Pharmacy Network.

D. Initial Credentialing of Applicant Pharmacy

1. For those Applicant Pharmacies that apply to become part of the Participating Pharmacy Network, the PBM shall initially review each Applicant Pharmacy's Pharmacy Provider Credentialing Sheet within thirty (30) calendar days after submission.
 - a. If necessary, the PBM shall request in writing any additional information from the Applicant Pharmacy at least five (5) calendar days prior to the expiration of the initial thirty (30) day review period.
 - b. The Applicant Pharmacy shall respond, in writing, within fourteen (14) calendar days after the request. The Applicant Pharmacy's failure to respond to such requests may result in denial of the Applicant Pharmacy's request to participate in the Participating Pharmacy Network.
2. The PBM shall determine if the Applicant Pharmacy meets the credentialing standards as set forth in Section III.B. of this policy and issue a final decision, in writing, within sixty (60) calendar days after the receipt of the Applicant Pharmacy's Provider Credentialing Sheet. The PBM shall:
 - a. Admit the Applicant Pharmacy to the Participating Pharmacy Network without stipulations upon receiving a signed PPA from the Pharmacy;
 - b. Admit the Applicant Pharmacy to the Participating Pharmacy Network with stipulations upon receiving a signed PPA from the Pharmacy; or
 - c. Deny the Applicant Pharmacy's request to participate in the Participating Pharmacy Network.
3. The PBM may require the Applicant Pharmacy to file a written attestation of compliance with any stipulations or other specified terms and conditions before granting the Pharmacy's request for admission to the Participating Pharmacy Network and issuing a PPA including, but not limited to, submitting to an onsite Audit to be performed by CalOptima Health's Pharmacy Auditor.

E. Failure to Meet and Maintain Credentialing Standards

1. If the PBM determines that an Applicant Pharmacy does not meet all of the credentialing standards set forth herein, it shall deny the Pharmacy's request to be admitted to the Participating Pharmacy Network. The Pharmacy may reapply for network status after correction of the credentialing deficiency(ies).
2. If the PBM determines that a Participating Pharmacy fails to meet one (1) or more of the credentialing standards set forth herein at any point after entering into a PPA, it shall notify the Participating Pharmacy of its deficiency, in writing, and identify any required corrective action, if any, and the time frame within which the Pharmacy must take such corrective action. Failure of the Pharmacy to make the corrections within the specified time frame may result in further action as authorized by the PPA.

D. PBM Responsibilities

1. Network Compliance with Credentialing Standards

- a. The PBM shall collect credentialing data from each Applicant Pharmacy before the Pharmacy is offered a PPA in order to ensure that the Pharmacy meets CalOptima Health's credentialing standards set forth in Section III.B. of this policy. The PBM shall continue to collect credentialing data from each Participating Pharmacy in order to recredential each Participating Pharmacy every twenty-four (24) months.
- b. The PBM shall maintain the credentialing data of each Participating Pharmacy in an electronic database for retrieval and updating in accordance with this policy.
- c. In addition to taking any additional action allowed or required by the PPA, the PBM shall send to each Participating Pharmacy a report of any failure to meet a credentialing standard, which shall include a description of the required corrective action(s) and a form upon which the Participating Pharmacy may verify its compliance with such corrective actions and provide any required information or documentation. The PBM shall record the corrective action in the database.
- d. The PBM shall report to CalOptima Health a Participating Pharmacy's failure to meet a credentialing standard within fifteen (15) calendar days after notice of the failure.

2. Reporting to CalOptima Health

- a. Applicant Pharmacies: The PBM shall provide to CalOptima Health on a monthly basis a cumulative report of all Applicant Pharmacies. The report shall reflect each Pharmacy's compliance, or noncompliance, with each of CalOptima Health's credentialing standards, and shall include the final determination for each Applicant Pharmacy.
- b. Participating Pharmacy Network: The PBM shall provide a written report to CalOptima Health on a monthly basis reporting all additions, changes, and deletions to the Participating Pharmacy Network and a list of all Participating Pharmacies, including each Pharmacy's location by county.
- c. Credentialing Activities: The PBM shall provide written reports to CalOptima Health showing its credentialing activities including a summary of the determinations made for each Applicant Pharmacy.

E. Pharmacy Auditor Responsibilities

1. CalOptima Health, or its Pharmacy Auditor, may perform Audits (onsite reviews) to monitor and verify the Participating Pharmacy's compliance with the standards set forth in this policy.
2. Such Audits shall be performed in accordance with the terms and conditions of CalOptima Health Policy GG.1408: Pharmacy Audits and Reviews.

F. CalOptima Health Responsibilities

1. Oversight of PBM: CalOptima Health shall oversee PBM's data collection processes, tools, and communications to Pharmacies regarding the credentialing and access standards and procedures set forth herein.
2. Participating Pharmacy Network: CalOptima Health shall periodically review its Participating Pharmacy Network to ensure that the standards set forth in this policy are appropriate to ensure adequate Member access to Pharmaceutical Services.

G. Grievance

1. A Participating Pharmacy that is dissatisfied with any decision made pursuant to this policy may file a grievance within fifteen (15) calendar days after the date of the decision, in accordance with CalOptima Health Policy MA.9006: Contracted Provider Complaint Process.
2. If a timely request for a grievance is filed, any decision made by CalOptima Health shall be stayed during the grievance process, unless CalOptima Health determines that to stay the decision is not in the best interests of its Members.
3. If a timely grievance is not requested, the decision shall be effective upon the expiration of the period during which a grievance may be requested.

IV. ATTACHMENT(S)

Not Applicable

V. REFERENCE(S)

- A. California Evidence Code, §1157
- B. California Business and Professions Code, §4040
- C. California Welfare and Institutions Code, §14087.58(b)
- D. Title 16, California Code of Regulations (C.C.R.), §§1709, 1709.1 and 1715
- E. Title 22, California Code of Regulations (C.C.R.), §51180
- F. Title 42, Code of Federal Regulations (C.F.R.), §423.120(a)
- G. Social Security Act, §§1124, 1819(a), and 1860D-4(b)(1)(C)
- H. CalOptima Health Pharmacy Benefit Manager Services Agreement
- I. CalOptima Health Policy MA.5013: Pharmacy Audits and Reviews
- J. CalOptima Health Policy MA.9006: Contracted Provider Complaint Process
- K. National Council on Prescription Drug Programs (NCPDP) Telecommunication Standards (available from NCPDP)
- L. Participating Pharmacy Agreement
- M. Pharmacy Law with Rules and Regulations, California Edition, California Board of Pharmacy, Law Tech Publishing Co., Ltd.

VI. REGULATORY AGENCY APPROVAL(S)

None to Date

VII. BOARD ACTIONS

None to Date

VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	01/01/2023	MA.5012	Pharmacy Network: Credentialing and Access	OneCare PACE
Revised	10/01/2023	MA.5012	Pharmacy Network: Credentialing and Access	OneCare PACE
Revised	11/01/2024	MA.5012	Pharmacy Network: Credentialing and Access	OneCare PACE

IX. GLOSSARY

Term	Definition
Audit	Any review or audit of a Pharmacy performed by CalOptima Health, CalOptima Health's authorized representative, or by any regulatory or law enforcement agency, except, however, any review or audit of a Pharmacy conducted by the PBM or its designee.
Applicant Pharmacy	A Pharmacy that applies to become part of the Participating Pharmacy Network by submitting a request to the Pharmacy Benefit Manager (PBM).
Assignment (Pharmacy)	Any of the following: <ol style="list-style-type: none"> 1. Change of more than twenty-five percent (25%) of the ownership or equity interest in a Pharmacy (whether in a single transaction or in a series of transactions); 2. The merger, reorganization, or consolidation of a Pharmacy with another entity with respect to which the Pharmacy is not the surviving entity; or 3. A change in the management of a Pharmacy from management by persons appointed or otherwise selected by the governing body of the Pharmacy (e.g., the Board of Directors) to a third-party manager or management company.
Chain Pharmacy	Multiple licensed retail Pharmacies operated under a single business name and logo in a standardized manner, which follow a uniform set of policies and procedures covering all aspects of their operation, and which are organized under a single ownership and management structure (definition excludes franchises).
Closed Pharmacy	A licensed Pharmacy that is not open to the general public, but either provides Pharmaceutical Services to select patient populations that reside in one (1) or more state-licensed facilities, or to patients residing in their homes, excluding Mail Order Pharmacies and Internet Pharmacies.
Health Network	A Physician Hospital Consortium (PHC), physician group (under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima Health to provide Covered Services to Members assigned to that Health Network.
Independent Pharmacy	One (1) or more licensed retail Pharmacies operated under a single business name or multiple business names, or which may be linked under a unique marketing logo or name, but which operate independently of each other as shown by an absence of a uniform set of operating policies and procedures covering all aspects of their operation, and which may or may not be organized under a single ownership and management structure, including franchises
Institution	A facility that meets Medicare's definition of a skilled nursing facility, such as a nursing home and any medical institution or nursing facility for which payment is made for institutionalized individuals under Medicaid, as defined in section 1902(q)(1)(B) of the Social Security Act. Institution does not include assisted or adult living facilities, or residential homes.
Internet Pharmacy	A licensed Pharmacy that accepts Prescription requests and conducts the majority of its Prescription business through an Internet web site and which distributes the Prescription medications and supplies for consumer use through the United States (U.S.) mail or by use of other common carrier services.

Term	Definition
Long Term Care Pharmacy	<p>A licensed Pharmacy that services Members residing in Institutions and meets the following performance and service criteria developed by the Centers for Medicare & Medicaid Services (CMS):</p> <ol style="list-style-type: none"> 1. Comprehensive inventory and inventory capacity; 2. Pharmacy operations and Prescription orders; 3. Special packaging; 4. Intravenous (IV) medications; 5. Compounding or alternative forms of drug composition; 6. Pharmacist on-call service; 7. Delivery service; 8. Emergency boxes; 9. Emergency log books; and 10. Miscellaneous reports, forms, and Prescription ordering supplies.
Mail Order Pharmacy	A licensed Pharmacy that accepts Prescription requests by U.S. mail or electronic facsimile and that conducts the majority of its Prescription business by U.S. mail, and that distributes the majority of its dispensed Prescription medications for consumer use by U.S. mail or by use of other common carrier services.
Member	A beneficiary enrolled in a CalOptima Health program.
Participating Pharmacy	Any Pharmacy that is credentialed by and contracted with the PBM to provide Pharmaceutical Services to Members.
Participating Pharmacy Agreement (PPA)	The contract between the PBM and a Participating Pharmacy that provides Pharmaceutical Services to Members.
Participating Pharmacy Network	The Pharmacies that are authorized by the PBM to provide Pharmaceutical Services to Members, as set forth in CalOptima Health's list of Participating Pharmacies.
Pharmaceutical Services	Covered drugs and related professional services provided to a Member pursuant to applicable state and federal laws, CalOptima Health's Pharmacy Services Program Manual, and the standard of practice of the pharmacy profession of the state in which the Pharmacy is located.
Pharmacist	A person to whom the State Board of Pharmacy has issued a license, authorizing the person to practice pharmacy
Pharmacist-In-Charge (PIC)	The licensed Pharmacist designated by each Pharmacy in accordance with Title 16, California Code of Regulations, Section 1709.1, who is legally responsible for that Pharmacy's compliance with all state and federal laws and regulations pertaining to the practice of pharmacy.
Pharmacy	An area, place, or premises licensed by the State Board of Pharmacy, in which the profession of pharmacy is practiced and where Prescriptions are compounded and dispensed, and for the purposes of this policy, the licensed dispensing area of a community clinic.
Pharmacy Auditor	The entity contracted by CalOptima Health to perform audits of its participating pharmacies, including review of the prescribing records of Prescribing Providers.
Pharmacy Benefit Manager (PBM)	The entity that performs certain functions and tasks including, but not limited to, Pharmacy credentialing, contracting, and claims processing in accordance with the terms and conditions of the PBM Services Agreement.

Term	Definition
Pharmacy Benefit Manager (PBM) Services Agreement	The written agreement between a PBM and CalOptima Health regarding the delivery and maintenance of the Participating Pharmacy Network.
Pharmacy Technician	A person who assists a Pharmacist in the performance of Pharmacy-related duties, to whom the State Board of Pharmacy has issued a certificate of registration to act as a Pharmacy Technician.
Prescription	Oral, written, or electronic transmission order that meets the requirements of the California Business and Professions Code, Chapter 9, Division 2, Article 2 “Definitions”, Section 4040 “Prescription: Content Requirements”, except any Prescription written by a veterinarian.
Purchase Records	All of Participating Pharmacy’s purchase invoices, periodic statements, and credit or return memos from all sources, and documentation of the Participating Pharmacy’s payments for all drug or medical supply acquisitions, including business bank statements, copies of checks, and any other documents required by the PBM or CalOptima Health.
Records	All physical and electronic records of drug and medical device acquisition from and disposition to all persons and entities including, but not limited to: drug wholesalers, drug manufacturers and distributors, other Pharmacies and Members, and any other document related to the terms of the PPA. Such Records include but are not limited to: license and credentialing records, claims transaction records, Purchase Records, Prescriptions (including all physical and electronic notations related to every Prescription), all Member signature logs, records of payments for drug and device acquisitions, and remittance advice records from the PBM.
Retail Pharmacy	A Pharmacy open for business to the general public, excluding Mail Order Pharmacies and Internet Pharmacies.