

12054 COMPETITIVE PROBLEMS IN THE DRUG INDUSTRY

1300.10.14

SOCIAL SECURITY

TITLE 22
(Register 74, No. 18—5-4-74)

51513.2. Establishment of Maximum Allowable Ingredient Cost. The Maximum Allowable Ingredient Cost (MAIC) shall be established by the Director in accordance with the following:

(a) In establishing the MAIC the Director shall do so in such manner as to assure that eligible persons shall secure prescription drug services or medical supply products in the same manner employed by the public generally, and without discrimination or segregation based purely on their economic disability, and he shall make available prescription drug services at least equivalent to the level provided in 1970-71 in accordance with Section 14000 and 14000.1 of Welfare and Institutions Code.

The Director's determination shall be based upon the record of the public hearing provided herein and shall include a finding that the MAIC's adopted assure that eligible persons will receive prescription drug service representative of the prescription drug services or medical supply products which are available to the public generally without discrimination or segregation based purely on their economic disability.

(b) Generic drug type code and medical supply type code usage data for the past fiscal year shall be arrayed by dollar volume in generic drug type code numbers and medical supply type code numbers.

(c) All generic drug type codes and medical supply type codes shall be reviewed at least annually: (1) In priority of dollar volume purchased, or (2) by changes in market conditions, as identified by the Director, affecting supply and/or cost.

(d) Upon the selection of a generic drug type code or a medical supply type code for review, all related generic drug type code numbers or medical supply code numbers within that particular generic drug type or medical supply type shall be reviewed by the Director.

(e) Companies, identified on the Manufacturers Code Listing contained in Section 59999 (d), supplying the drug products or medical supply products within the reviewed generic drug types or medical supply types shall have their drug products or medical supply products arrayed by AWP in ascending order.

(f) The MAIC may only be established at the AWP of a drug product which has been demonstrated by the Director at public hearing by substantial evidence, in conformity with the provisions of subparagraph (a) of this section, to be a drug product that is generally equivalent in quality to those drug products prescribed by physicians throughout the state and available throughout the state to outpatient pharmacies through usual and customary distribution channels in sufficient quantities to meet the needs of the Medi-Cal program. "Equivalent in quality" shall mean a drug product which, when administered in like amounts, will provide essentially the same patient response as other drug products of the same generic drug type code when used for the purposes for which the drug product is generally used.