



April 27, 2026

Michelle Baass
Director
Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

Re: Solutions Proposed for Mitigating Consumer Impacts Related to Medi-Cal Rx Changes to Provider Enrollment and Diagnosis Codes

Dear Director Baass,

On behalf of the California Retailers Association (CRA) and the California Community Pharmacy Coalition (CCPC), thank you for the opportunity to engage with you and your team regarding our request for reconsideration of the Department of Health Care Services' (DHCS or Department) proposed timing and approach to changes in Medi-Cal Rx provider enrollment and diagnosis-code requirements.

As follow up to that discussion, we submit this letter to outline recommended solutions intended to support DHCS's program integrity and operational stability goals while minimizing disruption to patients and preserving continuity of care for Medi-Cal beneficiaries.

CRA's comments specifically address recent Medi-Cal communications related to: (1) the provider enrollment deadline of June 26, 2026, and (2) the planned expansion of ICD-10-CM diagnosis code requirements on pharmacy claims beginning in fall 2026.

CRA appreciates the Department's continued engagement with stakeholders and its efforts to balance oversight with beneficiary access. The recommendations below are offered to support DHCS's objectives while avoiding unintended consequences that could result in significant and immediate barriers to medication access, patient care continuity, and pharmacy workflow.

Provider Enrollment/Enrollment Deadline

CRA and CCPC appreciate DHCS's decision to delay enforcement of the Medi-Cal Rx provider enrollment requirement and to adopt a phased implementation approach.

Providing additional time to address enrollment backlogs will reduce the risk of widespread claim denials and help prevent avoidable patient care disruptions. We support the Department's goal of ensuring that all non-enrolled prescribers ultimately complete the enrollment process. We understand that DHCS is still evaluating how best to sequence enforcement and has requested stakeholder input on reasonable implementation strategies. In that spirit, we offer the recommendations below to help meet enrollment goals while minimizing disruption to patient access.

Proposed Solutions and Alternatives:

DHCS should grandfather existing prescriptions so that patients may continue therapy without interruption while prescriber enrollment is completed. Enforcement should be delayed until enrollment volumes stabilize or reach defined thresholds.

The Department should define clear indicators of success, such as sustained reductions in enrollment-related claim denials. Provider enrollment enforcement should not be layered on top of other major Medi-Cal Rx system changes, including January 2026 benefit updates and the planned fall 2026 diagnosis code initiatives.

Enrollment enforcement should be sequenced in a manner that protects access to care, particularly in rural or underserved areas. Emergency Fill provisions should remain an exception rather than a routine workaround for systemic barriers.

Diagnosis Codes for Prescription Drug Claims

CRA and CCPC appreciate the Department's willingness to engage on the use of diagnosis codes in Medi-Cal Rx. We recognize that Medi-Cal Rx currently designates certain medications as diagnosis-restricted and that diagnosis information can play an appropriate role in determining coverage, such as distinguishing between covered and non-covered indications.

At the same time, it is important to distinguish between the appropriate use of diagnosis information for coverage determination and the operational realities faced by pharmacies at the point of dispensing. Pharmacies do not originate diagnoses and generally lack independent means to validate clinical intent beyond what is conveyed on the prescription.

Our concern is not with the Department's ability to define coverage criteria, but with pharmacy-level enforcement approaches that rely primarily on the presence of a populated diagnosis field rather than whether a prescription meets coverage requirements. Such mechanical enforcement can delay care without advancing clinical outcomes or program integrity.

Diagnosis information can be a helpful clinical reference in limited, higher-risk scenarios. However, policies should remain targeted, should not shift administrative responsibility to pharmacies, and should not disrupt continuity of care for patients on established therapies.

Any diagnosis-related requirements should be structured to ensure prescriber accountability, protect access in urgent patient need situations, and avoid audits or recoups based solely on missing diagnosis information when it is not mandated under current law.

CRA and CCPC appreciate DHCS's willingness to continue dialogue on these issues and welcome the opportunity for further collaboration to ensure policies are implemented in a manner that protects patient access while advancing the Department's goals.

Thank you for your consideration.

Sincerely,



Sarah Pollo Moo
Vice President
California Retailers Association

cc: Paula Villescay, Deputy Legislative Affairs Secretary, Office of California Governor Gavin Newsom
Richard Figueroa, Deputy Cabinet Secretary, Office of California Governor Gavin Newsom

Attachments: Previous correspondence sent to DHCS on March 24, 2026 regarding consumer impacts related to Medi-Cal Rx changes to provider enrollment and diagnosis codes



March 24, 2026

Michelle Baass

Director

Department of Health Care Services

P.O. Box 997413, MS 0000

Sacramento, CA 95899-7413

Re: Consumer impacts related to Medi-Cal Rx changes to provider enrollment and diagnosis codes

Dear Director Baass,

On behalf of the California Retailers Association (CRA), I write to urge the California Department of Health Care Services' (Department) to reconsider the timing and approach of the proposed changes to provider enrollment and mandatory diagnosis-code requirements.

CRA's comments specifically pertain to the recent Medi Cal Rx communications related to (1) the provider enrollment deadline of June 26, 2026, and (2) the planned expansion of ICD 10 CM diagnosis code requirements on pharmacy claims beginning in fall 2026.

CRA appreciates the Department's continued engagement with stakeholders and its efforts to strengthen program integrity while ensuring appropriate medication use for Medi Cal beneficiaries.

While we support the goals underlying these initiatives, we have significant concerns about the operational feasibility and unintended consequences of the proposed timelines and requirements, particularly as they relate to patient access, continuity of care, and pharmacy workflow.

These policies, as structured, will create significant and immediate barriers for Medi-Cal enrollees seeking to access their medications.

Provider Enrollment/Enrollment Deadline Concerns

CRA supports the Department's goal of ensuring that all prescribers participate in Medi-Cal. However, the Department's own estimate shows that nearly 100,000 prescribers remain unenrolled. With an enrollment process that routinely requires three to six months to complete, the July 26, 2026 deadline will leave prescribers without sufficient time to complete the process.

If the department moves ahead on this timeline, the system will begin rejecting hundreds of thousands of prescription claims. These rejected claims will block patient access to essential medications, disrupt continuity of care for Medi-Cal families, and create avoidable strain on pharmacies and providers. This outcome is both foreseeable and preventable.

Further, the requirement for all Medi-Cal Rx providers to complete enrollment by June 26, 2026, does not adequately account for current processing timelines or system capacity constraints. Although stakeholders have been actively working to complete pharmacist and provider enrollments, the estimated timeframe currently communicated for pharmacist enrollment processing is approximately 180 days. Given the anticipated surge in enrollment applications as the deadline approaches, there is a substantial risk that processing times will increase further, making timely completion unrealistic for many otherwise compliant providers.

More critically, the inability of providers to complete enrollment by the deadline will have direct and immediate consequences for Medi-Cal beneficiaries. Claims submitted by non-enrolled providers will be denied, leaving patients unable to obtain their prescribed medications through their Medi-Cal Rx benefit. In these situations, patients may be forced to pay out-of-pocket for medications or forego treatment altogether until enrollment is finalized. These disruptions pose clear risks to patient health outcomes and undermine continuity of care.

Pharmacies, in turn, will be placed in an untenable position. When prescribing providers are not enrolled, pharmacies may be unable to process Medi-Cal Rx prescriptions despite being fully compliant themselves. This effectively shifts the burden of monitoring and outreach to pharmacies, requiring them to track prescriber enrollment status and intervene to facilitate compliance so prescriptions can be adjudicated. This dynamic not only strains pharmacy operations but also creates confusion for patients, who may not understand why their medication cannot be dispensed.

CRA respectfully requests that the Department delay enforcement of the Medi-Cal Rx provider enrollment requirement for an additional year. This extension would allow sufficient time for enrollment backlogs to be resolved, reduce the risk of widespread claim denials, and prevent avoidable disruptions to patient access and care.

A responsible implementation schedule will prevent widespread access disruptions and ensure prescribers have a fair opportunity to complete the enrollment process.

Diagnosis Codes for Prescription Drug Claims

ICD-10-CM Diagnosis Code Requirement on All Pharmacy Claims

CRA also remains deeply concerned about the proposed mandate requiring diagnosis codes on every prescription claim. This policy will impose severe operational challenges and jeopardize timely access to care for millions of Medi-Cal patients.

We agree that diagnosis information can support pharmacists in certain clinical situations. However, turning this information into a requirement for claim payment, and therefore for dispensing, creates an unnecessary barrier between patients and their medications. The Department's proposal shifts the burden onto pharmacists, who must contact prescribers for missing information that will exacerbate workflow constraints and delay patient care.

A January 2026 review from CRA members found that providers submitted over 48% of claims to Medi-Cal without diagnosis codes. If the department enforces this mandate, the system will reject millions of prescriptions each month. This outcome will delay treatment, increase frustration for patients and providers, and create prolonged wait times at pharmacy counters statewide.

Further, CRA has significant concerns regarding the planned requirement that all pharmacy claims include an ICD-10-CM diagnosis code for adjudication beginning in fall 2026. We support the Department's efforts to identify opportunities for policy improvements and utilization management tools that promote safe and appropriate medication use. However, expanding the diagnosis code requirement to all pharmacy claims may inadvertently create barriers to timely care and lead to unsafe or inappropriate outcomes.

Currently, ICD-10-CM diagnosis codes are required for a limited subset of medications on the Medi-Cal Rx Contract Drug List. Expanding this requirement universally would fundamentally change pharmacy dispensing workflows. Under the proposed approach, the prescribing provider would be responsible for supplying the diagnosis code, and pharmacies would be unable to adjudicate claims without it. When

this information is missing or incomplete, pharmacies would be required to contact prescribers before dispensing medication.

In practice, this will result in delays—particularly during evenings, weekends, and holidays when prescriber offices may be unavailable. Patients may experience extended wait times for medically necessary medications or abandon prescriptions entirely due to frustration or inability to return. These delays in care increase the risk of suboptimal health outcomes and may ultimately drive higher downstream healthcare costs due to complications or disease progression.

CRA urges the Department to continue engaging with stakeholders to explore phased or tiered approaches to implementing ICD-10-CM diagnosis code requirements. Specifically, we recommend considering the following:

- Limiting the requirement initially to targeted categories of medications where clinical oversight is most critical.
- Applying diagnosis code requirements to first fills of new therapies rather than ongoing therapies and refills, where clinical context is already established.

These approaches would allow the Department to advance its policy objectives while minimizing unintended disruptions to patient care and pharmacy operations.

CRA appreciates the Department’s willingness to engage with stakeholders on these important issues and respectfully requests continued collaboration to ensure that policy implementation balances program integrity with patient access and continuity of care.

CRA urges the Department to adopt a more pragmatic implementation timeline to avoid policy changes that compromise patient access. CRA and its members share the Department’s commitment to improving Medi-Cal, and we stand ready to collaborate on solutions that protect patients while advancing the department’s goals.

We would welcome the opportunity to meet and provide additional feedback or participate in further discussions as these policies are refined.

Thank you for your consideration.

Sincerely,



Rachel Michelin
President + CEO
California Retailers Association

cc: Paula Villescaz, Deputy Legislative Affairs Secretary, Office of California Governor Gavin Newsom
Richard Figueroa, Deputy Cabinet Secretary, Office of California Governor Gavin Newsom