



## NEWSLINE

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### DWC Adopts Updated Pharmaceutical Fee Schedule Effective July 1, 2025

The Division of Workers' Compensation (DWC) has revised the Official Medical Fee Schedule provisions that govern the maximum reasonable fee for pharmaceuticals dispensed to injured workers on or after July 1, 2025. The updated regulations revise the fee schedule to conform to changes in the Medi-Cal methodology and Labor Code provisions that set forth additional rules for physician-dispensed drugs.

Under the California Labor Code, the fee schedule for pharmaceuticals is based primarily upon the Medi-Cal pharmacy payment system. The revised regulations have modified the Pharmaceutical Fee Schedule to adopt relevant Medi-Cal revisions and related provisions of the Labor Code. Some highlights of the revision include the following.

- Preserving the previous methodology for pharmaceuticals dispensed prior to July 1, 2025
- Adopting the new maximum fees based upon the Medi-Cal methodology for pharmaceuticals dispensed on or after July 1, 2025
- Adoption of updated Pharmaceutical Fee Data File format setting forth the "lowest cost" and "no substitution cost" based on Medi-Cal methodology to be posted on a weekly basis, and related rules for use
  - Drug ingredient "lowest cost" based upon lowest of: National Average Drug Acquisition Cost (or Wholesale Acquisition Cost if no NADAC exists), Federal Upper Limit, and Maximum Allowable Ingredient Cost
  - Drug ingredient "no substitution cost" for medically necessary brand name drug based upon National Average Drug Acquisition Cost (or Wholesale Acquisition Cost if no NADAC exists)
  - Elimination of use of Average Wholesale Price (AWP) as a price benchmark
- Adoption of increased dispensing fee for physicians; fee raised from current \$7.25 (or \$8.00 for nursing home patient) to \$10.05.
- Adoption of Medi-Cal two tier dispensing fee for pharmacies
  - \$13.20 for pharmacies listed on the Medi-Cal National Provider Identifier (NPI) file as eligible for the higher tier dispensing fee on date of dispensing

- \$10.05 for all pharmacies/dispensing providers not listed on the NPI file as eligible for the higher tier dispensing fee on date of dispensing
- Adoption of the Medi-Cal NPI files on a weekly basis, and related rules for use
- Adoption of rules relating to compounded drugs to carry out Labor Code provisions and to clarify applicability of the Medi-Cal methodology for compounding fees.

The regulations will become effective July 1, 2025, allowing the public more than 6 months to adjust systems to accommodate the new rules. There are sample Pharmaceutical Fee Data Files and NPI files posted with the rulemaking materials which stakeholders may utilize in programming internal systems. DWC anticipates posting an updated pharmaceutical fee calculator for the convenience of the public by the effective date.

The text of regulations and final statement of reasons with comment charts can be found on the [DWC approved regulations](#) page. Further information and sample data files can be found on the [new Pharmaceutical Fee Schedule webpage](#) applicable to products dispensed on or after July 1, 2025.

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