

Important Update: 1/27/2021

PROVIDER TYPE: Primary Care Providers Specialty Care Providers
LINE OF BUSINESS: Seaside Select Plan to Plan

Please find a summary below of updated information from the Department of Managed Health Care regarding COVID-19.

As the State of California responds to COVID-19, the Department of Managed Health Care (DMHC) issued guidance (as of 12/2020) reminding health plans that all qualified, approved COVID-19 vaccines must be provided with no cost-sharing for health plan enrollees, regardless of whether the enrollee receives the vaccine from an in-network or out-of-network provider.

In the All Plan Letter (APL 20-039), health plans must cover the administration costs without any enrollee cost-sharing, such as co-pays, co-insurance or deductibles in compliance with the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Additionally, health plans must cover the costs of administering COVID-19 vaccines to health plan enrollees regardless of whether the vaccines are administered by in-network or out-of-network providers during the federally declared COVID-19 public health emergency.

If a health plan enrollee receives a bill related to the coverage or administration of a qualifying COVID-19 vaccine, they should first file a grievance with their health plan and include a copy of the bill. Their health plan will review the grievance and should ensure the enrollee is reimbursed. If the enrollee does not agree with their health plan's response or if the plan takes more than 30 days to fix the problem, they should file a complaint with the DMHC Help Center at www.HealthHelp.ca.gov or 1-888-466-2219.

ALL PLAN LETTER

DATE: December 11, 2020
TO: All Full-Service Health Care Service Plans¹
FROM: Sarah Ream
Acting General Counsel
SUBJECT: APL 20-039 – Health Plan Coverage of COVID-19 Vaccines

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act requires full-service health plans (other than grandfathered plans) to cover “qualifying” vaccines to prevent COVID-19. This All Plan Letter outlines these coverage requirements generally. The attached Frequently Asked Questions (FAQ) addresses questions health plans may have as COVID-19 vaccines are developed, approved for use and distributed.

I. Health plans must cover the administration of qualifying COVID-19 vaccines with no cost-sharing, regardless of whether the enrollee receives the vaccine from an in-network or out-of-network provider.²

The federal government will cover the cost of the COVID-19 vaccines themselves. However, health plans must cover the cost to administer qualifying vaccines to health plan enrollees. Under the CARES Act, a COVID-19 vaccine “qualifies” if it either:

1. is evidence-based and has in effect a rating of “A” or “B” in the current recommendations of the United States Preventive Services Task Force; or
2. “has in effect a recommendation from the Advisory Committee on Immunization Practices of the Centers for Disease Control and Prevention with respect to the individual involved.”³

Health plans must begin to cover the administration of a particular COVID-19 vaccine by no later than 15 business days after the Advisory Committee on Immunization Practices or the United States Preventive Services Task Force makes an applicable recommendation relating to the vaccine.

¹ This APL applies to Medi-Cal Managed Care plans to the extent the APL does not conflict with guidance issued by the California Department of Health Care Services. This APL does not apply to specialized health plans. It also does not apply to Medicare Advantage products. Health plans offering Medicare Advantage products should refer to guidance issued by the Centers for Medicare & Medicaid Services.

² 45 CFR section 147.130(a)(3)(iii).

³ Section 3203 of the CARES Act.

Health plans must cover the administration costs without any enrollee cost-sharing.⁴ Additionally, during the federally declared COVID-19 public health emergency,⁵ health plans must cover the costs of administering COVID-19 vaccines to health plan enrollees regardless of whether the vaccines are administered by in-network or out-of-network providers.⁶

II. Health plan reimbursement to providers for costs for administering COVID-19 vaccines.

California law requires health plans to reimburse their contracted providers for adult vaccines “on a fee-for-service basis at the negotiated contract rate or through an alternate funding mechanism mutually agreed to by” the plan and provider.⁷ California law prohibits health plans from shifting the financial risk for adult vaccines to providers, unless requested by the provider in writing.⁸

Regarding non-contracted providers, federal law requires health plans to reimburse providers at a “reasonable” rate for the cost of administering qualifying COVID-19 vaccines. Specifically, the Interim Final Rule states:

with respect to a qualifying coronavirus preventive service and a provider with whom the plan or issuer does not have a negotiated rate for such service (such as an out-of-network provider), the plan or issuer must reimburse the provider for such service in an amount that is reasonable, as determined in comparison to prevailing market rates for such service.

Guidance issued by CMS suggests that an example of “reasonable” reimbursement for non-contracted providers would be the Medicare reimbursement rate for administration of COVID-19 vaccines.

The attached FAQs document address, to the extent possible, questions health plans may have regarding administration of and coverage for the COVID-19 vaccines. If you have further questions, please contact your health plan’s assigned reviewer in the DMHC’s Office of Plan Licensing.

⁴ 45 CFR section 147.130(a)(3)(iii).

⁵ On January 31, 2020, the Secretary of Health and Human Services declared the existence of a nationwide public health emergency as of January 27, 2020.

⁶ Interim Final Rule issued by the Centers for Medicare & Medicaid Services, Department of Health and Human Services; the Internal Revenue Service, Department of the Treasury; and the Employee Benefits Security Administration, Department of Labor. The Interim Final Rule was published in the Federal Register on November 6, 2020 and is available at this [link](#).

⁷ Health and Safety Code section 1375.8(b)(2).

⁸ Health and Safety Code section 1375.8(b)(1).

Frequently Asked Questions

- 1. It appears that to be effective, COVID-19 vaccines will require an enrollee to receive two doses of the vaccine administered several weeks apart. If an enrollee changes health plans between administration of the first and second doses, which plan must pay for the second administration?**

The enrollee's new health plan would be responsible for the costs to administer the second dose of the vaccine.

- 2. The supply of COVID-19 vaccines may be limited initially. How should plans determine which enrollees receive the vaccines when demand for the vaccine is greater than the supply?**

The State of California has developed an Interim COVID-19 Vaccination Plan describing how California will operationalize its COVID-19 vaccination program. As part of that plan, California is adopting the three-phased approach to vaccination developed by the federal Centers for Disease Control and Prevention (CDC). In Phase 1, when vaccine supply is expected to be limited, California will focus its efforts on vaccinating its critical populations, including healthcare personnel, people at increased risk for severe illness or death, and other essential workers. In Phases 2 to 3, as vaccine supply increases, vaccines will become available to a larger portion of the population.

Using CDC and California Department of Public Health guidance, local health departments will conduct provider recruitment and enrollment to identify and enroll providers in the State's COVID-19 Provider Enrollment and Ordering Management System. Once enrolled, the providers will be eligible to receive vaccine allocations.

Enrolled providers must follow state and federal guidelines regarding prioritization and allocation of COVID-19 [vaccinations](#). Accordingly, we do not anticipate that plans themselves, at least in the short term, will need to impose any utilization management criteria when reimbursing providers for the costs of administering the COVID-19 vaccines because the providers should be following the state and federal guidance with respect to who is eligible to receive a vaccine. Once the COVID-19 vaccines become more widely available, the DMHC will work with stakeholders to develop further guidance regarding when health plans may impose utilization management criteria.

- 3. What if a provider requests a reimbursement amount for administration of COVID-19 vaccines that the plan believes is unreasonably high? Does the plan simply have to pay billed charges?**

The federal Final Interim Rule requires plans to reimburse non-contracted providers at a "reasonable" rate for administration of the COVID-19 vaccines, as determined in comparison to prevailing market rates for such service. Guidance issued by CMS suggests that an example of "reasonable" reimbursement for non-contracted providers would be the Medicare reimbursement rate for administration of COVID-19 vaccines. If a provider submits billed charges to a plan and those billed charges are not

“reasonable” based on prevailing market rates for administration of the vaccines, the health plan would not be required to reimburse the provider at the billed charges.

4. If more than one vaccine is approved, can health plans choose to cover only one of the vaccines?

No. The CARES Act and the Interim Final Rules require plans to cover “any qualifying coronavirus preventative service,” which includes qualifying vaccines. Accordingly, plans may not choose to cover only a subset of qualifying vaccines.

5. If an employer, such as a health facility, chooses to administer the COVID-19 vaccine to its employees in conformance with state and federal guidance, must the health plan(s) covering the provider’s employees cover administration of the vaccine for those enrollees?

Yes, if the employer is an enrolled with State’s COVID-19 Provider Enrollment and Ordering Management System. If the employer is an enrolled provider, the health plan covering the employer’s employees must cover the costs to administer COVID-19 vaccines to those employees even if the employer is not a provider in the plan’s network.

6. Where can plans find more information about the State’s guidelines for allocating COVID-19 vaccines?

The DMHC will continue to provide health plans with guidance as it become available. In the meantime, plans can visit the website for the California Department of Public Health at this [link](#) for information regarding the COVID-19 vaccination planning. Additionally, CMS has issued a “toolkit” regarding coverage of COVID-19 vaccines by health insurers and health plans. That toolkit can be found at this [link](#).