

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Department of Health Care Finance**



Office of the Senior Deputy Director and Medicaid Director

**Transmittal 24-03**

**TO:** DC Medicaid Providers

**FROM:** Melisa Byrd *M.B.*  
Senior Deputy Director and Medicaid Director

**DATE:** January 26, 2024

**SUBJECT: Notification of Policy Change-Physician Administered Drug Reimbursement Rates**

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**Purpose**

The purpose of this transmittal is to notify DC Medicaid Providers of a policy change regarding reimbursement rates for physician-administered drugs under the "Buy & Bill" policy. The Centers for Medicare and Medicaid Services (CMS) recently approved an update to the District of Columbia (DC) Medicaid State Plan. The State Plan Amendment allows the Department of Health Care Finance (DHCF) to modify the reimbursement methodology for physician-administered drugs.

**Background**

DHCF conducted a comprehensive review of the existing reimbursement methodology for physician-administered drugs. Under the previous reimbursement methodology, the "Buy & Bill" providers were reimbursed at 80% of the Medicare Part B reimbursement rate for the ingredient (drug/biologic/biosimilar), except for chemotherapy drugs - which were reimbursed at 100% of Medicare Part B reimbursement rates. Recognizing the financial challenges faced by healthcare providers, DHCF acknowledges that the previous reimbursement rates were insufficient, often falling below the acquisition cost. This discrepancy has, in some cases, rendered the provision of services financially unsustainable, creating a disincentive for providers to offer care to beneficiaries. Consequently, this situation has posed a significant barrier to beneficiaries seeking timely access to essential treatments.

**New Policy**

DHCF recently received CMS State Plan approval to increase the reimbursement rates for all physician-administered drugs to 100% of Medicare reimbursement rates under the "Buy & Bill" policy. This adjustment aims to better align reimbursement with the actual costs incurred by

providers, promoting financial sustainability and, ultimately, improving access to care for DC Medicaid Fee-for Service beneficiaries. This change will have a positive impact on the healthcare landscape, addressing the challenges faced by providers and facilitating more accessible and timely care for beneficiaries. The SPA that reflects this policy change is available at: [DC-23-0012.pdf \(medicaid.gov\)](#).

**Policy Effective Date**

The effective date of the change is October 1, 2023. All previously submitted claims, impacted by the publication of this transmittal, will be reprocessed by February 29, 2024.

**Contact**

If you have questions, please contact Amy Xing, Reimbursement Analyst, Office of Rates Reimbursement and Financial Analysis, Department of Health Care Finance (DHCF) at [amy.xing2@dc.gov](mailto:amy.xing2@dc.gov) or (202) 481-3375.

**Cc:** DC Behavioral Health Association  
DC Coalition of Disability Service Providers  
DC Health Care Association  
DC Home Health Association  
DC Hospital Association  
DC Primary Care Association  
Medical Society of the District of Columbia