

December 21, 2007

# Montana Medicaid Notice

## Physicians, Mid-Level Practitioners, Pharmacies

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### Compound Prescription Billing Changes

Effective January 22, 2008, the Department will no longer pay for compounded prescriptions using Department assigned 00888 codes. Upon adoption of ARM 37-86-1105(4) Montana Medicaid shall reimburse pharmacies for compounding drugs only if the client's drug therapy needs cannot be met by commercially available dosage strengths and/or forms of the therapy.

The following procedures are to be followed if a compounded medication is indicated:

- Prescription claims for compound drugs shall be billed using the National Drug Code (NDC) number and quantity for each ingredient in the compound.
- No more than 25 ingredients may be reimbursed in any compound.
- Reimbursement for each drug component shall be determined in accordance with ARM 37.86.1101.
- Prior authorization requirements for individual components of a compound must be met for reimbursement purposes.
- Prior authorization shall be required to be reimbursed for a dispensing fee over \$12.50.
- The dispensing fee for each compounded drug shall be \$12.50, \$17.50, or \$22.50 based on the level of effort required by the pharmacist.
- The department does not consider reconstitution to be compounding.

The following NCPDP 5.1 valid values are required to appropriately bill the Department for compounded medications:

- Compound code of **2** in NCPDP field 406-D6;
- Submission clarification code **8** in the Submission clarification code NCPDP field 420-DK (Process compound for approved ingredients);
- Indicate one of the following Level of effort valid values in NCPDP field 474-8E (DUR/PPS Level of Effort):

11 = Level 1 = \$12.50

12 = Level 2 = \$17.50 PA required

13 = Level 3 = \$22.50 PA required

Prior authorization is required for reimbursement under levels of effort "2" and "3." These levels of effort shall be based on the complexity and special handling requirements as follows:

Level 3 compound guidelines:

- Compounding in a biological safety cabinet
- Complex ingredient manipulation
- More than 30 minutes hands-on compounding time

Level 2 compound guidelines:

- More than 15 minutes hands-on compounding time
- Aseptic technique
- Incorporation of ingredients: high concentrations/solubility issues

Level 1 compound (commonly used) (**NO** prior authorization required) examples include:

- Magic mouthwash
- Wilson's solution
- Mupirocin in nasal saline
- Steroid ointments diluted in petroleum base

The pharmacy may submit requests by mail, telephone, or fax to:

**Mountain Pacific Quality Health  
Drug Prior Authorization Unit  
3404 Cooney Drive  
Helena, MT 59602  
(406) 443-6002 or (800) 395-7961 (Phone)  
(406) 443-7014 or (800) 294-1350 (Fax)**

To request prior authorization, providers must submit the information requested on the attached *Request for Drug Prior Authorization Form* to the Drug Prior Authorization Unit.

Any questions regarding this notice can be directed to Wendy Blackwood at (406) 444-2738 or the Medicaid Drug Prior Authorization Unit at (406) 443-6002.

## **Contact Information**

For claims questions or additional information, contact Provider Relations:

**Provider Relations toll-free in- and out-of-state: 1-800-624-3958  
Helena: (406) 442-1837**

Visit the Provider Information website:

**<http://www.mtmedicaid.org>**

