

November 17, 2010

Montana Health Care Programs Notice

Physicians, Mid-Level Practitioners, and Public Health Clinics

Compound Drugs Billed on a CMS-1500, Effective January 1, 2011

The Center for Medicaid and Medicare Services (CMS) has notified manufacturers that the NDCs for bulk drug substances do not qualify as covered outpatient drugs and, as a result, will be deleted from the Medicaid Drug Rebate product file of covered outpatient drugs effective January 1, 2011.

Therefore, effective for date of service January 1, 2011, for compound physician-administered drugs only: Montana Medicaid will not require the manufacturer to have a signed rebate agreement with CMS.

Montana Medicaid will reimburse for compound physician-administered drugs only if the client's drug therapy needs cannot be met by commercially available dosage strengths and/or forms of the therapy.

Billing Compound Drugs on a CMS-1500

Providers must bill all compound drugs with HCPCS Procedure Code J3490 (unclassified drugs), KX modifier (Note: Modifier has been changed from KP to KX for compound drugs only.) and number of units given. The N4 qualifier followed by the NDC number of the primary ingredient must be above the date of service in Block 24A. A copy of the invoice from the compounding pharmacy must be attached to the claim. Reimbursement is the cost to the provider (invoice amount). You may also bill the appropriate CPT code for the administration fee.

Each claim must be submitted to:

Physician and Related Services Claims
P.O. Box 202951
Helena, MT 59620-2951

The original invoice or copy of the original invoice must be attached to each CMS-1500. The invoice must include:

- Client's name and Medicaid ID number
- Name and NDC of primary ingredient used in the compound
- Dosage given
- Invoice pricing

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

E-mail: MTPRHelpdesk@ACS-inc.com

Visit the Provider Information website:

<http://medicaidprovider.hhs.mt.gov/>