

Allison Knight, Assistant Manager
OMAP Policy and Planning Section

Authorized Signature

Number: DMAP-IM-06-197

Issue Date: 11/09/2006

Topic: Medical Benefits

Subject: Rx provider announcement: Billing compound drugs on POS

Applies to (check all that apply):

- | | |
|--|--|
| <input type="checkbox"/> All DHS employees | <input type="checkbox"/> County Mental Health Directors |
| <input type="checkbox"/> Area Agencies on Aging | <input type="checkbox"/> Health Services |
| <input type="checkbox"/> Children, Adults and Families | <input type="checkbox"/> Seniors and People with Disabilities |
| <input type="checkbox"/> County DD Program Managers | <input checked="" type="checkbox"/> Other (please specify): DMAP + Plans |

Message: DMAP will post the following reminder to Pharmacy providers about how to bill via point-of-sale (POS) for compound drugs.

If you have any questions about this information, contact:

| | | | |
|--------------------|--|-------------|----------------|
| Contact(s): | Brian Olson, DMAP Pharmacy Program Manager | | |
| Phone: | (503) 945-6492 | Fax: | (503) 373-7689 |
| E-mail: | brian.olson@state.or.us | | |



Oregon

Theodore R. Kulongoski, Governor

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November 8, 2006

To: Pharmacy Providers
From: Allison Knight, Assistant Manager
DMAP Policy and Planning Section
Subject: Billing compound drugs on POS



Important Reminders

1. The claim segment product ID (*i.e.*, NDC) is defined as a mandatory field and, therefore, must be submitted for all claims, including multi-ingredient compounds.
A non-space value is expected in this field for field validation. The pharmacy will submit all zeroes in this field for a multi-ingredient compound. For compound segment transactions, the claim will be rejected if all zeroes are not submitted as the product ID.
2. A Submission Clarification Code value of “8” will only allow a claim to continue processing if at least one ingredient is covered. DMAP will cover both rebateable and non-rebateable ingredients for compounded claims.
3. Each multi-ingredient claim will count as one claim towards the respective prescription fill limits, if applicable.

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Compounds

Compounds should be processed on line using “multiple ingredient functionality”. All edits apply to each NDC. Providers should enter the following:

On Claim Segment:

- SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8 (Process Compound for Approved Ingredients) will allow a claim to continue processing if at least one ingredient is covered.
- Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as “000000000000” on the claim segment to identify the claim as a multi-ingredient compound.
- Enter COMPOUND CODE (NCPDP field # 406-D6) of “2”.
- Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
- Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product.

On Compound Segment:

- Enter COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF)
- COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG)
- COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH)
- COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC)
(Maximum of 25)

For each line item:

- COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE)
- COMPOUND PRODUCT ID (NCPDP field # 489-TE), i.e. NDC
- COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED)
- COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE)

Example Transaction: Salicylic Acid 10gm, Lactic Acid 3ml, Flexible Collodion qs 40ml

- **On Claim Segment:**
 - SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8
 - Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as “000000000000” on the claim segment to identify the claim as a multi-ingredient compound.
 - Enter COMPOUND CODE (NCPDP field # 406-D6) of “2”
 - Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
 - Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product

- **On Compound Segment** (see Payer Specifications for field values):
 - Enter COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF)
 - COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG)
 - COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH)
 - COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC) (Maximum of 25)

- **For each line item** (*i.e.*, for Salicylic Acid, Lactic Acid and Flexible Collodion):
 - COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE)
 - COMPOUND PRODUCT ID (NCPDP field # 489-TE),
i.e., NDC of each ingredient
 - COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED),
i.e., quantity of each ingredient
 - COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE),
i.e., ingredient cost of each ingredient

NOTE: Pharmacies must transmit the same NDC number(s) that is/are being used to dispense the medication.

Submitting compound claims:

The following fields must be used (required) for submitting multi-ingredient compounds for the Oregon Health Plan:

- 406-D6—Compound Code (it should have a value of either “2” or “Compound”)
- 450-EF—Compound Dosage Form Description
- 451-EG—Compound Dispensing Unit Form
- 452-EH—Compound Route of Administration
- 447-EC—Compound Ingredient Component Count (may be automatically filled in by your software)
- 488-RE—Compound Product ID Qualifier (may be automatically filled in by your software)
- 489-TE—Compound Product ID
- 448-ED—Compound Ingredient Quantity
- 449-EE—Compound Ingredient Drug Cost

Additional hints:

1. Make sure that the sum of the ingredient drug costs submitted agrees to the penny with the ingredient cost submitted on the pricing segment (409-D9).
2. To keep the whole claim from denying when one of the ingredients is not covered, use an “8” in the submission clarification code field (420-DK). This tells the system to “process the compound for approved ingredients.”