



INLAND EMPIRE HEALTH PLAN

# PHARMACY TIMES

BY IEHP PHARMACEUTICAL SERVICES DEPARTMENT

July 12, 2010

## Compound Drug Product Policy

We would like to remind our Pharmacy Provider regarding the policy for Compounding Prescriptions.

1. Compounded drug products are considered medically necessary if the following criteria are met:
  - The prescription ingredient is FDA-approved for medical use in the United States **AND**
  - The compounded product is not a copy of commercially available FDA-approved drug product **AND**
  - The safety and effectiveness of use for the prescribed indication is supported by FDA-approval or adequate medical and scientific evidence in the medical literature.
2. Pharmacy Providers must provide all Active Ingredients used on the IEHP Compounding Prescription Form. Please note that the reimbursement will only be based on the ingredients submitted. If Pharmacy Provider refuses to provide the ingredients used, IEHP will not be able to determine the reimbursement amount.
3. Pharmacy Providers will be reimbursed according to the contracted rate. Please review the Compounding Reimbursement Fee under Argus-IEHP Pharmacy Agreement Schedule #3. IEHP may adjust the dispensing fee accordingly depending on the complexity of the compound. IEHP Pharmacy Providers are responsible to fulfill the "Obligations of Participating Pharmacies" listed under Argus-IEHP Pharmacy Agreement.
4. IEHP contracts with all willing Pharmacy Providers in San Bernardino and Riverside Counties. If the Pharmacy Provider cannot provide pharmacy services as defined under the contract, to minimize the impact to the Members, IEHP may request the prescription to be fulfilled by another contracted Pharmacy Provider.

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5. Prior Authorization must be obtained by submitting Pharmacy Exception Request (PER) to IEHP prior to dispensing the compound prescriptions. IEHP Pharmacy Providers are not allowed to ask for cash payment from IEHP Members (or any known Medi-Cal recipients) for their prescription needs or any pharmacy services under the California code of Regulation Title XXII unless IEHP issued a denial to the requested service (i.e. non-covered items). Violation of this service requirement may result in termination from the network.
  
6. Pharmacy Provider should submit the NDC of the highest cost drug used in the compound, using a compound indicator =2, and the contracted dispensing fee to IEHP's Contracted PBM for all Compound Claims.

Thank you for your cooperation and feel free to contact IEHP Pharmaceutical Services at 909-890-2049 with any questions regarding this notice.

IEHP Pharmaceutical Services