

Affected Programs: BadgerCare Plus, Medicaid, SeniorCare

To: Blood Banks, Dentists, Dispensing Physicians, Federally Qualified Health Centers, Hospital Providers, Nurse Practitioners, Nursing Homes, Pharmacies, Physician Assistants, Physician Clinics, Physicians, Podiatrists, Rural Health Clinics, HMOs and Other Managed Care Programs

Changes to the Coverage of Active Pharmaceutical Ingredients and Excipients for Compound Drugs

Effective for dates of services on and after April 1, 2011, active pharmaceutical ingredients and excipients will no longer be covered by ForwardHealth based on Centers for Medicare and Medicaid Services changes.

Active Pharmaceutical Ingredients and Excipients

The Centers for Medicare and Medicaid Services (CMS) has notified manufacturers that active pharmaceutical ingredients (APIs) and excipients do not qualify as covered drugs. As a result, effective for dates of service on and after April 1, 2011, APIs and excipients will no longer be covered by ForwardHealth.

An API is a bulk drug substance, which is defined by the Food and Drug Administration (FDA) as any substance that is represented for use in a drug and that, when used in the manufacturing, processing, or packaging of a drug, becomes an active ingredient of the drug product. Excipients are non-drug products used in compounds (e.g., Aquaphor, petrolatum). For a complete list of National Drug Codes (NDCs) of noncovered APIs and excipients, providers may refer to the CMS Web site at www.cms.gov/.

Compound Drug Policy Reminder

As a reminder, the BadgerCare Plus Standard Plan, Medicaid, and SeniorCare cover a compound drug only when the compound drug prescription:

- Contains more than one ingredient (each ingredient is separately billed on a compound claim).
- Contains at least one drug that is covered by the Standard Plan, Medicaid, or SeniorCare.
- Does not contain any drug listed on the Less-Than-Effective/Identical, Related, or Similar Drugs list, or any equivalent or similar drug.
- Does not contain less-than-effective/identical, related, or similar drugs (including drugs that were determined to have little therapeutic value, are not medically necessary, or are not cost-effective), which are considered noncovered.

If one ingredient of the compound drug requires PA, the compound drug requires PA. If one ingredient of the compound drug has a diagnosis restriction, the compound drug has the same diagnosis restriction.

If a compound drug has one noncovered ingredient, payment for that ingredient will be denied, but the rest of the ingredients will be covered, assuming the other conditions are met.

The Standard Plan, Medicaid, and SeniorCare do not cover a compound drug prescription intended for a therapeutic use if the FDA does not approve the therapeutic use of the combination.

There are many resources for drugs covered by BadgerCare Plus and Medicaid found on the Pharmacy page of the ForwardHealth Portal at www.forwardhealth.wi.gov/:

- The Maximum Allowable Cost List is more specific by listing the generic name along with route, strength, and dosage form. Pharmacy providers and prescribers should review this data table frequently as changes may occur.
- The Numeric List of Manufacturers That Have Signed Rebate Agreements is a data table that lists manufacturers by labeler number.
- The Drug Search Tool is the most specific and allows pharmacy providers to check the coverage by NDC or manufacturer for specific drugs.

As a reminder, compound drugs are *not* covered by the BadgerCare Plus Benchmark Plan, the BadgerCare Plus Core Plan, or the BadgerCare Plus Basic Plan.

Preferred Drug List

Compound drugs are excluded from Preferred Drug List (PDL) requirements. Prescribers are not required to complete a Prior Authorization/Preferred Drug List (PA/PDL) form, and pharmacy providers are not required to obtain PA for non-preferred products that are included in a compound drug.

Claims

Providers should indicate the actual NDC of all ingredients in a compound and can submit the claims using the following:

- Point-of-Sale system.
- Provider Electronic Solutions claims submission software.
- Direct Data Entry.
- Compound Drug Claim, F-13073 (10/08).

As a reminder, providers cannot charge a member for a noncovered ingredient of a compound medication.

A member may obtain a compound medication that is not covered under BadgerCare Plus, Medicaid, or SeniorCare. In these instances, the member is responsible for payment only

if the provider informs the member of the following prior to providing the drug:

- BadgerCare Plus, Medicaid, or SeniorCare does not cover the drug.
- The member will be responsible for the cost.

As a reminder, compound drugs are *not* covered by the Benchmark Plan, the Core Plan, or the Basic Plan.

Information Regarding Managed Care Organizations

This *Update* contains fee-for-service policy for members enrolled in Medicaid and BadgerCare Plus who receive pharmacy services on a fee-for-service basis only. Pharmacy services for Medicaid members enrolled in the Program of All-Inclusive Care for the Elderly (PACE) and the Family Care Partnership are provided by the member's managed care organization. Medicaid and BadgerCare Plus HMOs must provide at least the same benefits as those provided under fee-for-service.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

P-1250