IHCP *bulletin*

INDIANA HEALTH COVERAGE PROGRAMS BT202132 APRIL 20, 2021

Pharmacies required to use Compound Ingredient Drug Cost field; reimbursement methodology updated

Effective June 1, 2021, the Indiana Health Coverage Programs (IHCP) is requiring pharmacies to enter the Compound Ingredient Drug Cost (449-EE) field of the *National Council for Prescription Drug Programs (NCPDP) Version D.0 Transaction Payer Sheet* for compound ingredients. This requirement applies to all pharmacies submitting transactions for fee-for-service (FFS) members for compound claims with dates of service (DOS) on or after June 1, 2021.

The Compound Ingredient Drug Cost (449-EE) field in Table 1 will now be a required field in the Compound Segment section of the *NCPDP Version D.0 Transaction Payer Sheet*. This change provides guidance on the use of the Compound Ingredient Drug Cost (449-EE) field for all retail pharmacy transactions for compound claims exchanged between *Health Insurance Portability and Accountability Act* (HIPAA) covered entities.

Table 1 – Field now required on NCPDP Version D.0 Transaction Payer Sheet

Field	NCPDP Field Name	Value	Payer Usage	Payer Situation
449-EE	Compound Ingredient Drug Cost		R	Required when the transmission is for a compound claim with individual ingredients

The Compound Ingredient Drug Cost value should be present for each ingredient submitted in the compound claim, in addition to the gross amount due for the entire product.

Effective June 1, 2021, the following reimbursement methodology will apply to FFS pharmacy claims for legend and nonlegend compounds. The change in methodology applies to claims for DOS on or after June 1, 2021. The IHCP will reimburse pharmacy providers at the lowest of the following for compounds, as applicable:

- The National Average Drug Acquisition Cost (NADAC) as published by the Centers for Medicare & Medicaid Services (CMS) pursuant to *United States Code 42 USC 1396r-8(f)*, as of the date of dispensing, plus any applicable professional dispensing fee
- The state maximum allowable cost (MAC) as determined by the State as of the date of dispensing, plus any applicable professional dispensing fee

- The provider's submitted charge (including compound ingredient drug cost), representing the provider's usual and customary charge for the service, as of the date of dispensing
- The federal upper limit (FUL) as determined by the CMS pursuant to *Code of Federal Regulations 42 CFR 447.514*, as of the date of dispensing, plus any applicable professional dispensing fee
- The wholesale acquisition cost (WAC) according to the State's drug database file contracted from a nationally recognized source such as Medi-Span or First DataBank, minus a percentage as determined by the State through analysis of the dispensing cost survey or other methodology approved by the CMS, as of the date of dispensing, plus any applicable professional dispensing fee (*Note: The purpose of the percentage is to ensure that the applicable WAC rate sufficiently reflects the actual acquisition cost of the provider. The WAC shall only be considered if there is no applicable NADAC, FUL or state MAC rate.*)

For more information, see the updated *Companion Guide: NCPDP Version D.0 Transaction Payer Sheet*, available under the quick links on the OptumRx Indiana Medicaid website (accessible from the *Pharmacy Services* page at in.gov/medicaid/providers).

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