



79 C. Michael Davenport Blvd.  
Suite A  
Frankfort, KY 40601

**Pharmacy Provider Notice #122 – Multi-Ingredient Compound Billing**

January 26, 2011

Dear Kentucky Medicaid Provider:

The Department for Medicaid Services is making the following changes to the Kentucky Medicaid Pharmacy Program.

With implementation of new NCPDP D.0 standards, the only method for billing compounds will be by using the Compound Segment. The two alternatives supported in 5.1 will be removed.

Beginning **March 2, 2011** claims submitted with a compound qualifier of 2 will be denied if Multi-Ingredient Compound (MIC) functionality is not used. Kentucky Medicaid Providers must utilize (since February 1, 2005) the Multi-Ingredient Compound Segment when billing for a compound prescription. Below is the correct billing protocol for multi-ingredient compound claims.

- 1) On the Product/Service screen, enter 11 zeros (00000000000) in the Product/Incoming ID/NDC field
- 2) Enter the “compound code” of “2”
- 3) On the Compound screen, enter NDCs of all ingredients on one claim, using one Rx number

**Fields Required for Submitting Multi-Ingredient Compounds**

**On CLAIM SEGMENT:**

Field Description	NCPDP Field #	Value
COMPOUND CODE	406-D6	2
PRODUCT CODE/ NDC	407-D7	00000000000
QUANTITY DISPENSED	442-E7	Quantity of entire product
GROSS AMOUNT DUE	430-DU	Amount for entire product
SUBMISSION CLARIFICATION CODE	420-DK	8

**NOTE:** Submission Clarification Code - Value “8” will only be permitted for POS (not valid for paper claims) and should be used only for compounds with both rebatable and nonrebatable ingredients. This value allows the provider to be reimbursed for rebatable ingredients only.

**On COMPOUND SEGMENT:**

Field Description	NCPDP Field #
COMPOUND DOSAGE FORM DESCRIPTION CODE	450-EF
COMPOUND DISPENSING UNIT FORM INDICATOR	451-EG
COMPOUND ROUTE OF ADMINISTRATION	452-EH
COMPOUND INGREDIENT COMPONENT COUNT	447-EC

**NOTE:** A maximum of 25 ingredients can be entered.

**For Each Line Item:**

<b>Field Description</b>	<b>NCPDP Field #</b>	<b>Value</b>
COMPOUND PRODUCT ID QUALIFIER	488-RE	3
COMPOUND PRODUCT ID	489-TE	For this line item only
COMPOUND INGREDIENT QUANTITY	448-ED	For this line item only
COMPOUND INGREDIENT COST	449-EE	For this line item only

For assistance with submitting a compound claim, please contact the Pharmacy Support Center at (800) 432-7005. The above information on billing multi-ingredient compounds is located in the provider billing manual located at <https://kentucky.fhsc.com> on the Provider tab under Billing.

Thank you for helping Kentucky Medicaid members maintain access to prescription coverage by selecting drugs on the preferred drug list whenever possible.

Please note that for future prior authorization requests, Magellan Medicaid Administration is now offering real time service! Please contact the Clinical Support Call Center at (800) 477-3071 to speak with a live agent. The only drugs that are now required to be submitted via fax are Brand Medically Necessary, Suboxone/Subutex, Synagis, and Zyvox.

Sincerely,

Kasie Purvis

Provider Relations Manager