



Administrative Policy Statement NORTH CAROLINA MARKETPLACE

Policy Name		Policy Number	Date Effective
Multi-ingredient Compound Policy		PAD-0027-NC-MPP	7/13/2023
Policy Type			
Medical	ADMINISTRATIVE	Pharmacy	Reimbursement

Administrative Policy Statements prepared by CSMG Co. and its affiliates (including CareSource) are derived from literature

A. Subject

Pharmacy – Multi-ingredient Compound Policy .

B. Background

Pharmacy compounding is defined as the combining, mixing or altering of ingredients to create a customized medication for a specific patient. Compounded medications are made based on a practitioner's prescription in which individual ingredients are mixed together in the exact strength and dosage form required by the patient.

C. Definitions

- x Multi-ingredient Compound – a product containing two or more ingredients that is not FDA approved and is prepared upon the order of a physician for a patient.

D. Policy

All multi-ingredient compounds (except topical pain compounds) will be considered medically necessary when ALL of the following criteria are met:

- I. The primary active ingredients in the compound are approved by the FDA for the indication, age or route of administration; OR
- II. If any active ingredient in the compound is not FDA approved for the requested indication, age, or route of administration, must have evidence from TWO published studies from major scientific or medical peer-reviewed journals to support the use of the compound as safe and effective AND
- III. The active ingredients are prescribed in therapeutic amounts based on FDA approved indications AND
- IV. The compound contains only one active ingredient per any specific therapeutic class of drugs as defined by First Data Bank AND
- V. If a compound is similar to a commercially available product but differs in dosage, dosage form, or inert ingredient (such as flavoring, dye, or preservative), chart notes are required from the prescriber supporting the need for the compound (i.e. documented difficulty or inability to swallow oral dosage forms, documented allergies to inactive ingredients) AND
- VI. If any ingredient in the compound, active or inactive, otherwise requires prior authorization, the member must meet criteria established for that ingredient AND
- VII. The member has tried and failed a trial at least 3 preferred medications (if available) that can be used to treat the member's condition. Trial dates must be included with prior authorization request AND
- VIII. Compound will not be covered under the following circumstances:
 1. The compound is being used for an excluded benefit (e.g., cosmetic, obesity, sexual dysfunction, infertility, etc.)
 2. The compound contains ingredients that were withdrawn or removed from the market for safety reasons
 3. The compound is for a product that is commercially available
 4. The compound is for purposes of convenience only.



Evidence of Coverage ("Prescription Drugs" and "What is Not Covered")

G. Review/Revision History

DATES		ACTION
Date Issued	07/01/2016	Initial Release to P&P Committee
Date Revised	08/01/2016	2016 Annual Review with No Changes
	06/01/2017	2017 Annual Review with No Changes
	02/01/2018	Updated criteria to limit compounds to having one ingredient per drug class and 30 day trial of preferred medications
	06/11/2020	Policy moved to the new template. No changes.
	11/30/2021	Updated criteria to include requirement of 2 published studies for off

