Administrative Policy Statement
INDIANA MEDICAID PLANS

Policy Name		Policy Number	Date Effective
Multi-ingredient Compound Policy		PAD-0045-IN-MCD	01/01/2023
Policy Type			
Medical	**ADMINISTRATIVE**	Pharmacy	Reimbursement

Administrative Policy Statement

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 mixedn9mctsxe(r)-6.3 (he (es)-8)3 Tc n-12.2 (as)-81 (

II. Member must have tried at least 3 of the following drugs from different groups for at least 30 days each:
    a. Non-opioid oral medications or a documented contraindication
    b. Diclofenac sodium gel 1% or over-the-counter (OTC) Voltaren gel
    c. Topical lidocaine (e.g., lidocaine cream 3%, 4%, lidocaine patch 4%)
    d. Topical capsaicin AND
III. The compound contains no more than 1 active ingredient per any specific drug class as defined by First Data Bank AND
IV. The compound contains no more than 3 drug classes for active ingredients AND
V. The compound does NOT contain any controlled substances AND
VI. The active ingredients must be FDA approved or compendia supported for topical use and for the pain indication.

Reauthorization:

Pain compound:

Member must have documented improvement of pain supported by chart notes (defined as improvement of at least 3 points on a 0 to 10 point pain scale)

All other compounds:

Evidence of effectiveness and safety for compound must be documented in chart notes for continuation of approval.

Additional notes:

Reimbursement will not be provided for additives such as flavorings, dyes, or preservatives. Requests resulting from a drug shortage will be considered on a case-by-case basis.

E. Conditions of Coverage

HCPCS
CPT

AUTHORIZATION PERIOD
Initial approval: 3 months or prescriber's requested length of therapy (if shorter than 3 months)
Reauthorization: 12 months

F. Related Policies/Rules

Medical Necessity for Non-Preferred Medications Policy

Medical Necessity - Off

	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-label requests, reauth criteria, approval durations. Added separate criteria set for pain compounds. Revised trial requirement to be 3 preferred medications. Changed MediSpan to First Data Bank. Removed “not medically necessary” section under Additional notes.
	11/16/2022	Added individual ingredieents must be FDA Approved via indication, age and ROA; Added MDRP Coverage Rules – AC Reject policy reference.
Date Effective	**01/01/2023**	
Date Archived		

H. References

N/A

The Administrative Policy Statement detailed above has received due consideration as defined in the Administrative Policy Statement Policy and is approved.