



State of Louisiana

Louisiana Department of Health
Bureau of Health Services Financing

MEMORANDUM

DATE: March 28, 2024

TO: All Louisiana Medicaid Prescribing Providers and Pharmacists

FROM: Kimberly Sullivan, Medicaid Executive Director *KLS*

SUBJECT: Louisiana Medicaid Pharmacy Compound Drug Coverage for Managed Care Organizations (MCOs)

Effective April 1, 2024, the Louisiana Medicaid Pharmacy Program will update compound drug coverage for Managed Care Organizations (MCOs). This update for compounded drugs applies to pharmacy claims submitted to MCOs (Aetna, AmeriHealth Caritas, Healthy Blue, Humana Healthy Horizons, Louisiana Healthcare Connections, and UnitedHealthcare).

Compound Drug Coverage

Magellan, the Single Pharmacy Benefits Manager (PBM) for MCOs, is processing compounded drugs when submitted using the NCPDP version D.0 standard multi-ingredient compound functionality. Magellan posted a notification about current compound coverage at <https://www.lamcopbmpharmacy.com/announcements> on December 6, 2023. All ingredients must be identified, their units must be indicated, and the ingredient cost for each ingredient must be submitted on the claim.

At least one ingredient in the compound must be a covered (active-payable) drug. Any component of a compound requiring Prior Authorization will necessitate an approval prior to receiving payment. For additional information, refer to the Payer Specification document or the Provider Manual on the Plan Portal at <https://www.lamcopbmpharmacy.com/>.

All state and federal rules and regulations for compounds must be followed, including but not limited to, not compounding drugs that are currently commercially manufactured and FDA approved.

Billing

Magellan will reimburse an additional amount for compound Level of Effort (LOE) when one of the following values is entered in **NCPDP field 474-8E** (DUR/PPS Level of Effort):

LOE Value and Description	Compound Containing (All compounds must contain at least one active/payable ingredient)	Compound Fee
11 (Straightforward) Must be compounded using USP <795> standards	<ul style="list-style-type: none"> • Single active ingredient capsule • Any combination of commercially available products <p>Examples: Magic Mouth wash, GI cocktails</p>	\$15.00
12 (Low Complexity) Must be compounded using USP <795> standards	<ul style="list-style-type: none"> • Two ingredient capsule/suppository • Transdermal gel 	\$30.00
13 (Moderate Complexity) Must be compounded using USP <795> standards.	<ul style="list-style-type: none"> • Three or less ingredient cream/ointment/gel • Three ingredient capsule/suppository • Two or less ingredient troche • Non-complex suspension • Tablet triturate <p>Examples: folic acid liquid, captopril suspension, lansoprazole/omeprazole suspension, non-hazardous creams and suspensions.</p>	\$35.00
14 (High Complexity) Must be compounded using USP <795> standards and USP <800> where applicable.	<ul style="list-style-type: none"> • Topical containing controlled substance • Three or more ingredient troche • Four or more ingredient capsule/suppository/cream/ointment/gel • Complex suspensions (e.g., pediatric/altering pH/base to salt conversion) • Chemotherapy cream/ointment/gel • Hormone therapy capsules/troches/suppositories 	\$55.00

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15 (Comprehensive) Must be compounded in a USP <797> compliant environment and compounds are dispensed as sterile finished preparation.	Sterile compounded drugs limited to — <ul style="list-style-type: none"> • aqueous bronchial and nasal inhalations, • injections, • irrigations for wounds, and • ophthalmic drops and ointments (Does not include nasal sprays or nasal irrigations) Examples: fortified antibiotic eye drops, IV antibiotics, atropine eye drops	\$75.00
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*Medicaid does not reimburse for bulk powders.

Additional Information:

Magellan will contact network Pharmacy Services Administrative Organizations (PSAO), chains and individual pharmacies, depending on how they are contracted, to agree to the new LOE compound fee schedule.

If you have questions about the content of this memo, you may contact the FFS pharmacy help desk by phone at (800) 437-9101.

If you have questions about pharmacy claims billing, you may contact the appropriate plan at their pharmacy help desk listed in the chart below.

Healthcare Provider	Pharmacy Help Desk	Pharmacy Help Desk Phone Number
Aetna, AmeriHealth Caritas, Healthy Blue, Humana Healthy Horizons, Louisiana Healthcare Connections, UnitedHealthcare	Magellan	(800) 424-1664
Fee for Service	Gainwell Technologies	(800) 648-0790

Please forward this notice to other providers to assist with notification. Your continued cooperation and support of the Louisiana Medicaid Program efforts to coordinate care and improve health are greatly appreciated.

KS/MBW/GJS

c: Healthy Louisiana Plans
Melwyn B. Wendt
Gainwell Technologies
Magellan