

**Alabama Medicaid
Pharmacy Compound Claim Information**

1. Claims billed for bulk products must be submitted on a compound claim.
2. The Alabama Medicaid claims processing system allows for up to 25 NDCs (ingredients) to be submitted per pharmacy/NCPDP claim.
3. Effective July 1, 2013, compounding time is no longer reimbursed by Alabama Medicaid.
4. Bulk products are non-covered for adults age 21 and older (some exceptions may apply). Selected medically necessary bulk products are covered for children.
5. The maximum payable amount for a compounded product is \$200 per claim. Overrides for medical necessity may be approved and should be submitted to Health Information Designs (HID) on the Miscellaneous Request form.
6. For a transaction to be considered a compound claim the compound segment must be submitted and the **compound code field** must have a value of "2". A value of "1" in this field indicates that the claim is NOT a compound, in other words, a regular pharmacy claim.
7. The claim will be rejected if one or more NDCs are non-covered. For compound claims with one or more non-covered ingredients, a value of "8" should be submitted in the **Submission Clarification Code** field to allow for payment of the remaining covered NDCs.
8. If the compound code indicates that it is a compound claim, but the compound segment (eg – list of different ingredients) is not sent, the transaction will reject for a syntax error. **The quantity for each ingredient billed must be billed at the compound segment level.**
9. If more than one NDC on a compound claim requires a Prior Authorization (PA), a PA must be obtained for each drug that requires prior approval. The MMIS system will search for, and apply, the appropriate PA to each NDC that requires a prior authorization when it is billed.
10. Compounds are reimbursed as follows: each payable ingredient's reimbursement amount is calculated during processing. These amounts are summed, and any TPL and/or copay amounts are applied to this summed amount, which becomes the paid amount on the claim. Only one dispensing fee will be applied to a compound claim.
11. Products that must be constituted with a diluent are not considered compound prescriptions and should not be billed as a compound claim (example: ceftriaxone).
12. For information regarding compound claims and bulk powders, see section 27.2.5 of the Alabama Medicaid Provider Manual.