

South Carolina  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
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June 3, 2005

*PHARM*

05-05

# MEDICAID BULLETIN

**TO:** Pharmacy Services Providers

**SUBJECT:** Implementation of NCPDP Version 5.1 Multi-Ingredient Compound Segment and “Partial Fill” Functionality

Effective with claims adjudicated on and after July 6, 2005, several important changes will be implemented that will impact the point-of-sale (POS) system used for processing pharmacy services claims for South Carolina Medicaid. These claims processing enhancements may necessitate modifications to your current software. **Please contact your software vendor immediately to ensure that you will be able to submit claims without interruption once these changes are implemented.**

FIRST HEALTH Services Corporation (FIRST HEALTH) will continue to receive claims electronically in the National Council for Prescription Drug Programs (NCPDP) standardized Version 5.1. The enhancements to Version 5.1 that will be implemented effective with adjudication dates on and after July 6, 2005, will allow for the acceptance and processing of pharmacy claims using the NCPDP Version 5.1 for the Multi-Ingredient Compound Segment as well as Partial Fill functionality. For detailed information regarding these enhancements, please refer to FIRST HEALTH's *Payer Specifications* document at <http://southcarolina.fhsc.com/>. This *Payer Specifications* document contains instructions regarding use of the Compound Segment as well as the required field information necessary to support the submission of Partial Fill claims.

## **Important Notes for Multi-Ingredient Compound claims:**

1. The claim segment product ID (i.e., NDC) is defined as a mandatory field and therefore must be submitted for all claims, including multi-ingredient compounds. A non-space value is expected in this field for field validation. A claim for a multi-ingredient compound must be submitted with all zeroes in this field. For compound segment transactions, the claim will reject if all zeroes are not submitted as the product ID.
2. A Submission Clarification Code value of “8” will allow a claim to continue processing if at least one ingredient is covered.

**CLAIMS SUBMISSION INSTRUCTIONS FOR  
MULTI-INGREDIENT COMPOUND PRESCRIPTIONS**

Providers must submit the actual NDC *listed on the package* for each ingredient used to compound the prescription. Multi-ingredient compound claims submitted with inaccurate NDC's for the actual ingredients dispensed are subject to postpayment review and recoupment of Medicaid monies.

**Compounds:**

Compounds should be processed on-line using "multiple ingredient functionality." All edits apply to each NDC. Providers should enter the following:

**On Claim Segment:**

- SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8.  
A value of 8 ("Process Compound for Approved Ingredients") allows a claim to continue processing if at least one ingredient is covered.
- Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as "00000000000" on the claim segment to identify the claim as a multi-ingredient compound.
- Enter COMPOUND CODE (NCPDP field # 406-D6) of "2".
- Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
- Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product.

**On Compound Segment:**

- Enter COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF).
- COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG).
- COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH).
- COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC) (Maximum of 25).

**For Each Line Item:**

- COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE).
- COMPOUND PRODUCT ID (NCPDP field # 489-TE); (i.e., NDC).
- COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED).
- COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE).

<b>MULTIPLE INGREDIENT COMPOUND EXAMPLE</b>	
<b>Hydrocortisone 20 mg</b>	<b>6 tablets</b>
<b>Tetracycline 500 mg</b>	<b>4 capsules</b>
<b>Nystatin Suspension</b>	<b>60 milliliters</b>
<b>Diphenhydramine Elixir</b>	<b>qs to 480 milliliters</b>

**On Claim Segment:**

- SUBMISSION CLARIFICATION CODE (NCPDP field # 420-DK) = 8.
- Enter PRODUCT CODE/NDC (NCPDP field # 407-D7) as “0000000000” on the claim segment to identify the claim as a multi-ingredient compound.
- Enter COMPOUND CODE (NCPDP field # 406-D6) of “2”.
- Enter QUANTITY DISPENSED (NCPDP field # 442-E7) of entire product.
- Enter GROSS AMOUNT DUE (NCPDP field # 430-DU) for entire product.

**On Compound Segment (see *Payer Specifications* for field values):**

- COMPOUND DOSAGE FORM DESCRIPTION CODE (NCPDP field # 450-EF).
- COMPOUND DISPENSING UNIT FORM INDICATOR (NCPDP field # 451-EG).
- COMPOUND ROUTE OF ADMINISTRATION (NCPDP field # 452-EH).
- COMPOUND INGREDIENT COMPONENT COUNT (NCPDP field # 447-EC) (Maximum of 25).

**For each line item (i.e., for hydrocortisone, tetracycline capsules, nystatin suspension, and diphenhydramine elixir):**

- COMPOUND PRODUCT ID QUALIFIER (NCPDP field # 488-RE).
- COMPOUND PRODUCT ID (NCPDP field # 489-TE); (i.e., NDC of each ingredient).
- COMPOUND INGREDIENT QUANTITY (NCPDP field # 448-ED); (i.e., quantity of each ingredient).
- COMPOUND INGREDIENT DRUG COST (NCPDP field # 449-EE); (i.e., ingredient cost of each ingredient).

<b>PARTIAL FILL FIELDS*</b>
Fields listed below which are required for Partial Fill claims submission are bolded on the attached <i>Payer Specifications</i> document:
<ul style="list-style-type: none"> <li>• <b>456-EN ASSOCIATED PRESCRIPTION SERVICE REFERENCE #.</b></li> <li>• <b>457-EP ASSOCIATED PRESCRIPTION/SERVICE DATE.</b></li> <li>• <b>343-HD DISPENSING STATUS.</b></li> <li>• <b>344-HF QUANTITY INTENDED TO BE DISPENSED.</b></li> <li>• <b>345-HG DAYS SUPPLY INTENDED TO BE DISPENSED.</b></li> </ul>

\*[NOTE: Partial fill functionality cannot be used when submitting Multi-Ingredient Compound claims.]

Questions may be directed to the Department of Pharmacy Services at (803) 898-2876. Questions regarding billing instructions for the Multi-Ingredient Compound Segment or

Partial Fill claims should be directed to FIRST HEALTH's Technical Call Center staff at 1-866-254-1669 (toll-free).

/s/

Robert M. Kerr  
Director

RMK/btav

**NOTE:** The most current version of the provider manual is maintained on the DHHS website at [www.dhhs.state.sc.us](http://www.dhhs.state.sc.us). [On the DHHS home page, click on the Provider Manuals link listed under the heading "Providers."]

Should you wish to order a printed replacement section for your provider manual, or a replacement compact disc containing a copy of the manual in Portable Document Format (PDF), call South Carolina Medicaid Provider Outreach at (803) 264-9609. Charges for printed manuals are based on actual costs of printing and mailing.

To receive Medicaid bulletins by email or to sign up for Electronic Funds Transfer of your Medicaid payment, please go to the following link for instructions:  
<http://www.dhhs.state.sc.us/ResourceLibrary/E-Bulletins.htm>.