

South Carolina  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
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# MEDICAID BULLETIN

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**TO: Providers Indicated**

**SUBJECTS: I. Clarification on Medicaid Coverage of Over-the-Counter Pharmaceuticals**  
**II. Coverage and Billing Policy for Multi-Ingredient Compounds**

## **I. Clarification on Medicaid Coverage of Over-the-Counter Pharmaceuticals**

Prescribers are reminded that the South Carolina Department of Health and Human Services reimburses for most *rebated* over-the-counter (OTC) pharmaceuticals. The majority of nationally marketed over-the-counter products are rebated by their respective manufacturers and may be considered for Medicaid reimbursement within program guidelines (e.g., monthly prescription limit). Most chain pharmacies, however, do not provide federally mandated rebate monies for their "house brand" OTCs; and thus, those specific products are deemed not covered.

For each OTC product dispensed, a valid prescription authorized by a licensed practitioner (*i.e.*, physician, dentist, optometrist, podiatrist, or other health care provider authorized by law to diagnose and prescribe drugs and devices) must be on file. Covered over-the-counter family planning pharmaceuticals and devices are exempt from the monthly prescription limit in effect for adult beneficiaries. Insulin and insulin syringes are reimbursed through the Pharmacy Services program; diabetic devices and supplies (e.g., glucometers, test strips, and lancets, etc.) remain covered under the South Carolina Medicaid Durable Medical Equipment (DME) program.

## II. Coverage and Billing Policy for Multi-Ingredient Compounds

Providers should be aware that multi-ingredient compounds are **non-covered** by South Carolina Medicaid if that specific combination of ingredients is commercially available from a pharmaceutical manufacturer. Therefore, such compounds must not be billed to Medicaid. Additionally, the reconstitution of commercially available products is not considered compounding, and as such, may not be billed to Medicaid as a compound.

When billing for covered multi-ingredient compounds, Pharmacy Services providers must enter "0000000000" in the Product Code/NDC field (NCPDP field #507-D7) and "2" in the Compound Code field (NCPDP field #406-D6) to identify the claim as a multi-ingredient compound. Providers are also reminded to bill the National Drug Code (NDC) of the actual product used (the ingredient must be rebated) and the corresponding quantity for each NDC in the compound. Further claims submission instructions may be found at <http://southcarolina.fhsc.com>.

Questions regarding this bulletin should be directed to the Department of Pharmacy Services at (803) 898-2876. Thank you for your continued support and participation in the South Carolina Medicaid Program.

/s/

Robert M. Kerr  
Director

RMK/bgav

**NOTE:** 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/dhhsnew/QLBulletins.asp>