



June 20, 2016
Theresa Pugh
Program Administrator, Medical Services Section
Florida Division of Workers' Compensation

Theresa.Pugh@myfloridacfo.com

RE: Compound Billing Rules Conflict

Dear Ms. Pugh:

The National Council for Prescription Drug Programs (NCPDP) is a not-for-profit American National Standards Institute (ANSI)-accredited Standards Development Organization (SDO) consisting of nearly 1600 members who represent drug manufacturers, chain and independent pharmacies, drug wholesalers, insurers, mail order prescription drug companies, claims processors, pharmacy benefit managers, physician services organizations, prescription drug providers, software vendors, telecommunication vendors, industry professional societies, service organizations, government agencies, and other parties interested in electronic standardization within the pharmacy services sector of the healthcare industry.

NCPDP creates the standards that facilitate the interchange of data amongst pharmacies, physicians, pharmacy benefits managers, payers, processors and manufacturers—including the HIPAA-named Telecommunication Standard Version D.0, the Universal Claim Form (UCF) and the Workers' Compensation/Property & Casualty Universal Claim Form (WC/PC UCF). NCPDP's Work Group 16 (WG16) Property and Casualty/Workers' Compensation is responsible for maintaining the standards and guidance specific to workers' compensation and other property/casualty lines of insurance.

NCPDP is aware of a potential conflict in the Division of Workers' Compensation regulations and guidelines concerning the identification of ingredients and properly completing the State's proprietary form when billing compounds. After reviewing the comments that follow, we recommend further clarification be provided for stakeholders by the Division and the regulations be amended to remove this conflict.

Specifically, there appears to be a conflict between the Division's billing rules (69L-7.730) and the new fee schedule billing requirements for compounds set to become effective July 1, 2016 as part of the ratified 2015 Health Care Provider Reimbursement Manual. Under the new reimbursement manual, a provider is required to list the NDC of each individual component contained in the compounded medication. Subsequent reimbursement from the insurance carrier or their agent, absent a contract, is to be based on the AWP of each component plus \$4.18. However, the Division's billing rules and related billing form instructions appear to conflict with this new requirement. The Division billing instructions for the DWC-10 form require the NDC of a drug to be placed in field 9a on the form. For compounds, the billing rules require a provider to place the state-specific code COMPD-0000-00 in 9a yet there are no billing instructions for reporting multiple ingredient NDCs to ensure compliant billing of compounded

drugs using a DWC-10. Without expounding on the details, there appear to also be similar conflicting billing instructions with the DWC-9 to be used by dispensing practitioners.

To illustrate this conflict, we have included below excerpts from the rules more specific to the DWC-10.

2. When dispensing medicinal drugs which are compounded and the prescribed formulation is not commercially available:

a. Pharmacists shall bill on Form DFS-F5-DWC-10 and shall enter the workers' compensation unique code COMPD, as defined in the MEIG, in Field 9a.

<i>9a.</i>	<i>NDC NUMBER PRIMARY</i>	<i>REQUIRED</i>	<i>Enter the National Drug Code (NDC) number segmented into the universal 5-4-2 format or enter the unique workers' compensation code COMPD-0000-00 if the prescription dispensed is compounded by the pharmacist and not commercially available.</i>
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Below is the relevant excerpt from the new reimbursement manual:

The provision and reimbursement of compounded drugs shall be limited to a pharmacist or a physician and billed under the NDC number of each component that is used to make up the compounded drug.

The provider shall bill a professional fee for compounding by using the Workers' Compensation Unique code COMPD.

Reimbursement is the lesser of:

- [AWP (of each component)] + \$4.18 = Reimbursement; or*
- The amount the carrier has contracted for pursuant to s. 440.13(12)(c), F.S.*

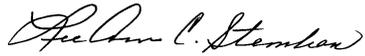
NCPDP is concerned there may be an increase in disputes between providers and payers regarding the provision of specific information for compounded drugs. Given this apparent conflict, NCPDP respectfully requests the Division provide formal written clarification to system participants and stakeholders on the proper billing process for compounded drugs. In addition, we recommend the Division ultimately amend the billing rules to provide this clarity.

NCPDP strongly encourages the Division to consider adopting a more standardized approach for billing of pharmaceuticals, particularly compounded drugs in this case. The industry standard is and has been for some time to bill compounds at the individual component ingredient NDC level using the NCPDP paper and electronic billing standards, adopted under HIPAA and by several state workers' compensation agencies. The use of agency-specific coding, formatting and forms often creates an extra compliance burden on providers who must comply with federal, state Medicaid, private insurance or other transaction and coding standards.

Thank you for your consideration of our comments and recommendations. For direct inquiries or questions related to this letter, please contact:

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Sincerely,



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