

<b>ISSUE DATE</b>  December 29, 2014	<b>EFFECTIVE DATE</b>  December 9, 2014	<b>NUMBER</b>  *See below
<b>SUBJECT</b>  Prior Authorization of Compounded Prescriptions - Pharmacy Services		<b>BY</b>    Vincent D. Gordon, Deputy Secretary Office of Medical Assistance Programs

**PURPOSE:**

The purpose of this bulletin is to:

1. Inform providers about new requirements for prior authorization of compounded prescriptions.
2. Issue handbook pages that include instructions on how to request prior authorization of compounded prescriptions, including the type of medical information needed to evaluate requests for medical necessity.

**SCOPE:**

This bulletin applies to all licensed pharmacies and prescribers enrolled in the Medical Assistance (MA) Program and providing services in the fee-for-service (FFS) delivery system, including pharmacy services to residents of long term care facilities.

**BACKGROUND:**

The Department of Public Welfare's (Department) Drug Utilization Review (DUR) Board meets semi-annually to review provider prescribing and dispensing practices for efficacy, safety, and quality and to recommend interventions for prescribers and pharmacists through the Department's Prospective Drug Use Review (ProDUR) and Retrospective Drug Use Review (RetroDUR) programs.

*01-14-44	09-14-37	27-14-35	33-14-36
02-14-34	11-14-34	30-14-34	
03-14-37	14-14-34	31-14-41	
08-14-38	24-14-35	32-14-34	

**COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:**

The appropriate toll free number for your provider type

Visit the Office of Medical Assistance Programs Web site at  
<http://www.dpw.state.pa.us/provider/healthcaremedicalassistance/index.htm>

**DISCUSSION:**

During the September 10, 2014 meeting, the DUR Board recommended that the Department require prior authorization of compounded prescriptions. Traditional pharmacy compounding serves an important role in clinical practice to ensure access on a small scale to customized medications when a product that has been approved by the Food and Drug Administration (FDA) is not available, or must be altered in some manner to treat the patient's unique medical needs. A retrospective review of FFS paid claims history revealed an increase in the use of compounded prescriptions and raised questions about the medical necessity and appropriate utilization of some compounded prescriptions. The DUR Board expressed concerns for the safety and efficacy of traditional pharmacy compounding and recommended guidelines to determine medical necessity. The requirement for prior authorization and the guidelines to determine medical necessity, as recommended by the DUR Board, were subject to public review and comment, and subsequently approved for implementation by the Department. The requirements for prior authorization and clinical review guidelines to determine the medical necessity of compounded prescriptions are included in the attached updated provider handbook pages.

**PROCEDURE:**

The procedures for prescribers to request prior authorization of compounded prescriptions are located in SECTION I of the Prior Authorization of Pharmaceutical Services Handbook. The Department will take into account the elements specified in the clinical review guidelines (which are included in the provider handbook pages in the SECTION II chapters related to Compounded Prescriptions) when reviewing the prior authorization request to determine medical necessity.

As set forth in 55 Pa. Code § 1101.67(a), the procedures described in the handbook pages must be followed to ensure appropriate and timely processing of prior authorization requests for drugs that require prior authorization.

**ATTACHMENTS:**

Prior Authorization of Pharmaceutical Services Handbook - Updated pages

SECTION II  
Compounded Prescriptions