

PROVIDER BULLETIN

No.11-01

January 3, 2011

TO: Prescribers of Medicaid Covered Drugs and Pharmacists

FROM: Vivianne M. Chaumont, Director 
Division of Medicaid & Long-Term Care

BY: Barbara Mart, R.P., Pharmacy Consultant

RE: Compounded Prescriptions with APIs and Excipients.

An API is a bulk drug substance, which is defined by the FDA as any substance that is represented for use as a drug and that, when used in the manufacturing, processing or packaging of a drug, becomes an active ingredient of the drug product. APIs may be included in extemporaneously compounded prescriptions and may serve as the active drug component in a compounded formulation.

State Medicaid programs have been informed by the Centers for Medicare & Medicaid Services (CMS) that many active pharmaceutical ingredients (APIs) and excipients used in compounding do not meet the definition of a covered outpatient drug as defined in section 1927(k)(2) of the Social Security Act and effective January 1, 2011, are not eligible for coverage as drugs in Medicaid programs. Therefore, Nebraska Medicaid will no longer cover such products for dates of service on and after January 1, 2011.

Lists of APIs and excipients identified in the Medicaid Drug Rebate system are posted on the CMS website at http://www.cms.gov/Reimbursement/02_Spotlight.asp . Please note that these are not definitive lists and additional products will be added as they are identified.

If you are treating a recipient who is currently receiving a prescription containing one of the APIs or excipients to be deleted, you must identify an alternative therapy that meets the definition of a covered outpatient drug and is eligible under the federal drug rebate program. Information regarding products covered by NE Medicaid can be found on the Drug Lookup posted at <https://nebraska.fhsc.com/> .

If you have any questions regarding this bulletin please contact Barbara Mart, R.P., Pharmacy Consultant, at (402) 471-9301 or barbara.mart@nebraska.gov .