Compounded Medications
Prior Authorization Criteria
Program Summary

All compound claims must be submitted electronically. Paper claims for compounded products will not be accepted.

OBJECTIVE

The intent of the prior authorization (PA) program for compounded medications is to provide coverage when the compounded medication is medically necessary. The PA program will consider the compound to be medically necessary if all prescription ingredients are FDA approved for medical use in the United States and it is not a copy of a commercially available product.

TARGET DRUG

Compounded Medications

PRIOR AUTHORIZATION CRITERIA FOR APPROVAL

Compounded Medications will be approved when the following are met:

1. The requested compounded medication does not contain an ingredient considered not medically necessary in a compound. Ingredients considered not medically necessary in a compound include, but are not limited to, those with potential safety risks, bulk powders/chemicals/products not FDA approved, controlled substance pain medications and non-covered drug classes (e.g., anorexiants, impotence).
   AND
2. ALL of the following:
   a. The product contains at least one prescription ingredient
      AND
   b. All prescription ingredients are FDA approved for medical use in the United States
      AND
   c. ALL prescription ingredients in the compounded product are being used for ONE of the following:
      i. An FDA approved indication (including the final route of administration) for each prescription ingredient in the compound
         OR
      ii. An indication and route of administration supported by appropriate clinical documentation submitted by the prescriber (e.g., MicroMedex, NCCN, peer-reviewed studies published in a nationally recognized medical journal)

      AND
   d. The compounded medication is not a copy of a commercially available FDA-approved drug product

Note: Drug compounding for the purpose of convenience or preference is not considered medically necessary.

If the compound contains more than one ingredient listed above ALL criteria must be met for each individual ingredient in the compound. If any component does not meet the criteria, the entire compound will not be covered.

Length of Approval: 6 months

This pharmacy policy is not an authorization, certification, explanation of benefits or a contract. Eligibility and benefits are determined on a case-by-case basis according to the terms of the member's plan in effect as of the date services are rendered. All pharmacy policies are based on (i) information in FDA approved package inserts (and black box warning, alerts, or other information disseminated by the FDA as applicable); (ii) research of current medical and pharmacy literature; and/or (iii) review of common medical practices in the treatment and diagnosis of disease as of the date hereof. Physicians and other providers are solely responsible for all aspects of medical care and treatment, including the type, quality, and levels of care and treatment.

The purpose of Blue Cross and Blue Shield of Alabama's pharmacy policies are to provide a guide to coverage. Pharmacy policies are not intended to dictate to physicians how to practice medicine. Physicians should exercise their medical judgment in providing the care they feel is most appropriate for their patients.

Neither this policy, nor the successful adjudication of a pharmacy claim, is guarantee of payment.

BACKGROUND

Pharmaceutical compounding is defined as the process by which a pharmacist or physician combines, mixes, or alters ingredients to create a medication tailored to an individual patient's needs. The FDA recognizes pharmacists or physicians have traditionally engaged in extemporaneous drug compounding of reasonable quantities of drugs in response to and upon receipt of a valid prescription for an individually identified patient.[1]

By definition, pharmacy compounding involves making a new drug for which safety and efficacy have not been demonstrated with the data the FDA requires to approve a new drug.[5] Mixing or reconstituting a commercially available product in accordance with the manufacturers FDA approved labeling typically does not constitute compounding a medication.[1]

Over the past 10 years it has been noted there has been an increase in the emergence of firms with pharmacy licenses making and distributing drugs outside of what would be considered traditional pharmacy compounding. This has become a great concern to the FDA; the practices align more closely with drug manufacturers than with traditional pharmacies.[2] Drug manufacturers are required to meet good manufacturing practice (GMP) regulations, which are federal statues put in place to govern the production and testing of pharmaceutical materials.[7] Today compounding pharmacies do not have to meet these regulations.

SAFETY

A 2009 report by the FDA noted that since 1990 the FDA had become aware of more than 55 product quality problems associated with compounded products, many of which resulted in recalls. In the 2009 report the results of a survey conducted from June to December 2001 were discussed. In this survey 29 products made by 12 compounding pharmacies were collected and evaluated. Ten (34%) of the 29 evaluated compounds failed one or more standard quality tests performed. Nine of the ten products with failed results did so in potency. Potency analyses indicated sub-potent results ranging from 59 percent to 89 percent of expected potency (as indicated on the product's label). None of the compounded products failed identity testing and of those subject to sterility testing (sterile injectables, pellet implants, and ophthalmic products) or microbal limits (inhalation product) no compounds failed. As a comparison, of the more than 3,000 drug products from commercial manufacturers that had been analyzed at the time of this study less than 2 percent had a failure rate, though the sample size of this study was small.[4]

After the initial 2001 FDA survey an additional survey was conducted in 2006 by the FDA. The FDA collected 125 active pharmaceutical ingredients (APIs) and 73 finished compounded drug product samples in three major drug classes (female hormone products, inhalation products, and local anesthetic products) during unannounced visits to compounding pharmacies throughout the country. All 125 API samples passed analysis for identity of active drug substance and assay for the amount of active drug substance. This finding suggests that any subsequent failures of the compounded finished drugs were related to compounding processes within the pharmacies. Of the 73 finished compound samples only 36 were able to be evaluated (16 samples had expired by analysis time, 21 were deemed unusable for reasons such as problems with the analytical process or expiration during the analysis period). Of the 36 usable compound samples 12 (33%) failed analytical testing using rigorously defensible testing methodologies. Failed samples passed identity testing but failed assay and, in some cases, content uniformity testing (specific to compounded capsule dosage forms). Potency ranged from 67.5% to 268.4% of the drug indicated on the product labeling.[5]

Not only is incorrect or mislabeled potency a concern, but contamination, as microbial contamination or the presence of chemical impurities, of compounded finished drug products has also been observed.[5]

Definitions:
Medical Necessity or Medically Necessary – services or supplies which are necessary to treat an illness, injury, or symptoms. To be medically necessary, services or supplies must be determined by Blue Cross to be:

- Appropriate and necessary for the symptoms, diagnosis, or treatment of the medical condition;
- Provided for the diagnosis or direct care and treatment of the medical condition;
- In accordance with standards of good medical practice accepted by the organized medical community;
- Not primarily for the convenience and/or comfort of the patient, the family, the physician, or another provider of services;
- Is not investigational;
- Performed in the least costly setting required by the medical condition.

Drug compounding for the purpose of convenience is not considered medically necessary.

Bulk chemicals/powders/products are not FDA approved entities which have established necessity and therefore do not meet the definition of medical necessity.

Investigational – any treatment, procedure, facility, equipment, drugs, drug usage, or supplies that either Blue Cross does not recognize as having scientifically established medical values or does not meet generally accepted standards of medical practice.

Medical and Scientific Evidence – any one of the following:

- Peer-reviewed scientific studies published in or accepted for publication by medical journals that meet nationally recognized requirements for scientific manuscripts and that submit most of their published articles for review by experts who are not part of the editorial staff.
- Peer-reviewed literature, biomedical compendia, and other medical literature that meet the criteria of the National Institute of Health's Nations Library of Medicine for indexing in index Medicus, Excerpta Medicus (EMBASE), Medline, or MEDLARS database Health Services Technology Assessment Research (STAR).
- Medical journals recognized by the Secretary of Health and Human Services, under Section 1861(t)(2) of the Social Security Act (42 U.S.C. 1395x).
- The following standard reference compendia:
    - The American Hospital Formulary Service Drug Information (AHFS-DI)
    - MicroMedex's DrugDex
    - Clinical Pharmacology
    - National Comprehensive Cancer Network (NCCN) Drug & Biological Compendia.
- Findings, studies, or research conducted by or under the auspices of federal government agencies and nationally recognized federal research institutes including the:
    - Agency for Healthcare Research and Quality,
    - National Institutes of Health,
    - National Cancer Institute,
    - National Academy of Sciences,
    - Center for Medicare and Medicaid Services, and
    - Any national board recognized by the National Institutes of Health for the purpose of evaluating the medical value of health services.
- Peer-reviewed abstracts for presentation at major medical association meetings.

REFERENCES

1. Federal Food and Drug Administration. Pharmacy Compounding of Human Drug Products Under Section 503A of the Federal Food, Drug, and Cosmetic Act. 2014. http://www.fda.gov/downloads/drugs/guidancecomplianceregulatoryinformation/guidances/ucm377052.pdf. Accessed May 2015.
2. United States Food and Drug Administration. The special risks of pharmacy compounding. 2012. http://www.fda.gov/ForConsumers/ConsumerUpdates/ucm107836.htm. Accessed July 2016.
3. United States Food and Drug Administration. CFR—Code of Federal Regulations Title 21: Part 211 Current Good Manufacturing Practice for Finished Pharmaceuticals. 2016. http://www.ecfr.gov/cgi-bin/text-idx?SID=c5fee22f2ee6efa13701a800af7d66d0&mc=true&node=pt21.4.211&rgn=div5 Accessed July 2016.
4. United States Food and Drug Administration. Limited FDA Survey of Compounded Drug Products. 2001. http://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/ucm155725.htm. Accessed July 2016.
5. US Food and Drug Administration. Pharmacy Compounding. 2006 Limited FDA Survey of Compounded Drug Products. 2012. http://www.fda.gov/Drugs/GuidanceComplianceRegulatoryInformation/PharmacyCompounding/ucm204237.htm. Accessed July 2016.
6. Allen L. The Art, Science, and Technology of Pharmaceutical Compounding: Guidelines for Compounding Practices. http://www.pharmacist.com/sites/default/files/files/Allen_%20Chap_%201_Art,%20Science%20and%20Technology%20of%20Pharmaceutical%20Compounding,%204e.pdf Accessed May 2015.
7. Gudeman J, Jozwiakowski M et al. Potential Risks of Pharmacy Compounding *Drugs R D 2013;13(1)1-8.*