



South Carolina

*BlueCross BlueShield of South Carolina  
is an independent licensee of the  
Blue Cross and Blue Shield Association*

communications

## Compound Drugs: New Prior Authorization Requirements

Effective July 1, 2014, BlueCross BlueShield of South Carolina will expand its Prior Authorization program to include any compound filled through the pharmacy benefit that has an ingredient cost of \$400 or more. We are making this change in response to the national attention recently focused on escalating prices and potentially fraudulent activity by a growing number of pharmacies, related to compound prescriptions.

### **Reasoning for Expanding Prior Authorization**

Payers and employer groups have growing concerns about the increase in compounds being prescribed and dispensed for conditions from pain relief to skin rashes. The vast majority of these compounds have no clinical data to support that they are effective or safe. These concerns have prompted us to develop a plan of action to address the extreme pricing and possible fraud.

The purpose of this prior authorization is to allow for a comprehensive review of the drug request. We want to determine whether the compound being dispensed (including all of its ingredients) meets medical necessity, is being prescribed for an approved medical indication and is being priced reasonably, based on accepted industry pricing standards for compounds.

### **Implementation**

This new prior authorization requirement for high-priced compounds will be implemented for all fully insured groups. It will also be included for all self-insured groups that currently use our prior authorization program. If you are a self-insured group that does not participate in our Prior Authorization program and would like to learn more, please contact your BlueCross representative.

### **Communications**

We are accelerating our usual communications process in order to put this program in place as soon as possible. Before the end of May, we will send target member letters to those who are subject to our Prior Authorization program and who have filled a compound drug in the last six months that costs \$400 or more.

**For more information, please contact your BlueCross representative.**