

Attachment B

**RESOLUTION OF THE STATE HEALTH BENEFITS PLAN DESIGN
COMMITTEE REGARDING COVERAGE FOR COMPOUND DRUGS UNDER
THE EMPLOYEE AND RETIREE PRESCRIPTION DRUG BENEFIT PLANS**

WHEREAS, Compound Drugs are defined as medications that mixes or alters ingredients to create a medication designed to the needs of an individual patient;

WHEREAS, Compounds have drug combinations whose ingredients lack clinical evidence for FDA approval as combined, have an available FDA approved drug alternative and are not FDA approved in their prescribed compound formula;

WHEREAS, certain compound medications are necessary when the medical needs of a patient cannot be met by an FDA-approved medication because of an allergy to a component of a medication or a patient needs a liquid form of a medication because of difficulty swallowing or for some other medically necessary reason; and

THEREFORE BE IT NOW RESOLVED that the SHBP PDC has determined that no sooner than 90 days after notification from the PBM Compound Drugs that include ingredients outlined in the attached exclusion list are not eligible for reimbursement under the Prescription Drug Program except upon the following showing of medical necessity. Medical necessity shall mean no other form of an FDA approved drug can be prescribed to the particular patient for one of the following reasons:

- 1) the patient cannot receive a manufactured form of the FDA approved drug because the patient's medical condition causes difficulty in delivery in the uncompounded form;
- 2) the patient is allergic to an ingredient in the FDA-approved form; and/or
- 3) the patient has another documented medical reason that prohibits use of the prescribed drug or any functional equivalent from being utilized.

The Committee requests that the NJ SHBP and its PBM implement an appeals process consistent with all federal and state guidelines which would include independent review organizations as required by the Affordable Care Act to review and determine if any prescribed compounds that are disapproved qualify because of medical necessity, as defined above.