

Buy and Bill

Robert W Hostoffer, DO, LhD, FAAP, FACOP, FACOI, FCCP
Program Director, Allergy/Immunology Fellowship



No conflict of interest.

Goals and Objectives:

1. The audience at the end of this lecture will understand the Buy and Bill concept.
2. The audience at the end of this lecture will understand Buy and Bill terminology and product movement.
3. The audience at the end of this lecture will understand and be capable of initiating a Buy and Bill process in an office

Physician offices and hospital outpatient clinics are the primary sites of administration for such provider-administered drugs as biologicals, injectables, IVIG, immunoglobulins, and other products.

Oncology drugs and related products are the largest share of spend. These medications are typically covered under a patient's medical benefit.

Product movement, which traces bulk shipments from pharmaceutical manufacturers to the drug wholesalers that supply pharmacies. A pharmacy marks the final step in which a prescription is dispensed to a patient.

Financial flows, which transfer money from third-party payers to Pharmacy Benefit Managers (PBMs), who in turn reimburse pharmacies. Funds flow to manufacturers via pharmacies, which purchase drugs from wholesalers. Funds flow from manufacturers in the form of rebates to PBMs, which share a portion of these payments with plan sponsors, reducing net prescription costs. Manufacturers' rebates to PBMs and other third-party payers do not flow through wholesale or retail channels.

Contractual relationships, which govern the relationships between:

- 1) payers and PBMs;
- 2) PBMs and pharmacies;
- 1) pharmacies and wholesalers;
- 2) wholesalers and manufacturers; and
- 5) manufacturers and PBMs.

In the buy-and-bill system, the provider is responsible for:

Ordering and purchasing the drug

Managing drug inventory at the practice

Prescribing and administering the drug to a patient

Submitting reimbursement claims for a drug and related professional services

Collecting a patient's share of drug reimbursement—the copayment or coinsurance

Definitions

Average selling price (ASP) can refer to the average selling price of the product across multiple distribution channels, across a product category within a company or even across the market as a whole.

Average wholesale price (AWP) is a pharmaceutical term that describes the average price paid by a retailer to buy a drug from the wholesaler. The AWP benchmark has been used for over four decades to determine pricing and reimbursement of prescription drugs to third parties such as the government and private payers.

Wholesale Acquisition Cost (WAC) represents the manufacturer's (for purposes of this Drug Price Policy, the term "manufacturer" includes manufacturers, repackagers, private labelers and other suppliers) published catalog or list price for a drug product to wholesalers by the manufacturer. WAC does not represent actual transaction prices and does not include prompt pay or other discounts, rebates or reductions in price.

Reimbursement of Buy and Bill

Medicare:

ASP + 6% (established products)

WAC + 6% (newly approved products)

Private Payers

ASP + X%

WAC + X%

AWP – X%

Other contracted methodology

Coding for Physician Administered Drugs

Coded with product specific codes

Drugs without a code are reported:

J3490: Unclassified Drug

J3590: Unclassified biologic

Coding for Injection Administration Services

CPT code:96372:

Therapeutic, prophylactic, diagnostic injection subcutaneous
Or intramuscular

Other codes maybe used: contact payor

Rules of engagements: Payor

Establish coverage rules (eg, prior authorization)

- Determine benefit structure
- Negotiate payment for drug and associated service with health care provider
 - Process claim and reimburse provider for services

Process claim and reimburse provider for services billed

Buy and Bill Process: The Distributor

- Negotiate cost of drug with physician office
 - Fulfill drug order and ship drug to physician office
- Bill physician office for drug
- Establish net payment terms

Buy and Bill Process: The Provider

- Order drug from distributor
- Prescribe and administer product
 - Provide medical justification to support
- Provide medical justification to support prior authorization requirements, as needed
 - Bill payor for drug and administration services
 - Counsel patient regarding associated co-insurance
- Collect co-insurance for all services

Practice Considerations

- Assign staff to manage insurance investigation and/or prior authorization

Develop process for collecting patient coinsurance

- Develop process for collecting patient co-insurance at time of service
- Determine and negotiate (if necessary) appropriate drug and administration fees
- Implement process to track claim status and payment

Collecting Patient Co-insurance

- Establish policies for payment and collection plans
- Schedule collection discussion with patient
- Schedule collection discussion with patient
- Include collection follow-up when conducting reminder calls to patient
 - Coordinate patient review and signature on financial policy
- Determine payment plans

Negotiating Appropriate Reimbursement

Track key data

- Practice cost for providing services
- Drug reimbursement methodology
- Administration codes recognized
- Current rates for selected professional services

Claims Reconciliation

- The claims reconciliation process allows practices to review claims for accurate reimbursement
 - At this point, you can compare your actual reimbursement with what you expected to receive
- Notify the payor when payment differs from what was expected
- Contact payor relations when consistent underpayment occurs
- Timeliness of payments should also be monitored

Conclusions

- Buy and bill requires practices to purchase drugs
- Verify benefits prior to providing services
- Bill for drug and associated administration service(s)
- Conduct patient financial counseling and ensure insurance timely collection of coinsurance
- Know practice cost of providing in office injections
- Negotiate appropriate fees
- Reconcile claims to identify inappropriate payment

Q&A Panel

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