

‘White Bagging’ vs. ‘Buy and Bill’


An insurance company practice called “white bagging” changes how some patients get critical infused or injected medications. With white bagging, prescriptions are filled by a third-party specialty pharmacy and sent to the provider to prepare and dispense — even if the provider has the medication in stock.


White bagging upsets the current traditional “buy and bill” system, sacrificing patient safety and quality care by allowing the insurance company to make patient care decisions, rather than the clinician. This policy disregards many guardrails — drug integrity oversight, hospital quality control, decision support, and administrative oversight — that assure the health and safety of patients in the medication administration and handling process.




Buy and Bill

Medication is billed under the patient’s medical benefit


 **Purchase:** Providers purchase the medication directly from the manufacturer or distributor. This allows the provider to keep these medications in stock, so they are readily available.


 **Delivery:** Medication does not have to be shipped via a third party and is kept in a closed-supply distribution system. This allows the pharmacist to ensure it was properly handled and stored and is safe for the patient.


 **Treatment:** Because the medication is kept in stock, the patient can be assured that even if a same-day assessment determines the need for a different medication or dosage, the treatment will not have to be delayed and the patient will not have to return on another day.

White Bagging

Medication is billed under the patient’s pharmacy benefit

 **Purchase:** Providers must obtain drugs directly from the specialty pharmacy that is contracted with the patient’s insurance company.

 **Delivery:** Because the specialty pharmacy must fill the prescription and then ship it to the provider, it is outside of the provider’s control, leaving room for error in how it is handled and stored.

 **Treatment:** If the patient arrives and lab tests determine that the medication and dosage are still what is needed, the drug is administered. However, if it’s determined a different medication or dosage is needed, treatment must be delayed, and the process must start all over.

What can be done?

CHA-sponsored SB 958 would provide a framework for situations in which white bagging is appropriate, with the chief objective of ensuring patient safety and medication integrity. Rather than prohibiting white bagging outright, **SB 958** would prevent health plans from mandating the use of this policy, except in cases where the practice is consistent with proper patient care.

SB 958 (LIMÓN) NEEDED TO PROTECT PATIENTS, SAVE LIVES

Insurance companies are jeopardizing patients' access to critical medications, increasing risks for children and adults with cancer and other life-threatening illnesses, and misleading patients on cost savings with a policy known as white bagging.



White Bagging Prioritizes Profits Over Patients

Delayed Care

- **Two-month gap** in treatment for a patient with a neuroendocrine tumor who couldn't afford their share of cost due to white bagging – *Los Angeles, CA*
- **Eight-week delay** in treatment for an 18-year-old patient's Crohn's disease due to continued delays in approving and delivering a white-bagged medication from a mail-order pharmacy 2,700 miles away – *Madera, CA*
- **One-week gap** in treatment for patient with brain cancer and melanoma, forcing the physician to shift treatment from an infusion to an oral therapy to avoid further delay – *Los Angeles, CA*

Excessive Cost Sharing

- Patient cost share increased to **\$1,600 per dose** due to change in coverage from medical to pharmacy benefit under white bagging – *Placerville, CA*

Defective Medications

- Physician discovers defective medication kit was delivered **while patient was under anesthesia**, forcing hospital to use its own medication – *Los Angeles, CA*
- **Expired** medication was sent to treat 67-year-old patient with ulcerative colitis – *Brawley, CA*

Improperly Handled Medications

- White-bagged medication to treat immunodeficiency is **left in patient's car** for four days after being given instructions to bring medication to follow-up visit – *Redlands, CA*
- Medication intended for 72-year-old patient delivered to **wrong site** in hospital – *Brawley, CA*

“ I spent hours on the phone with pharmacy representatives ... to ensure that a well-established treatment plan can continue through the specialty pharmacy. Yet, my treatment was still delayed by two weeks since the pharmacy was not able to supply the specific pump needed to infuse my medication.” – *Infusion patient*

\$310 million Estimated labor expense required annually to manage the additional clinical, operational, logistical, and patient needs. Additional and avoidable **downstream health care costs** created by preventable disease progression and wasted medication.

\$28 billion in pharmacy benefit manager gross profit in 2019. These growing profits were driven by mail order and specialty pharmacy services. Health insurance premiums increased by **nearly 11%** during that same time period.



1/3 of infusion drugs

administered in hospital outpatient departments are distributed via white bagging, a practice that continues to grow.