

Key Messages

New State Law Needed to Protect Patient Access to Critical Medications

California’s hospitals and health systems are committed to the safe, timely delivery of life-saving medications for their patients.

- Unfortunately, a change in third-party payer practices (referred to as “white bagging”) jeopardizes the health, safety, and well-being of patients by restricting access to medications that are administered in a hospital or doctor’s office.
- Traditionally, the acquisition of and payment for drugs administered in an outpatient hospital setting are managed by a health insurer medical benefit using the “buy and bill” method that has the hospital or physician’s office purchase, store, and administer drugs, after which the payers reimburse providers. White bagging upends the traditional approach by requiring providers to order drugs from the payer’s owned or affiliated specialty pharmacies and then administer them in the outpatient setting.
- Essentially, payers contract for drugs through designated pharmacies and then ship them to the provider (hospital or clinic) for compounding and administration — cutting physicians out of the process.

White bagging upsets the current medication administration process, potentially sacrificing patient safety and quality of care.

- It disregards many guardrails — drug integrity oversight, hospital quality control, decision support, and administrative oversight — that assure patients’ health and safety.
- Disruption in the drug supply chain limits pharmacists’ ability to assure drug integrity. Hospitals no longer own or manage the initial medication acquisition or preparation process but are held accountable — a completely inappropriate distribution of responsibility under these new policies.
- The medication integrity safeguards conflict with state dispensing, furnishing, and repackaging regulations.
- In addition, white bagging can lead to unnecessary disruption of provider just-in-time dose modifications based on patient point-of-care service needs, which can be life-threatening. Many times, these specialty medications are highly personalized and must be tailored uniquely for each individual patient, based on a patient’s day of clinical presentation or ever-changing circumstances, such as disease progression and comorbidities, as well as the drug’s toxicity and side effects. With white bagging, physicians must order these medications from third-party vendors contracted with the health plan, even when there are day-of-dose adjustments or drug substitutions that would be necessary to meet the unique needs of each patient, leading to treatment delays.

This health plan policy negatively affects the most vulnerable patients and can cause undue stress for others.

- Patients affected include those with complex and challenging clinical diagnoses and treatments — like children with life-threatening illnesses such as cystic fibrosis and cancer, and frail, elderly patients who experience treatment delays or disease progression due to delays in delivery from a third-party vendor.

- If a patient has an appointment for chemotherapy, and a same-day assessment (like a lab test) indicates they need a different medication than anticipated, the patient must wait for the health plan to arrange for the vendor ship the new drug — which delays the treatment, putting the patient’s health at risk.

Legislation is needed to prevent health plans from requiring providers and their patients to order medications from a third-party vendor instead of a health care provider who has it in stock, and to ensure patient safety and the best patient outcomes.

- CHA’s sponsored bill, Senate Bill (SB) 958 (Limón, D-Santa Barbara, and Portantino, D-La Cañada Flintridge), would prevent health plans from mandating the use of third-party vendors for specialty medications.
- The bill would not outlaw white bagging, but would disallow this practice when there are concerns about patient safety or drug integrity.
- SB 958 is vital to both patient safety and to protecting the patient-provider relationship. The provider-patient relationship is a foundation of clinical care, and practices that alter this relationship can impact not only a patient’s care but, ultimately, their outcomes.