



MASSACHUSETTS
HEALTH POLICY COMMISSION

Public Listening Session

Shifting Drug Distribution Channels

May 09, 2018



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HEALTH POLICY COMMISSION

AGENDA

- **Background and legislative mandate**
- Defining the issue
- Public testimony

Section 130 of Chapter 47 of the Acts of 2017

The health policy commission, in consultation with the department of public health and the division of insurance, shall study and analyze health insurance payer practices that require certain categories of drugs, including those that are administered by injection or infusion, to be dispensed by a third-party specialty pharmacy directly to a patient or to a health care provider with the designation that such drugs shall be used for a specific patient and not for the general use of the provider. **The commission shall submit a report of its findings and recommendations, together with drafts of legislation necessary to carry those recommendations into effect**, by filing the same with the house and senate committees on ways and means, the joint committee on health care financing and the joint committee on public health not later than July 1, 2018.



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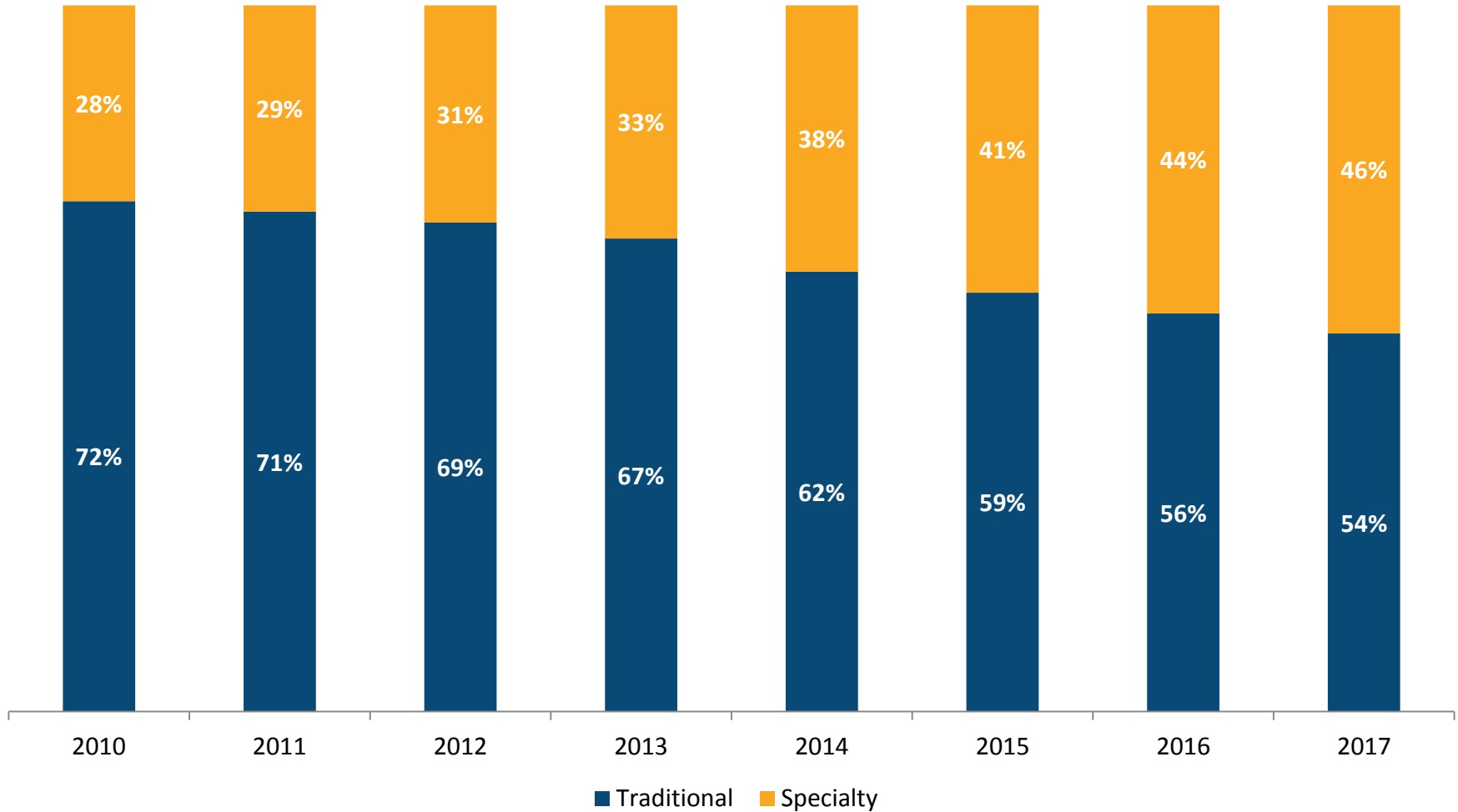
Defining specialty drugs

Specialty drugs are generally characterized by:

- Use in treating complex or rare conditions
- Requirements for special storage and handling
- Administration through injection or infusion
- High cost

Particular drug categories of interest for this study include treatment for cancer, inflammatory conditions, and MS, among others

Spending for specialty drugs has grown substantially as a share of total drug spending in the U.S.



Payer practices: Distribution channels for specialty drugs

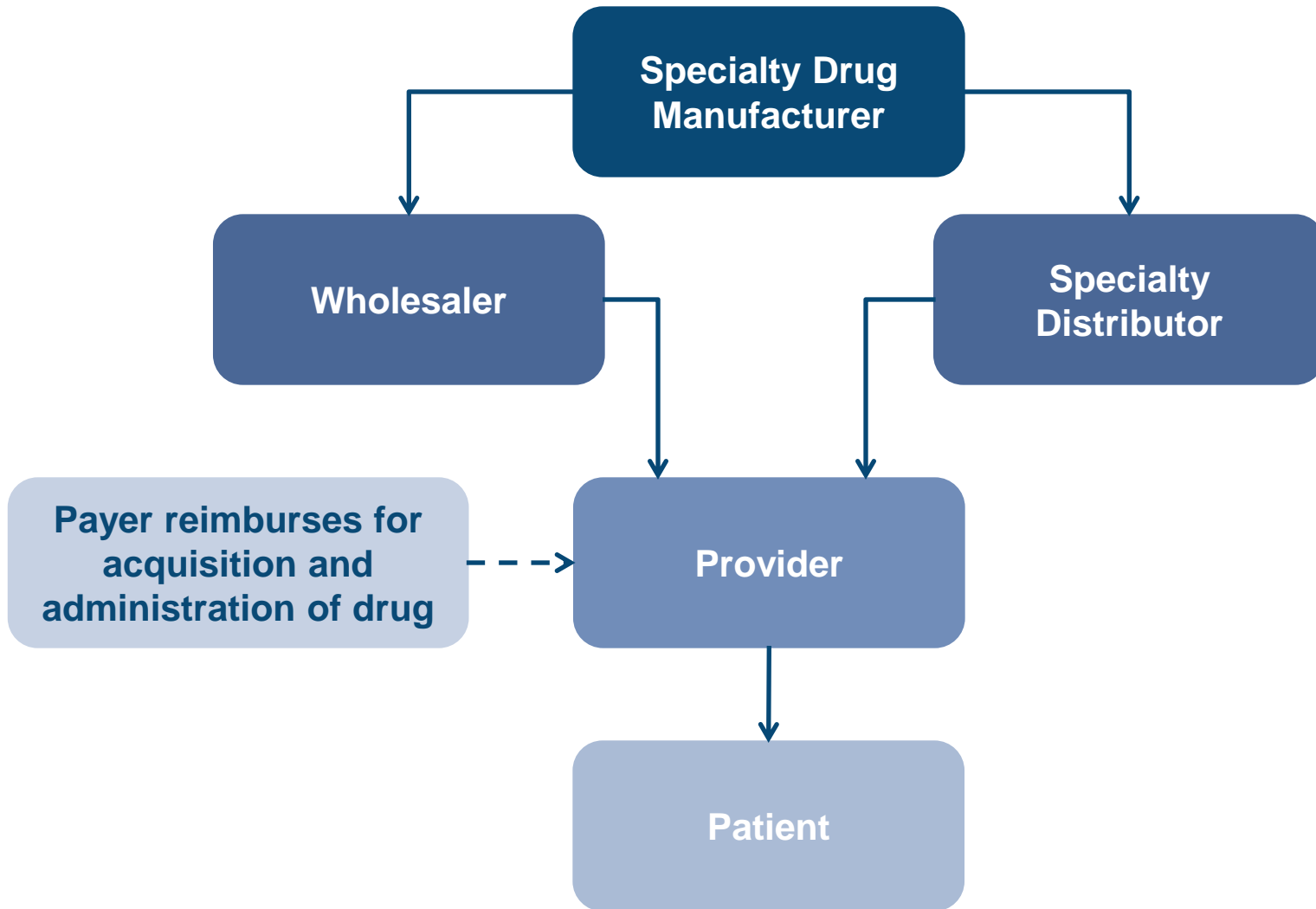
Traditional practice: Provider purchases and receives payment for drugs, known as “buy-and-bill”

- Coverage under the payer’s medical benefit
- Providers purchase drugs and store them for general use
- Payer reimburses provider for both acquisition and administration of drug
 - Commercial payment rates determined by negotiation between the payer and provider

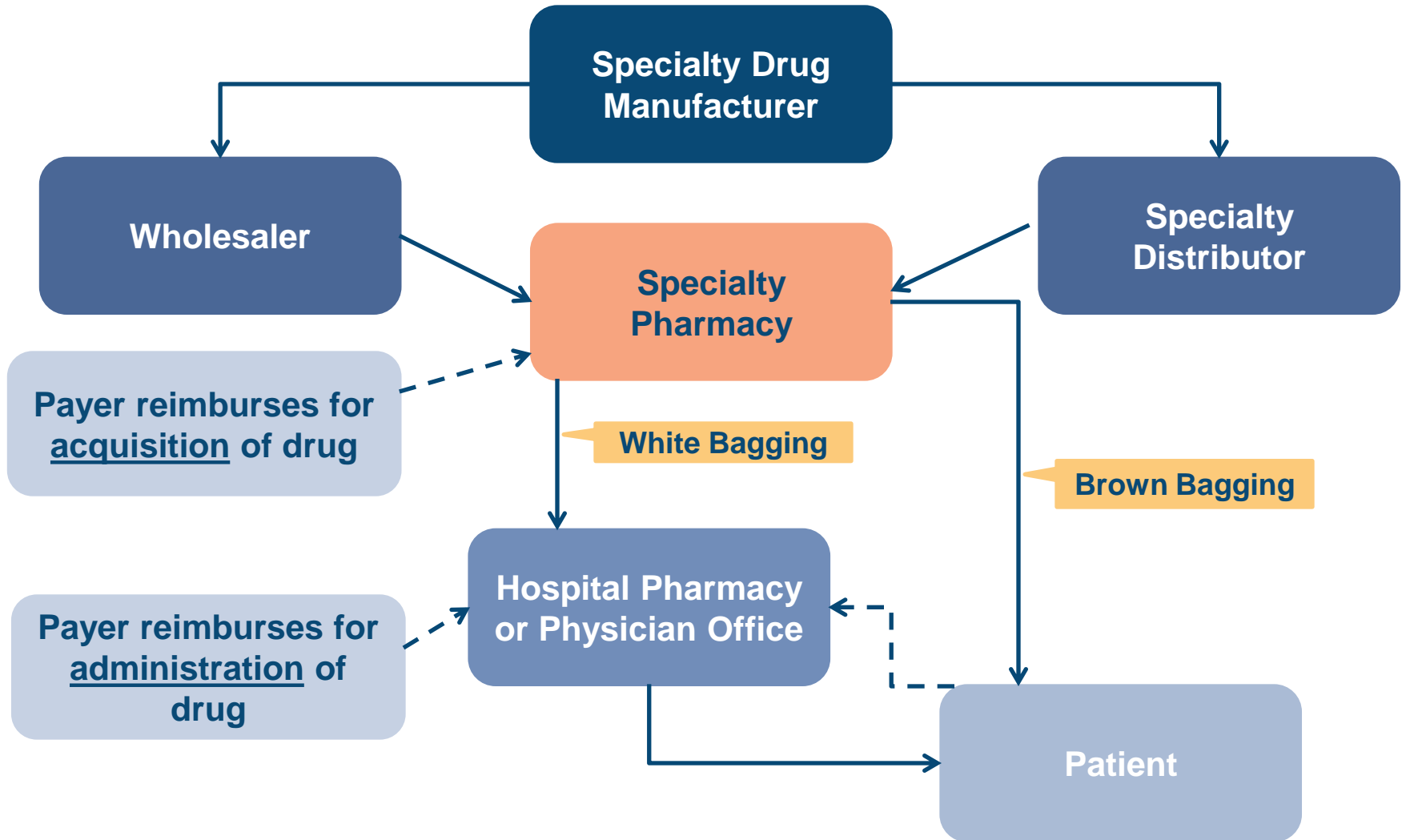
Alternate practice: Third party specialty pharmacy purchases and receives payment for drugs, known as “white bagging” and “brown bagging”

- Coverage under the payer’s pharmacy benefit
- Payer reimburses a specialty pharmacy for acquisition of the drug
 - **White bagging:** Specialty pharmacy ships the drug to the hospital pharmacy for the provider to administer to the patient
 - **Brown bagging:** Specialty pharmacy gives the drug directly to the patient; patient is responsible for bringing the drug to the provider, for the provider to administer to the patient
 - In some cases, payers may mandate administration of infusion therapy drugs in the home setting by a home care nurse, instead of the hospital or office setting
- Payers reimburse provider for only administration of the drug
- Patients may face different cost-sharing or utilization management requirements under different benefits

Buy-and-Bill (Medical Benefit)



White and Brown Bagging (Pharmacy Benefit)





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Public testimony

HPC seeks stakeholder feedback on questions including:

1. How do stakeholders define the issue?
2. How widespread is the practice of shifting drug distribution channels in Massachusetts?
 - What is the prevalence of “brown bagging” versus “white bagging”?
 - What is the prevalence of mandated administration of infusion therapy drugs in the home setting?
3. How many and which specific drugs have shifted distribution channels?
4. What is the impact of shifting drug distribution channels on patients, including cost-sharing, safety, access, and patient experience?
5. What is the financial impact of this practice on payers and providers?
6. Have stakeholders identified potential and/or implemented successful solutions to the impacts of the issue?

Contact Information

For more information about the Health Policy Commission:

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