

The background of the slide is a solid purple color. Overlaid on this background is a repeating pattern of white line-art icons. These icons include various medical and pharmaceutical symbols: pills, syringes, stethoscopes, hearts with ECG lines, mortar and pestles, and documents with dollar signs or plus signs. The icons are arranged in a grid-like fashion, creating a textured, thematic background.

Buy-and-bill 101

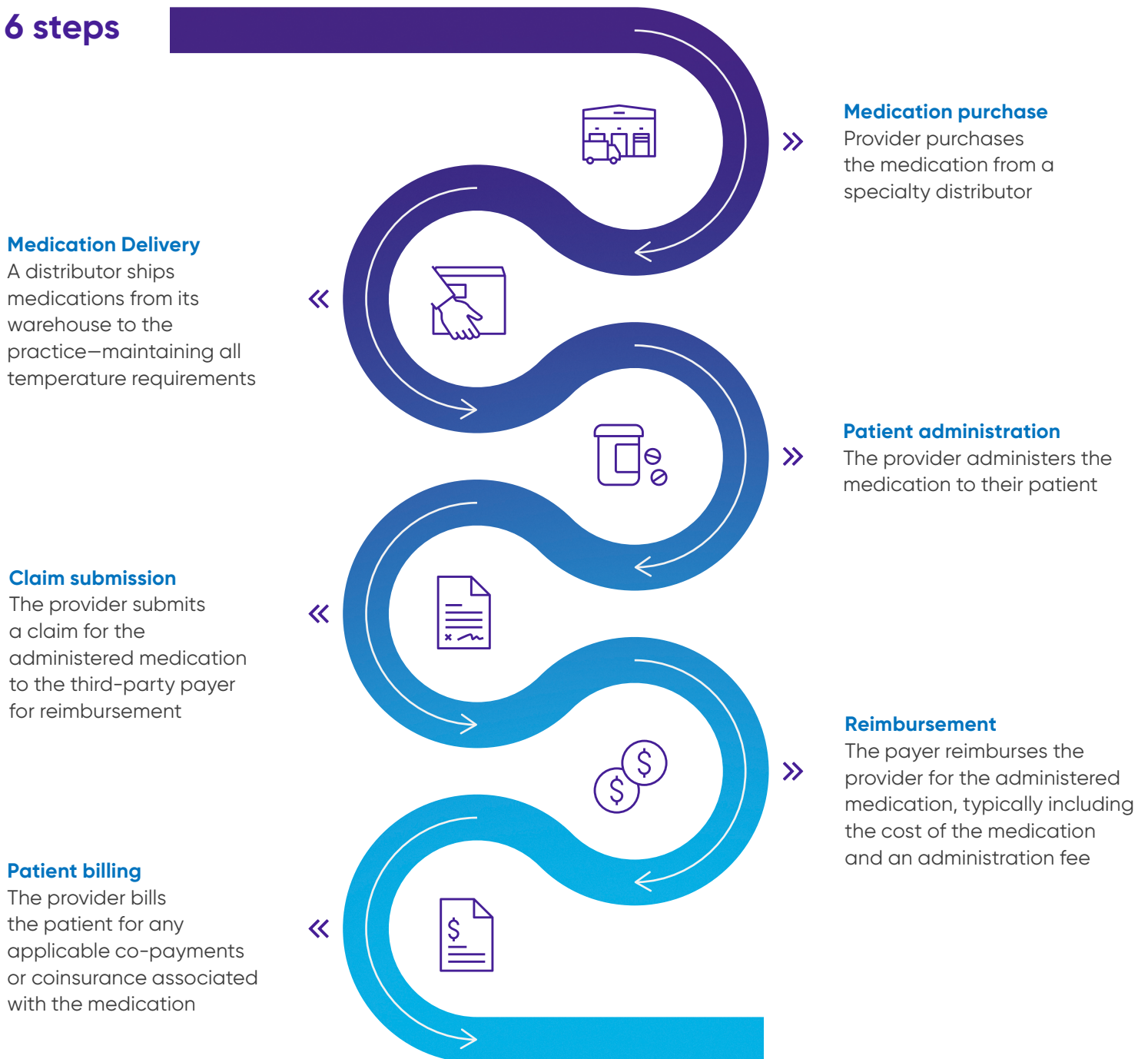
The basics

cencora

What is buy-and-bill?

The buy-and-bill process is a six-step model of reimbursement that allows healthcare providers to purchase, store, and administer specialty medications to patients in their practice, and then submit a claim for reimbursement to a third-party payer (Medicare, Medicaid or private insurance)

6 steps



Benefits of the buy-and-bill model

Increased adherence and quality outcomes

The buy-and-bill model can be an excellent choice for medical practices that prescribe specialty medications and would like to maintain control and line of site over their patients during medication administrations.

Flexibility and responsiveness

Providers can quickly respond to changes in patients' responses to therapy and adjust their treatment plans accordingly, leading to improved patient care and satisfaction.

Higher revenues

By assuming the financial risk of the buy-and-bill model, providers are able to profit on any margin obtained during that process.

Buy-and-bill alternatives

Specialty Pharmacy

Dispenses medications that require special handling for complex and chronic conditions. These pharmacies have specific supply chain models:

White bagging

A provider sends the prescription out to a specialty pharmacy. The specialty pharmacy sends the medication to the office for storage and administration. Specialty Pharmacy profits medication margin. Provider profits administration.

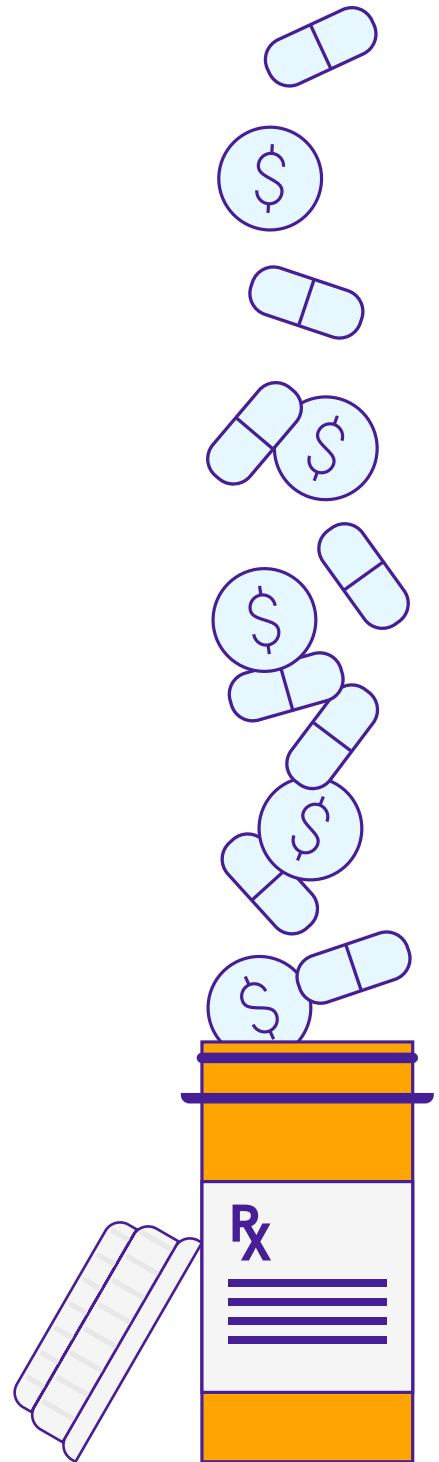
Brown bagging

A provider sends the prescription out to a specialty pharmacy. The specialty pharmacy then sends the medication to the patient. The patient stores and transports medication to practice for administration. Specialty Pharmacy profits medication margin. Provider profits administration.

****No way to ensure medication integrity maintained while with patient****

Clear bagging

A provider's internal specialty pharmacy dispenses the patient's prescription and transports the product to the location of drug administration.



Parts of Medicare

The buy-and-bill model is reimbursed under Medicare Part B and Part C

Part A

Hospital Insurance

- Inpatients, skilled nursing facility (SNF), hospice, and home health care

Part B

Medical Insurance

- Physicians and other health care providers
- Outpatient care
- Home health care
- Durable medical equipment (DME)
- Preventative services, e.g., annual wellness visit, vaccines, etc.

Part C

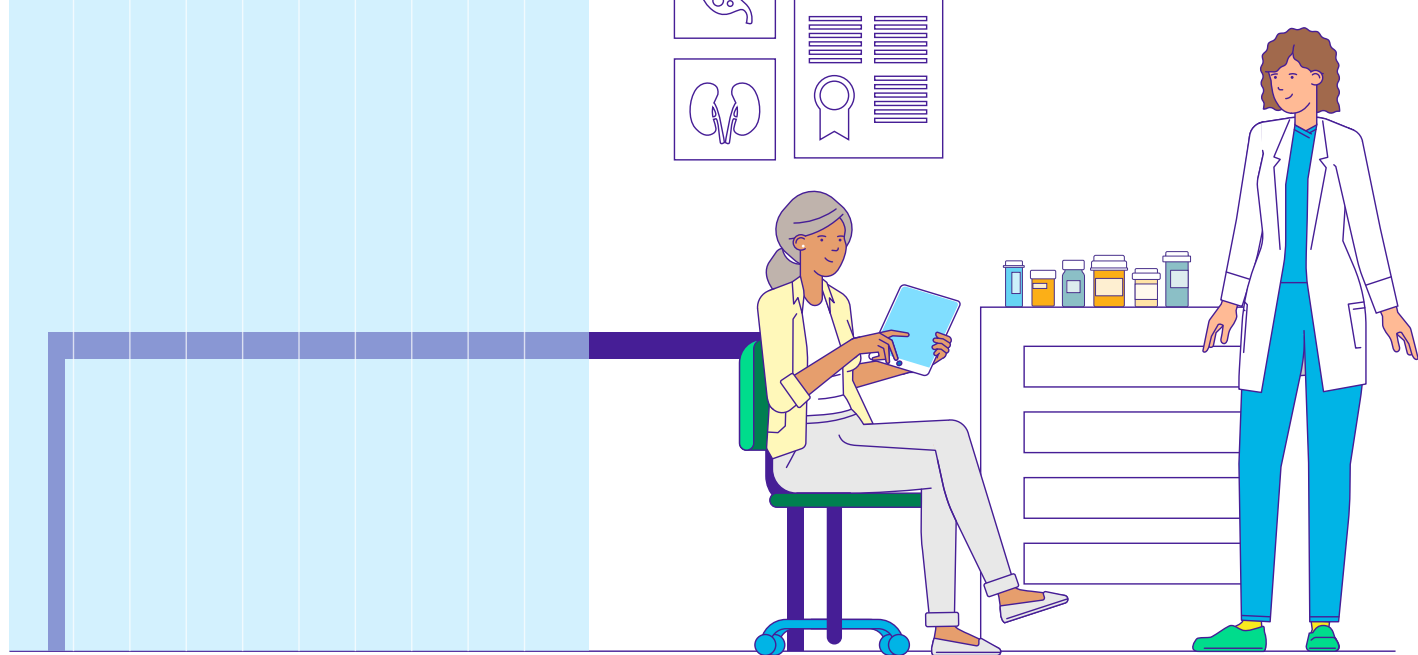
Medicare Advantage

- Private payer has a Medicare-approved plan
- Bundles Part A, Part B, and usually Part D
- Network of providers and facilities
- May need referrals and pre-authorization
- May have additional benefits, e.g., dental, hearing, and vision

Part D

Drug Coverage

- Helps cover prescription medications



Medical benefit versus pharmacy benefit

	Medical benefit	Pharmacy benefit
Coverage	<p>Physician/provider services, supplies, and equipment</p> <p>Medications administered by a provider in an office or outpatient setting ("buy and bill")</p>	<p>Self-administered medications taken at home</p> <p>Some provider-administered medications (depending on delivery method)</p> <p>Oral, injectable, infusible, or topical compounded medications</p>
Administration	Drugs are usually purchased and administered by healthcare providers	Drugs are dispensed by pharmacies and often self-administered by patients
Billing and reimbursement	Billing and reimbursement occur after administration	Claims are processed in real-time at the point of sale
Cost structure	Costs are associated with plan deductible, co-pay, or co-insurance amounts	Often has a separate deductible and may follow a tiered system
Medicare coverage	Covered under Medicare Part B	Covered under Medicare Part D
Specialty drugs	Can be covered under either benefit, depending on administration method and plan design	

Source: <https://www.specialtydrugresource.com/coverage-landscape-overview/medical-vs-pharmacy-benefit>
<https://docstation.co/medical-benefit-vs-pharmacy-benefit/>

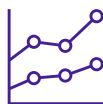
Medicare Part B and C reimbursement

How reimbursement works for Part B medications under buy-and-bill:



Manufacturers submit average sales price (ASP) data to CMS

$$\text{ASP} = \frac{\text{Gross sales} - (\text{discounts} + \text{chargebacks} + \text{rebates})}{\text{total number of units sold}}$$



CMS uses this data to determine the Medicare reimbursement rate

Medication sales in the first quarter determine reimbursement rates in the third quarter



Reimbursement = ASP + 4.3 percent (with sequestration)

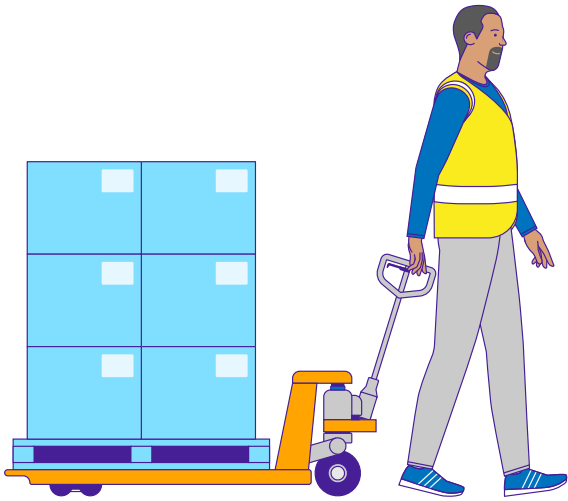
Sequestration is the automatic reduction of certain federal spending, generally by a uniform percentage.

The main role of Specialty GPOs

is to secure rebates and/or discounts on medications flowing through the buy-and bill method to increase the margin realized by providers.



The importance of partnership with the buy-and-bill model



Cencora Specialty distribution and solutions

In the buy-and-bill model, specialty distributors play a crucial role in the pharmaceutical distribution process, including:

- Medication acquisition cost and payment terms for practice
- Logistics and storage
- Operation support
- Education and training

GPOs and distributors play complementary roles in the buy-and-bill model, with GPOs focusing on negotiation and contract management, and distributors handling distribution and inventory management. This collaboration creates a more efficient and cost-effective system for providers which ultimately contributes to better patient care.

Cencora Specialty GPOs

GPOs negotiate contracts for medications.

These contracts vary by product but can help to lower the up-front cost of the medication and/or provide back-end rebates on that medication. GPOs can assist with buy-and-bill in various ways including:

- Contract access, management, and support
- Insights on medication landscape
- Exclusive education and training – webinars, podcasts, and live events
- Advocacy assistance – including support against payer-mandated disruption to the care continuum



Scan the QR code to connect with a Specialty GPOs account manager and learn more about buy-and-bill.



We are united in our responsibility
to create healthier futures.