

White Bagging Dispensing: Convenient and Less Costly

Physician-administered drugs are those administered by a health care provider to a patient through injection or infusion, typically in a hospital outpatient setting or a provider's office. Often high priced, these physician-administered drugs represent a growing share of all prescription drug spending nationally.

*Under a white bagging model, a specialty pharmacy ships the drug for a given patient directly to the health care provider, rather than the provider buying the drug and billing the insurer. The health plan sponsor reimburses the specialty pharmacy for the drug's ingredient cost and, sometimes, a professional dispensing fee, and pays the provider for the drug's administration. The cost of these drugs through specialty pharmacies is typically lower than through the traditional "buy-and-bill" model. White bagging has real benefits for patients, providers, and payers such as employers and health plan sponsors. In addition to improving some patients' experience, doubling the national use of white bagging could also save almost **\$120 billion** over the next 10 years.*

Benefits of White Bagging Dispensing

For patients

- **Improved access to care:** "[W]hite bagging can improve access for patients, particularly for patients receiving care with small providers."¹ Patients with physicians otherwise unable to buy and store a medication can receive more convenient care when a white-bagged medication is delivered to their physician's office just ahead of their visit.
- **Improved affordability and transparency:** Through white bagging, a physician-administered prescription can be covered under the pharmacy benefit, which may have lower cost sharing than the medical benefit usually used for physician-administered drugs. The pharmacy benefit processes the claim in real time, which supports patient awareness of their cost sharing.

For health care providers

- **Real-time claims billing:** Unlike the medical claims process, pharmacy benefit claims processing is handled in real time so that authorization and patient cost sharing are processed upfront. Health care providers know their fees, and claims are typically quickly paid.
- **Some providers prefer white bagging because the prescriptions come in temperature-controlled packaging,** eliminating the need to store drugs prior to administration. White bagging also may support smaller health care providers to treat patients without the need to coordinate through a hospital or other outpatient facility.
- **Direct communication with provider:** The specialty pharmacy and provider confirm patient and prescription information for shipping and delivery. Real time changes in dosage amounts are addressed directly with the provider to prevent patient delay in treatment and to mitigate waste. Physician-administered drugs dispensed by a specialty pharmacy usually are for maintenance medications, where dosing is well established and changes in dosing are uncommon.

For employers, states, the federal government, and other health plan sponsors

- **Specialty pharmacy dispensing on physician-administered drugs ("white bagging") often is much less costly.** There are meaningful savings for employers, other health plan sponsors, and government health care payers when physician-administered prescription drugs are dispensed through a specialty pharmacy instead of a hospital or provider office (using buy-and-bill).
- **Savings could be almost \$120 billion if white bagging use doubled in Medicaid and commercial insurance plans over the next 10 years (2023-32).**²

¹ Massachusetts Health Policy Commission, "[Review of Third-party Specialty Pharmacy Use for Clinician-administered Drugs: Report to the Massachusetts Legislature, Section 130 of Chapter 47 of the Acts of 2017.](#)" July 2019. Page 4.

² Savings estimates are based on universal use of white bagging in the commercial and Medicaid markets. See Appendix: White Bagging Dispensing for the assumptions and methodology use to create these estimates.