

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Health Care Finance



Office of the Senior Deputy Director and Medicaid Director

Transmittal #23-08

TO: All Fee-for-Service Medicaid Providers Billing for Medical Benefit Drugs Under the “Buy and Bill” Policy.

FROM: Melisa Byrd
Senior Deputy Director and Medicaid Director

DATE: January 23, 2023

SUBJECT: **Expanding Claim Processing Options for Non-Chemotherapy Injectable Medical Benefit Drugs**

Purpose

The purpose of this transmittal is to notify all District Fee-for-Service (FFS) Medicaid providers that the Department of Health Care Finance (DHCF) is expanding providers’ drug acquisition options for Physician-Administered Non-Chemotherapy Injectable Medical Benefit Drugs. This transmittal defines, clarifies, and informs health care providers about the process of acquiring and billing for Physician-Administered Non-Chemotherapy Injectable Medical Benefit Drugs. This change will allow providers to use “White Bagging” in addition to the “Buy & Bill” policy.

Background

DHCF’s existing “Buy & Bill” policy requires providers to purchase and administer medical benefit physician-administered drugs (drugs, biologics, and biosimilars) prior to billing DHCF. Physician-administered drugs (PAD) are FDA approved to be injected or infused by a healthcare professional at healthcare facilities (physician’s offices, outpatient hospitals, clinics, and free-standing infusion centers). Drugs, other than PAD, are considered a pharmacy benefit which are typically FDA approved for patient self-administration with no or less support from a healthcare professional.

Under the “Buy & Bill” policy, providers are reimbursed for the ingredient (drug/biologic/biosimilar) cost and administration fee based on the fee schedule. Providers are reimbursed at 80% of the Medicare Part B reimbursement rate, apart from chemotherapy drugs, which are reimbursed at 100% of Medicare rates. Some providers have reported that this delay in reimbursement from the time the drug is purchased under Buy & Bill creates a significant cost-burden, and in some cases is a disincentive to provide this class of drugs to beneficiaries.

New Policy

“White Bagging” is the distribution/delivery of a patient-specific medication from a pharmacy to a health care provider’s office, outpatient hospital, clinic, or infusion center for administration,

removing the need for the provider to purchase and store PADs before administration. When a provider chooses to use the White Bagging model of acquisition, the health care provider will send a prescription order to the pharmacy. The pharmacy will process the claim and directly deliver the medication to the provider's office for administration to the patient.

The pharmacy that delivers the drug, biologic, or biosimilar will be paid for both the ingredient cost and dispensing fee. The health care provider will only receive an administration fee for the drug, unlike Buy & Bill where the provider is reimbursed for the cost of the drug (ingredient cost) plus the administration fee based on the fee schedule. This change will reduce the provider's financial burden associated with purchasing and stocking expensive drugs; many providers have expressed their unwillingness to provide the service because of this burden. This has been a barrier to beneficiaries receiving timely access to treatment.

If a provider is unable to administer a drug that has been acquired through white bagging, the provider shall assume the responsibility to return the drug to the supplying pharmacy in its original packaging and storage condition. The pharmacy, upon receiving the drug, shall reverse the claim sent to DHCF.

Delivery, Safety, and Security

Only District of Columbia (DC) Medicaid-enrolled pharmacy providers that participate in the FFS Medicaid Specialty Pharmacy Network can process claims for PAD. These network pharmacies entered into an agreement with DHCF to deliver PAD safely and securely to the health care provider's office, outpatient hospital, clinic, or free-standing infusion centers for administration. These pharmacies must:

- 1) Have the ability to receive original copies of a valid prescription from a prescriber;
- 2) Have the ability to ship medications with special handling procedures and storage conditions that maintain the integrity and stability of the PAD and maintain custody and/or temperature control documentation;
- 3) Currently adjudicate pharmacy claims through the point-of-sale (POS) processing system compatible with the current National Council for Prescription Drug Program (NCPDP) guidelines;
- 4) Understand and certify that the selected injectable medications dispensed under this program are not to be released directly to the Medicaid beneficiary, but must be delivered or shipped directly to the prescriber's office or clinic address for administration by healthcare professional; and
- 5) Understand and acknowledge that documentation of all signature logs and/or delivery manifests for these medications will be retained and made available for inspection and audit by the DHCF Program Integrity Unit upon request.

White Bagging Payment Logic for Pharmacies

Under the White Bagging model, the reimbursement amount for multiple source drugs shall include a professional dispensing fee in the amount of eleven dollars and fifteen cents (\$11.15) plus ingredient cost at a lesser of:

- 1) The Federal Upper Limit (FUL) of the drug for multiple source drugs, except for the following:
 - a. Multiple source drugs that do not have FULs; and
 - b. Brand name drugs
- 2) The National Average Drug Acquisition Cost (NADAC) when available;
- 3) The Wholesale Acquisition Cost (WAC) plus zero percent (0%), which shall be kept by drug file pricing compendia vendors or drug databases approved by and in use at the federal level;
- 4) The pharmacy's usual and customary charges to the general public; or
- 5) The District Maximum Allowable Cost (DMAC) was established pursuant to §§ 2708.4 and 2708.5 of Title 29 of the District of Columbia Municipal Regulations.

Provider Billing

Providers who administer PAD have the option in how to acquire these drugs, either using the new White Bagging or the existing Buy & Bill policy. The chosen method of drug acquisition will affect how providers bill for the administration of the drug.

- **White Bagging** – Providers should submit only the code for the administration fee after the administration of PADs.
- **Buy & Bill** – Providers should submit the appropriate J-code and associated National Drug Code after the administration of PADs, in addition to the administration fee code.

Impact on Dual Eligible Beneficiaries

For beneficiaries who are enrolled in both Medicare and Medicaid, or “dual eligible beneficiaries,” Medicaid FFS is a secondary payer and is responsible for paying a cross-over amount after Medicare Part B pays its portion of the drug cost. Pharmacies may not balance bill dual eligible beneficiaries for any outstanding co-payments, coinsurance, or deductibles associated with PAD. Medicare Part B claims are automatically crossed over to DHCF for adjudication. For dual-eligible beneficiaries enrolled in the District Dual Choice Dual-Special Needs Program (D-SNP) or the Program of All-Inclusive Care for the Elderly (PACE), claims, payments, and prior authorization for PADs are one hundred percent (100%) managed by the D-SNP or PACE organization; the Medicaid FFS program has no financial responsibility.

Prior Authorization

For drugs obtained through the White Bagging model, a prior authorization (PA) request shall be submitted to the Magellan Call Center when applicable. The fax number is 1-866-535-7622 and phone number is 1-800-273-4962. When the Buy & Bill model is opted, a prior authorization request shall be faxed to DHCF at fax number (202)722-5685.

Policy Effective Date

This policy is effective beginning April 1, 2023.

Contact

If you have any questions or want clarification, please contact one of the DHCF pharmacists:

- Charlene Fairfax, RPh, (202) 442-9076 or Charlene.Fairfax@dc.gov
- Gidey Amare, PharmD., RPh, (202)442-5952 or Gidey.Amare@dc.gov

Thank you for your cooperation. We appreciate the professional care and service that you provide to all District of Columbia FFS Medicaid beneficiaries.

cc: Medical Society of the District of Columbia
DC Hospital Association
DC Primary Care Association
DC Health Care Association
DC Home Care Association
DC Behavioral Health Association
DC Coalition of Disability Service Providers