

Housekeeping notes

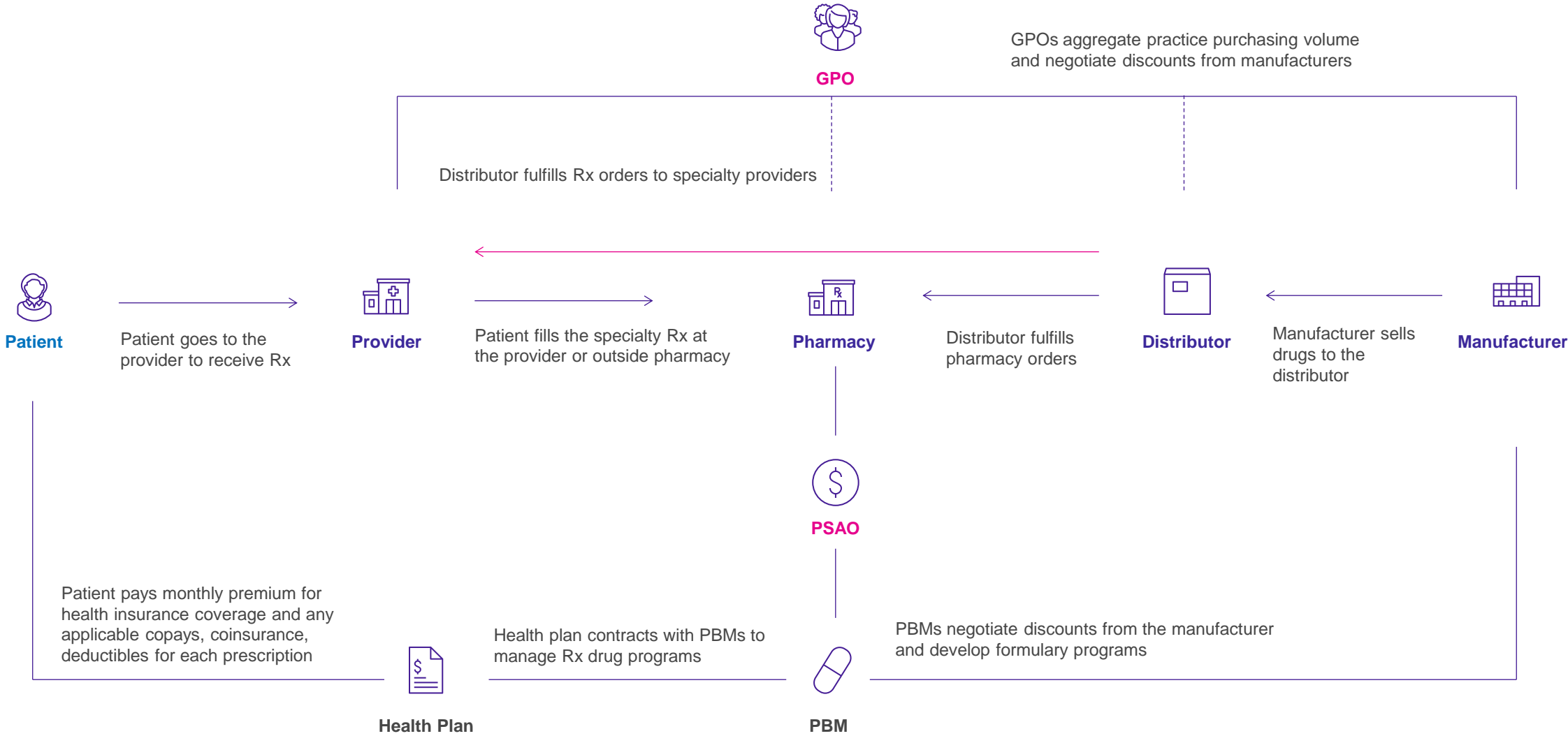
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Buy-and-Bill 101

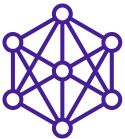
January 22, 2025



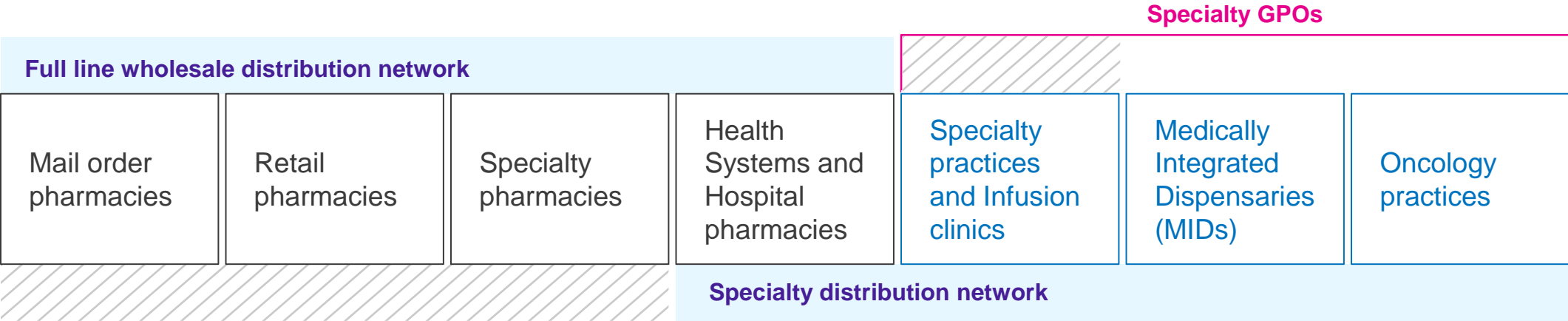
Pharmaceutical distribution overview



United Cencora approach



Supporting access to all classes of trade (COT)
serving the entire continuum of healthcare in the U.S.



Indicates where that distribution network has needed reach into that COT

Comparing buy-and-bill to the alternatives

Buy-and-Bill

A provider purchases the medication from a distributor and administers that medication in office. The provider then bills the payer directly for the medication (and administration of that medication) while also collecting any co-pays from the patient.

Provider profits medication and administration margin.



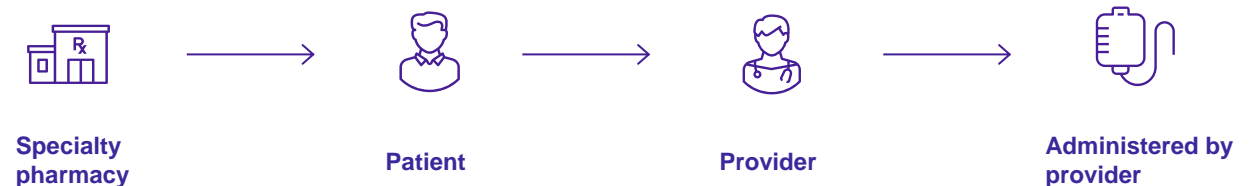
White-bagging

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**)**



Completely refer out

The provider refers the patient out for infusion. **Provider loses line of sight to patient for medication administration as well as revenue from the medication itself and medication administration.**



Buy-and-bill model for reimbursement

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).



Medication purchase

Provider purchases the medication from a specialty distributor



Medication Delivery

A distributor ships medications from its warehouse to the practice—maintaining all temperature requirements



Patient administration

The provider administers the medication to their patient



Claim submission

The provider submits a claim for the administered medication to the third-party payer for reimbursement



Reimbursement

The payer reimburses the provider for the administered medication, typically including the cost of the medication and an administration fee



Patient billing

The provider bills the patient for any applicable co-payments or coinsurance associated with the medication

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.

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

1 After diagnosis and upon treatment plan execution, your practice will work with both the patient and their insurance provider. Any required Prior Authorizations and claims will be submitted to the payer for reimbursement while any deductible/co-pays will be collected from the patient.

2 Understanding your payment terms versus the time it takes to receive reimbursement payment is critical to practice's success.

**GPO members can access additional discounts and/or rebates on any contracted products.*

3 The practice assumes the financial risk through the buy-and-bill model, so it's imperative to have a strategic partner that can help you navigate your purchases, manage your inventory, and maximize your revenue.

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

Cencora Specialty GPOs

GPOs* negotiate contracts for medications. These contracts vary by product but can help to help lower the up-front cost of the medication and/or provide back-end rebates on that medication.

- 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*

*Group Purchasing Organization (GPO)

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, & home health care

- **Part B – Medical Insurance**

- Physicians & 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, & usually Part D
- Network of providers & facilities
- May need referrals & pre-authorization
- May have additional benefits, e.g., dental, hearing, and vision

- **Part D – Drug Coverage**

- Helps cover prescription medications

Medicare Part B and C reimbursement

● How reimbursement works for Part B medications:

- Manufacturers submit average sales price (ASP) data to CMS
 - $ASP = \frac{\text{Gross sales} - (\text{discounts} + \text{chargebacks} + \text{rebates})}{\text{total number of units sold}}$
- CMS uses this data to determine the Medicare reimbursement rate
 - Medication sales in the first quarter determine reimbursement rates in the third quarter
- $\text{Reimbursement} = ASP + 4.3\%$ (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.



How to get started with buy-and-bill

If you are looking to increase your practice's revenue, opting to use a buy-and-bill method for specialty medications could be a viable option. Transitioning to it, however, may require changes to your operations.



Partnership request

Quantify specialty infusion prescribing habits to capture precise usage when requesting GPO/distribution partnerships.



Insurance credentialing process

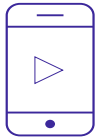
Make sure you or a member of your staff is prepared to navigate the credentialing process as well as negotiating payer fee schedules.



Inventory and revenue cycle management

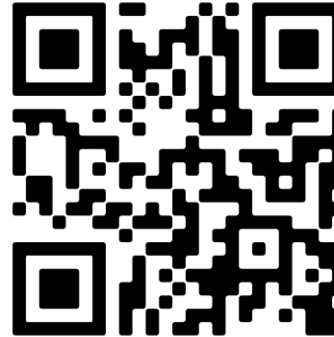
Ensure your practice can not only manage all purchased inventory but is equipped to properly bill for that inventory.

Educational resources



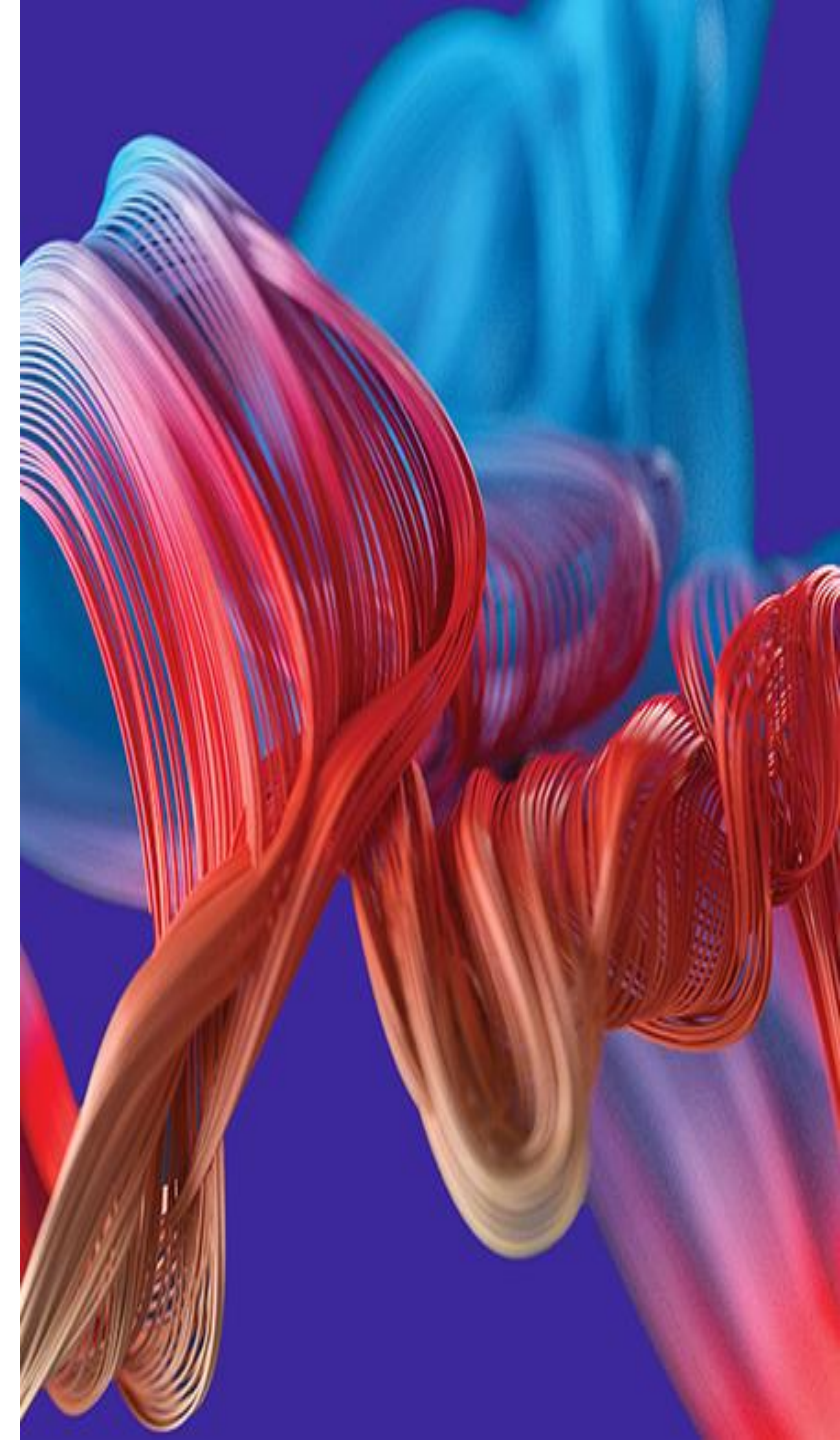
Buy-and-bill 101 podcast series

Available online (oncall.buzzsprout.com) and in podcast apps (search for OnCall or scan the QR code)



Provider 101 series

Scan the QR code to learn more about what buy-and-bill is and why it matters.



Thank you धन्यवाद Děkuje me Mange
takk Vă mulțumesc Gracias Vielen
Dank شكراً Teşekkürler Dèkojame jun
Спасибо Merci 谢谢 Obrigado ありがとう
ざいました Cảm ơn bạn Paldies 감사합
Hartelijk dank Thank you धन्यवाद Dě
Mange takk Vă mulțumesc Gracias
Vielen Dank شكراً Teşekkürler Dèkojan