



Buy and Bill Drugs 101

Module 5: Glossary

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Health Care Industry Committee

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Glossary of terms

340B Drug Discount Program

The 340B drug program requires drug manufacturers to sell certain outpatient drugs to eligible health care organizations at significantly reduced prices.

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A Average Sales Price (ASP)

ASP is calculated by dividing a manufacturer's total sales of a drug within the US per quarter year by the number of units sold. ASP is often used to calculate provider reimbursement for buy and bill drugs.

C Clinical guidelines

Systematically developed statements that help providers make appropriate treatment decisions regarding patients with specific clinical conditions. These guidelines are published by third-party organizations, and are meant to act as decision support tools, instead of strict treatment or patient management protocols.

C Clinical pathways

Treatment algorithms designed to assist providers in choosing the best treatment for patients based on efficacy, toxicity, and cost.

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F Fee for service (FFS)

A payment model wherein providers are paid separately for each service they perform, such as tests, office visits, and procedures.

FFS can therefore incentivize care quantity over care quality.

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M Medical benefit

Health insurance coverage that pays for medical care. This is the benefit under which infused and injectable drugs fall.

M Medicare Part B

Medicare Part B is a portion of Medicare insurance coverage that covers a range of outpatient medical services and supplies, including preventative care, lab tests, certain outpatient prescription drugs, and durable medical equipment. Enrollees must pay a premium for Part B coverage. Part B covers infused and injectable drugs.

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M Medicare Part D

Also known as the Medicare prescription drug benefit, Medicare Part D is a voluntary program funded by CMS that subsidizes the costs of outpatient prescription drugs and prescription drug insurance premiums for Medicare patients.

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Source: Oncology Roundtable, "Reduce Unwarranted Care Variation in Oncology," 2018, available at: <https://www.advisory.com/research/oncology-roundtable/studies/2018/reduce-unwarranted-care-variation-in-oncology/>; "Averages Sales Prices: Manufacturer Reporting and CMS Oversight," 2010, available at: <https://oig.hhs.gov/oei/reports/oei-03-08-00480.pdf>; NIH, "Clinical Practice Guidelines," available at: <https://ncicb.nih.gov/health/providers/clinicalpractice.htm>; HealthCare.gov, "Fee For Service," available at: <https://www.healthcare.gov/glossary/fee-for-service/>; Advisory Board research and analysis.

Glossary of terms

P

Packaged drugs

Medicare term for outpatient drugs administered by a provider that are not separately reimbursed because they are relatively low cost.

P

Pharmacy benefit

The portion of health care insurance that covers retail prescription drugs. Typically, pharmacy benefits are managed by a pharmacy benefits manager (PBM).

P

Pharmacy benefits manager (PBM)

Companies that act as administrators for prescription drug programs for both commercial and government-funded health insurance. PBMs can also manage and help reduce drug spend by negotiating with drug manufacturers and creating utilization management programs.

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S

Separately payable drugs

Medicare term for Part B drugs which are separately reimbursed because their cost is greater than the packaging threshold.

S

Step therapy

Health plan policy that requires patients to try lower-priced drugs before stepping up to more expensive drugs. Only if the lower-priced drugs fail can patients step up to more expensive drugs.

W

White bagging

Payers purchase buy and bill drugs through a specialty pharmacy, which then delivers the drugs to the provider for administration.

In contrast, '[brown bagging](#)' occurs when a payer buys a drug from a specialty pharmacy and then ships it to the patient, who must then take the drug to a physician's office to be administered.

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P

Prior authorization (PA)

Health plan policy that requires providers to submit a variety of clinical information such as dose, lab results, and previous therapies used to a patient's insurer in order to receive approval before administering a buy and bill drug.

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W

Wholesale Acquisition Cost (WAC)

Estimate of a manufacturer's drug price for wholesalers and other direct purchasers, excluding rebates or discounts.

Buy and bill drugs 101: roadmap

Next up in the buy and bill drugs 101 series

1 **Introduction**

Overview of buy and bill basics

2 **Health plan perspective**

Health plans' top priorities and strategies for managing buy and bill drugs

3 **Physician practice perspective**

Physician practices' top priorities and strategies for managing buy and bill drugs

4 **HOPD infusion center perspective**

HOPD infusion centers' top priorities and strategies for managing buy and bill drugs

5 **Glossary**

Buy and bill glossary of key terms

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practices are
the ones that
work for **you.**SM



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