Enact Common Sense Approaches to Making Drugs Affordable

LOCAL BUSINESS RELIEF COALITION

White Bagging

Often, when patients need to have drugs administered by a physician, such as chemotherapy drugs or injectable medications for chronic conditions, these drugs are purchased by a hospital or healthcare provider and billed to the patient's insurer.This traditional "buy and bill" model results in substantial markups and price variations.

The traditional "buy and bill" model for physician-administered drugs leads to unnecessary costs. White Bagging, where specialty pharmacies negotiate the price of these medications, makes these drugs significantly more affordable for patients.

Key Facts:

- **A study found cancer therapy drug hospital markups ranging from 118% to 633.6%**
- **White bagging can reduce costs for physician-administered drugs in New York State**
- **Plans can negotiate better pricing with pharmacies while reducing overall administrative burdens**

Sources:
[1]Hospital-Administered Cancer Therapy Prices for Patients With Private Health Insurance
Roy Xiao, MD, MS1,2; Joseph S. Ross, MD, MHS3,4,5; Cary P. Gross, MD6; et al
AMA Intern Med. 2022;182(6):603-611. doi:10.1001/jamainternmed.2022.1022

Public payors, like Medicare and Medicaid have successfully implemented cost control measures for physician administered drugs. By implementing a white bagging requirement, New York State can reduce the costs associated with physician-administered drugs. Pharmacies, which are equipped to handle these complex medications, can negotiate better pricing with manufacturers and reduce the administrative burden on healthcare providers.

This will lead to significantly lower costs for patients and premium payers in New York.