

# White Bagging and Brown Bagging Policies Explained

Over the past few years, health insurers have increasingly begun to adopt policies referred to as “white bagging” and “brown bagging,” which require patients with complex, chronic, or rare conditions to obtain certain treatments (i.e., specialty drugs) from specialty pharmacies. This document explains what these policies are, their benefits and disadvantages, how they impact patients, and steps patients can take in response to such policies.

## WHAT ARE SPECIALTY DRUGS?

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While there is no uniform definition of specialty drugs, in general, specialty drugs are medications that may have one or more of the following characteristics:

- Treat complex or chronic medical conditions, such as hepatitis C, multiple sclerosis, and cancer;
- Treat rare diseases;
- Are relatively difficult to administer (e.g., the medication may need to be administered by a health care practitioner or may be a self-injectable medication);
- Require ongoing clinical assessment and additional patient education, compliance, or support;
- Have special shipment and storage requirements, such as refrigeration;
- Have a high monthly cost; or
- Are not stocked at majority of retail pharmacies.<sup>1</sup>

## WHAT IS A SPECIALTY PHARMACY?

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A specialty pharmacy dispenses specialty medications. Most specialty pharmacies are “mail-order,” which means that the medicines are ordered online or over the phone and are mailed directly to the patient or the patient’s health care practitioner. Specialty pharmacies can also be a part of your hospital or health system.<sup>2</sup> Specialty pharmacies are often accredited by one or more accreditation agencies.

## WHAT IS A SPECIALTY DISTRIBUTOR?

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Specialty distributors are companies that buy specialty medications from the companies that make the medications. After buying the specialty medications, the distributor delivers them to specialty pharmacies, hospitals, and health care practitioners.<sup>3</sup> Some larger specialty pharmacies may buy medications directly from the drug makers.<sup>4</sup>

## WHAT IS WHITE BAGGING?

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White bagging refers to a situation where a health care practitioner prescribes a medication to a patient, and the medication is shipped by a specialty pharmacy directly to the facility where it will be administered to that particular patient, such as a physician's office, clinic, or hospital.<sup>5</sup> The specialty pharmacy then bills the payers directly for the medication.

## WHAT IS BROWN BAGGING?

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Brown bagging typically refers to a situation where a specialty pharmacy ships a medication prescribed by a health care practitioner directly to patient, who then brings the medication to the physician's office, hospital, or clinic so that a health care practitioner can administer the medication to the patient.<sup>6</sup> The specialty pharmacy then bills the payer directly for the medication.

## WHAT IS BUY-AND-BILL?

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Buy-and-bill refers to a situation where health care practitioners, hospitals, or clinics purchase and stock specialty medications in bulk, administer them to patients as needed, and then bill the payer for the medication and the act of administering the medication.<sup>7</sup>

## HOW ARE HEALTH PLANS IMPLEMENTING BROWN BAGGING AND WHITE BAGGING POLICIES?

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In some cases, health plans require patients to obtain their specialty medications from a designated specialty pharmacy or list of specialty pharmacies (i.e., brown bagging) or require prescribers to obtain a patient's medication from a designated specialty pharmacy or list of specialty pharmacies (i.e., white bagging). In other cases, the health plan may not directly require brown bagging or white bagging, but may penalize the patient or prescriber for not using a specialty pharmacy by charging the patient more or paying the prescriber less for obtaining the medication elsewhere.

## **WHAT ARE SOME ADVANTAGES AND DISADVANTAGES OF BUY AND BILL?**

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Buy-and-bill allows health care practitioners to purchase medications in bulk and have them in stock. Practitioners can then administer a treatment during the patient's first visit (i.e., patients do not have to return to the office for a second visit for the medication to be administered).<sup>8</sup> It also allows health care practitioners to make any necessary dosing adjustments because they have sufficient stock available, resulting in more individualized and precise care for the patient.

However, it can be costly for health care practitioners, especially in smaller practices, to buy costly medications upfront, especially if the practitioners are unsure as to whether 1) the medications will be administered before they expire; or 2) they will be reimbursed. Practitioners also may not want to take on the upfront costs associated with storage and inventory requirements.

## **WHAT ARE SOME ADVANTAGES AND DISADVANTAGES OF WHITE BAGGING AND BROWN BAGGING?**

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White bagging and brown bagging do not require health care practitioners to purchase the medications upfront, which can be costly. Practices are also relieved from storage and inventory responsibilities.<sup>9</sup>

However, individuals who need specialty medications often require adjustments to their therapy, such as changes to dosage, strength, or class of medication. As such, with white bagging, the medication that is mailed to the practitioner may no longer be appropriate for the patient when it finally arrives.<sup>10</sup> This can lead to patients receiving imprecise treatment because the incorrect medication is the only one on hand. This also can lead to delays in care if another medication needs to be ordered. Additionally, given that the medications are patient-specific, if the delivered medication cannot be administered to the patient, the medication is wasted since it cannot be reused for a different patient.<sup>11</sup>

With brown bagging, many specialty medications need strict handling and storage instructions that patients may not be able to manage. Improper handling or storage may compromise the potency or efficacy of the medication.<sup>12</sup> Health care providers may not be able to determine visually whether a medication has been compromised, which could mean that the patient is given a medication that is less effective and potentially a safety hazard.<sup>13</sup> Additionally, as with white bagging, by the time the medication arrives, it may not be the correct dosage, strength, or class of medication and can result in treatment delays.

Additionally, both white-bagging and brown-bagging require multiple trips to the health care practitioner. The practitioner prescribes the medication during the first visit, but the patient will need to return a second time to receive the medication. It can be burdensome for patients to return for a second visit, especially those patients living in rural areas, who lack transportation, or who work during office hours. Due to this inconvenience, patients may not return in a timely manner or at all. As a result, they may not follow their treatment plan. Additionally, some patients may not receive their medication from the pharmacy prior to their follow-up appointment because of delays in processing requests for insurance coverage or the medication being delivered late or damaged.<sup>14</sup>

## **WHY SHOULD PATIENTS CARE?**

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For many patients, their first visit may be the best opportunity their health care practitioner has to appropriately assess and administer a medication. For example, a patient may live far away from the practitioner's office, may have a disability that makes travel difficult, or may be homeless. Administering a medication during a patient's first visit can only happen if the practitioner uses buy-and-bill and has the appropriate medication on hand. Both brown bagging and white bagging require a return visit from the patient for medication to be administered in the office.

Additionally, some patients may not be comfortable or know how to handle and store their specialty medications properly so as not to compromise their medications' safety or effectiveness. As such, these individuals must not be forced to brown bag their medications and risk compromising their health care.

## **WHAT CAN PATIENTS DO IF THEIR HEALTH PLAN REQUIRES A WHITE BAGGING OR BROWN BAGGING POLICY?**

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Patients can take the following steps if their plans require white bagging or brown bagging:

- Talk with their health care practitioners as soon as possible to determine and understand the best course of action based on their health condition.
- If a prescriber determines that white bagging or brown bagging is inappropriate, the patient should contact his or her health plan to determine whether the patient can obtain an exception to the white bagging or brown bagging policy.
- Determine whether their state has a law that limits the use of white bagging or brown bagging policies. Contact Aimed Alliance if you need assistance.

# WHAT CAN PATIENTS AND PROVIDERS DO TO PREVENT HEALTH PLANS FROM REQUIRING WHITE BAGGING AND BROWN BAGGING POLICIES?

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Some health care practitioners may prefer white bagging policies. In those cases, they should be allowed to use specialty pharmacies. Other practitioners and patients may find brown bagging and white bagging policies inappropriate or overly burdensome. In those cases, practitioners and patients can take the following steps:

- Contact state lawmakers to ask that they implement legislation to prevent plans from requiring white bagging and brown bagging or for penalizing patients and practitioners who choose not to follow white bagging and brown bagging policies.
- If a policy seems particularly egregious, contact their state insurance commissioner or attorney general to report activity that seems inconsistent with consumer protections or other state laws.

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<sup>1</sup> <https://fas.org/sgrp/crs/misc/R44132.pdf>

<sup>2</sup> <https://www.beckershospitalreview.com/pharmacy/the-case-for-the-health-system-specialty-pharmacy-coordinated-care-model.html>

<sup>3</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3411231/>

<sup>4</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3411231/>

<sup>5</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>6</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>7</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>8</sup> <https://www.managedhealthcareconnect.com/article/alternative-distribution-strategies-buy-and-bill-and-white-bagging>

<sup>9</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>10</sup> [https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018\\_Final.pdf](https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018_Final.pdf)

<sup>11</sup> [https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018\\_Final.pdf](https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018_Final.pdf)

<sup>12</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>13</sup> <https://www.ama-assn.org/sites/ama-assn.org/files/corp/media-browser/public/about-ama/councils/Council%20Reports/council-on-medical-service/a16-cms-report10.pdf>

<sup>14</sup> [https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018\\_Final.pdf](https://nabp.pharmacy/wp-content/uploads/2018/04/White-Bagging-and-Brown-Bagging-Report-2018_Final.pdf)