

MODULE 2:

Drug Acquisition in the Clinic



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Purpose of This Module

The purpose of this module is to review models for and implications of anti-VEGF drug acquisition in the retina clinic, including

- Overview of insurance plan pharmacy and medical benefits
- Highlights of the buy and bill model
- Revenue cycle management insights

How to Use This Guide

You will find the icons as shown below throughout this module. These will help you navigate the material.



The Key icon provides you with a key takeaway.



The Light Bulb icon alerts you to important insights.

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Insurance Coverage of Medicines



Health insurers tend to cover products based on mode of administration.¹ Click the boxes below to learn more about the similarities and differences between the 2 types of benefits.



Pharmacy benefit^{1,2}



Medical benefit¹⁻⁵

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1. PillarRx Consulting. Medical vs pharmacy drug channel. Accessed May 21, 2025. <https://pillarrx.com/medical-benefit-vs-pharmacy-benefit-drug-channel/>
2. Lindhorst J. Understanding specialty drug coverage: medical vs pharmacy benefit. January 21, 2025. Accessed May 21, 2025. <https://www.biomatrixsprx.com/news/understanding-specialty-drug-coverage-medical-and-pharmacy-benefit>
3. Specialty Drug Resource. May 2022. Accessed May 21, 2025. <https://www.specialtydrugresource.com/coverage-landscape-overview/medical-vs-pharmacy-benefit>
4. Borchardt M. The upside-downs of medical benefit drug reimbursement. December 5, 2024. Accessed May 21, 2025. <https://www.precisionaq.com/blog/the-upside-downs-of-medical-benefit-drug-reimbursement>
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Insurance Coverage of Medicines

Health insurers tend to cover products based on mode of delivery. To learn more about the similarities and differences between pharmacy and medical benefit, click on the icons below.

It is important to identify whether a drug on a given insurance plan is covered under the pharmacy or medical benefit.



Pharmacy benefit^{1,2}



Medical benefit¹⁻⁵

1. PillarRx Consulting. Medical vs pharmacy drug channel. Accessed May 21, 2025. <https://pillarrx.com/medical-benefit-vs-pharmacy-benefit-drug-channel/>
2. Lindhorst J. Understanding specialty drug coverage: medical vs pharmacy benefit. January 21, 2025. Accessed May 21, 2025. <https://www.biomatrixsprx.com/news/understanding-specialty-drug-coverage-medical-and-pharmacy-benefit>
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5. United Healthcare Community Plan. Ophthalmologic policy: VEGF inhibitors. April 1, 2025. Accessed May 21, 2025. <https://www.uhcprovider.com/content/dam/provider/docs/public/policies/medicaidcomm-plan/ophthalmologic-vascular-endothelial-growth-factor-inhibitors-cs.pdf>

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Insurance Coverage of Medicines

Health insurers tend to cover products based on mode of administration.¹ Click the boxes below to learn more about the



Pharmacy benefit



-  Most often covers self-administered drugs
-  Can include oral medications, injectables, topicals, or subcutaneous therapies that can be managed at home
-  Commercial insurers, Medicare Part D, and Medicare Advantage
-  Often includes drugs dispensed at retail pharmacies
-  Associated with patient out-of-pocket costs like copays
-  Generally does not involve any financial commitment from a purchaser like a retina clinic or any reimbursement considerations



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1. PillarRx Consulting. Medical vs pharmacy

2. Lindhorst J. Understanding specialty drug coverage: medical vs pharmacy benefit. January 21, 2025. Accessed May 21, 2025. <https://www.biomatrixsprx.com/news/understanding-specialty-drug-coverage-medical-and-pharmacy-benefit>

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Insurance Coverage of Medicines

Health insurers tend to cover medicines used in a hospital or infusion center. To learn more about the differences between medical and pharmacy benefit coverage, click on the icon below.



Medical benefit

-  Most often covers drugs injected or infused by a healthcare professional in a hospital, outpatient clinic, or infusion center
-  Can include specialty medicines such as biologics (eg, anti-VEGF agents)
-  Commercial insurance, Medicare Part B, and Medicare Advantage
-  Often includes drugs obtained from a purchaser (like a retina clinic) from a specialty pharmacy or specialty distributor via the “buy and bill” model
-  Generally involves financial outlay from purchaser and reimbursement based on average sales price (ASP) plus a certain percentage depending on the insurer

Pharmacy benefit

1-5

1. PillarRx Consulting. Medical vs pharmacy benefit coverage. January 21, 2020. Accessed May 21, 2025. <https://www.pillarrx.com/news/understanding-specialty-drug-coverage-medical-and-pharmacy-benefit> 2. Lindhorst J. Understanding specialty drug coverage: medical vs pharmacy benefit. January 21, 2020. Accessed May 21, 2025. <https://www.pillarrx.com/news/understanding-specialty-drug-coverage-medical-and-pharmacy-benefit> 3. Specialty Drug Resource. May 2022. Accessed May 21, 2025. <https://www.specialtydrugresource.com/coverage-landscape-overview/medical-vs-pharmacy-benefit> 4. Borchardt M. The upside-downs of medical benefit drug reimbursement. December 5, 2024. Accessed May 21, 2025. <https://www.precisionaq.com/blog/the-upside-downs-of-medical-benefit-drug-reimbursement> 5. United Healthcare Community Plan. Ophthalmologic policy: VEGF inhibitors. April 1, 2025. Accessed May 21, 2025. <https://www.uhcprovider.com/content/dam/provider/docs/public/policies/medicaidcomm-plan/ophthalmologic-vascular-endothelial-growth-factor-inhibitors-cs.pdf>

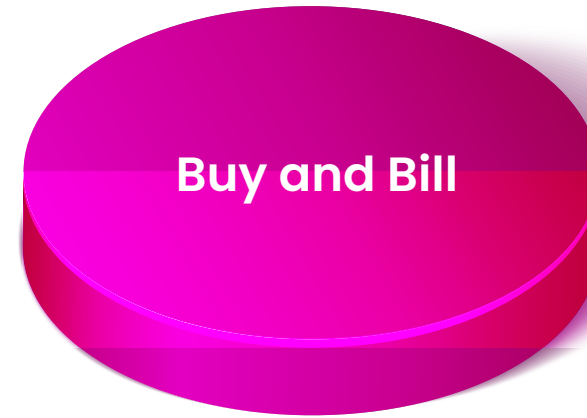
Specialty Drug Acquisition Models



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The Specialty Pharmacy Model of Drug Acquisition



The Specialty Pharmacy Process¹

Click on each step to learn more about the process and how it can work in a retina clinic

1



**Brown
Bagging**



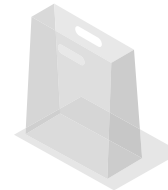
2



**White
Bagging**



3



**Clear
Bagging**



4



**Gold
Bagging**



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¹. Academy of Managed Care Pharmacy. June 27, 2024. Accessed May 21, 2025. <https://www.amcp.org/resource/white-brown-clear-and-goldbagging?form=MG0AV3&form=MG0AV3>

The Specialty Pharmacy

Click on each step to learn more

1



**Brown
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The specialty pharmacy model of drug acquisition and distribution is designed to manage complex and high-cost medications for patients.

With the increase in specialty drug usage, specialty pharmacies have become more popular.¹ In this approach, claims are processed through pharmacy benefits and dispensed/mailed from the pharmacy. The pharmacy maintains inventory until the medication is dispensed for the patient, and the patient pays a copay upfront before the medication is administered.²

1. Xevant. Buy-and-bill vs. specialty pharmacy: what to know. December 7, 2021. Accessed April 24, 2025. <https://www.xevant.com/blog/buy-and-bill-vs-specialty-pharmacy-whats-the-difference/>

2. DeMarrais L. Benefits and challenges of white, brown, clear, and gold bagging. 2025. Accessed April 24, 2025. <https://www.mckesson.com/pharmacy-management/health-systems/prescribed-perspectives/benefits-and-challenges-of-white-brown-clear-and-gold-bagging/>

**White
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**Clear
Bagging**

**Gold
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1. Academy of Managed Care Pharmacy. June 27, 2024. Accessed May 21, 2025. <https://www.amcp.org/resource/white-brown-clear-and-goldbagging?form=MG0AV3&form=MG0AV3>

The Specialty Pharmacy Model of Drug Acquisition



The Specialty Pharmacy Process¹

Click on each step to learn more about the process and how it can work in a retina clinic

Brown bagging is a process where a specialty pharmacy dispenses a medication directly to the patient, who then brings it to their healthcare provider for administration.¹

This process is generally not used for products that require special handling or administration, such as anti-VEGFs.¹

¹. Academy of Managed Care Pharmacy. White, brown, clear, and gold bagging. June 27, 2024. Accessed April 24, 2025.

<https://www.amcp.org/resource/white-brown-clear-and-gold-bagging?form=MG0AV3&form=MG0AV3>

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**Clear
Bagging**

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**Gold
Bagging**

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¹. Academy of Managed Care Pharmacy. June 27, 2024. Accessed May 21, 2025. <https://www.amcp.org/resource/white-brown-clear-and-goldbagging?form=MG0AV3&form=MG0AV3>

The Specialty Pharmacy Model of Drug Acquisition



White bagging is a process where a specialty pharmacy dispenses a medication directly to the healthcare provider, who then stores and administers it to the patient. This method can streamline the medication-delivery process and reduce administrative burdens, but it also introduces challenges related to inventory management and care coordination.^{1,2}

With the patient's consent, the specialty pharmacy takes on the assignment of benefits, ships medication for individual patient use, and directly bills the patient's insurance provider for the cost of medications, rather than requiring the provider to pay upfront and seek reimbursement later.³ In this arrangement, the drug purchase cannot be included in the financial business model, and there is less flexibility in the timing of drug administration.⁴

Although anti-VEGFs are largely acquired directly from specialty distributors, some payers may start to require use of the white bagging process in the future.⁵

1. Academy of Managed Care Pharmacy. White, brown, clear, and gold bagging. June 27, 2024. Accessed May 21, 2025. <https://www.amcp.org/resource/white-brown-clear-and-gold-bagging> **2.** DeMarrais, L. Benefits and Challenges of White, Brown, Clear, and Gold Bagging | Prescribed Perspectives. Accessed June 19, 2025. <https://www.mckesson.com/Pharmacy-Management/Health-Systems/Prescribed-Perspectives/Benefits-and-Challenges-of-White-Brown-Clear-and-Gold-Bagging/> **3.** IpsenCares. A guide to healthcare terms & definitions. 2022. Accessed May 21, 2025. https://www.ipsencares.com/sites/g/files/kcxpwu266/files/2023-02/NON-US-003250%20IPSEN%20CARES%20Healthcare%20Glossary%20of%20Terms%20Reference%20Guide_Approved_12.21.22%20%281%29.pdf **4.** Aimed Alliance. White bagging and brown bagging policies explained. 2020. Accessed May 21, 2025. https://aimedalliance.org/wp-content/uploads/2021/04/WhiteBaggingBrownBagging_FactSheet.pdf **5.** Patel S. From buy-and-bill to white bagging: the future of reimbursement under the medical benefit. 2025. Accessed May 21, 2025. <https://www.mmitnetwork.com/thought-leadership/from-buy-and-bill-to-white-bagging-the-future-of-reimbursement-under-the-medical-benefit/#:~:text=There%20are%20many%20oncology%20products,Index%20and%20Rapid%20Response%20solutions>

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The Specialty Pharmacy Model of Drug Acquisition



The Specialty Pharmacy Process¹

Click on each step to learn more about the process and how it can work in a retina clinic



Brown Bagging

Clear bagging is a distribution model where a health system specialty pharmacy dispenses a medication directly to the healthcare provider within the same health system. Clear bagging reduces delays in treatment, as the medication is already within the health system and can be coordinated more efficiently. This approach also helps manage costs by keeping financial accountability and revenues within the health system.^{1,2}

This process is less likely to be used for anti-VEGFs as most are prescribed in retina clinics.

- 1.** Academy of Managed Care Pharmacy. White, brown, clear, and gold bagging. June 27, 2024. Accessed April 24, 2025. <https://www.amcp.org/resource/white-brown-clear-and-gold-bagging?form=MG0AV3&form=MG0AV3>
- 2.** DeMarrais, L. Benefits and Challenges of White, Brown, Clear, and Gold Bagging | Prescribed Perspectives. Accessed June 19, 2025. <https://www.mckesson.com/Pharmacy-Management/Health-Systems/Prescribed-Perspectives/Benefits-and-Challenges-of-White-Brown-Clear-and-Gold-Bagging/>



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The Specialty Pharmacy Model of Drug Acquisition



The Specialty Pharmacy Process¹

Click on each step to learn more about the process.



**Brown
Bagging**



**White
Bagging**

Gold bagging is a process where a preferred specialty pharmacy dispenses a medication and delivers it directly to the healthcare provider within the same health system for administration to the patient. With gold bagging, the health system oversees the entire process, including prescribing, dispensing, and administering the drug.

This process is less likely to be used for anti-VEGFs as most are prescribed in retina clinics.

¹. Academy of Managed Care Pharmacy. White, brown, clear, and gold bagging. June 27, 2024. Accessed April 24, 2025. <https://www.amcp.org/resource/white-brown-clear-and-gold-bagging?form=MG0AV3&form=MG0AV3>

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¹. Academy of Managed Care Pharmacy. June 27, 2024. Accessed May 21, 2025. <https://www.amcp.org/resource/white-brown-clear-and-goldbagging?form=MG0AV3&form=MG0AV3>

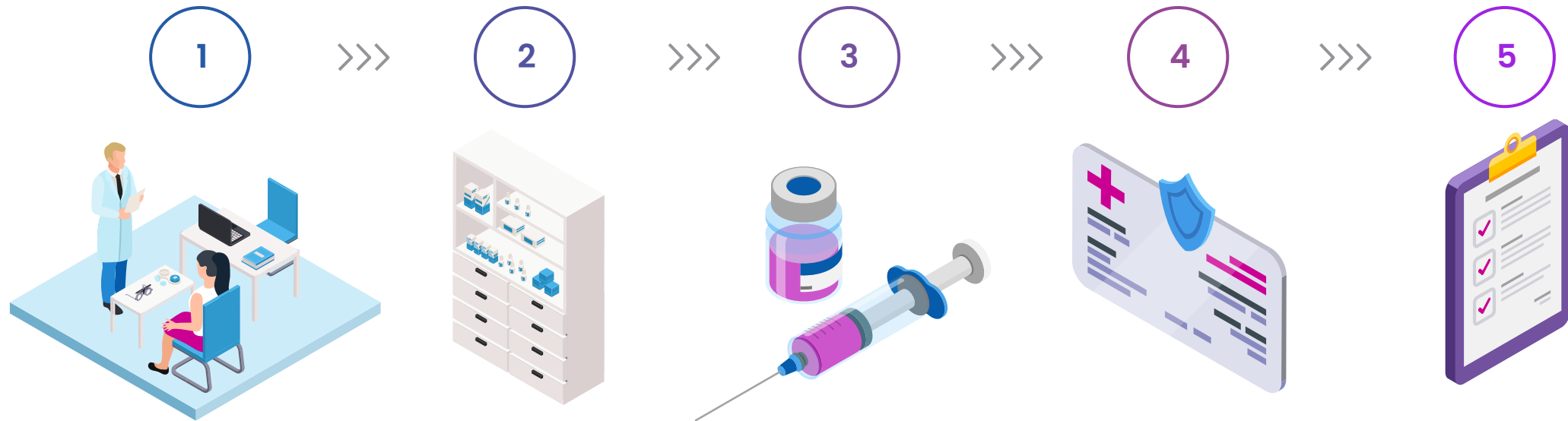
The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

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1. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> **2.** Elevate Health Technologies. What is buy-and-bill and what is it used for? 2025. Accessed May 21, 2025. <https://www.elevateht.com/blog/what-is-buy-and-bill-and-what-is-it-used-for> **3.** Baker-Schena L. June 1, 2017. Accessed May 21, 2025. <https://www.aao.org/eyenet/article/expensive-drugs> **4.** Rapuano S, et al. Five steps for effective financial management. *Retina Today Business Matters*. 2022;5(2):6-8.

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The Buy and Bill Model of Drug Acquisition

The Buy and Bill Model

Click on each step to learn more about the

The buy and bill model helps to ensure clinics have enough drug on hand to treat patients without delay.¹

1. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/>



1. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> 2. Elevate Health Technologies. What is buy-and-bill and what is it used for? 2025. Accessed May 21, 2025. <https://www.elevateht.com/blog/what-is-buy-and-bill-and-what-is-it-used-for> 3. Baker-Schena L. June 1, 2017. Accessed May 21, 2025. <https://www.aao.org/eyenet/article/expensive-drugs> 4. Rapuano S, et al. Five steps for effective financial management. *Retina Today Business Matters*. 2022;5(2):6-8.

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The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

Click on each step to learn more about the process and how it can work in a retina clinic

Provider clinic purchases the drug from a specialty distributor at a price based on existing contracts.¹

Clinics assume 100% of the financial risk for this purchase as purchases are made prior to patient identification and benefit verification.²

¹. Elevate Health Technologies. What is buy-and-bill and what is it used for? 2025. Accessed May 21, 2025. <https://www.elevateht.com/blog/what-is-buy-and-bill-and-what-is-it-used-for> ². Baker-Schena L. June 1, 2017. Accessed May 21, 2025. <https://www.aao.org/eyenet/article/expensive-drugs>



¹. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> ². Elevate Health Technologies. What is buy-and-bill and what is it used for? 2025. Accessed May 21, 2025. <https://www.elevateht.com/blog/what-is-buy-and-bill-and-what-is-it-used-for> ³. Baker-Schena L. June 1, 2017. Accessed May 21, 2025. <https://www.aao.org/eyenet/article/expensive-drugs> ⁴. Rapuano S, et al. Five steps for effective financial management. *Retina Today Business Matters*. 2022;5(2):6-8.

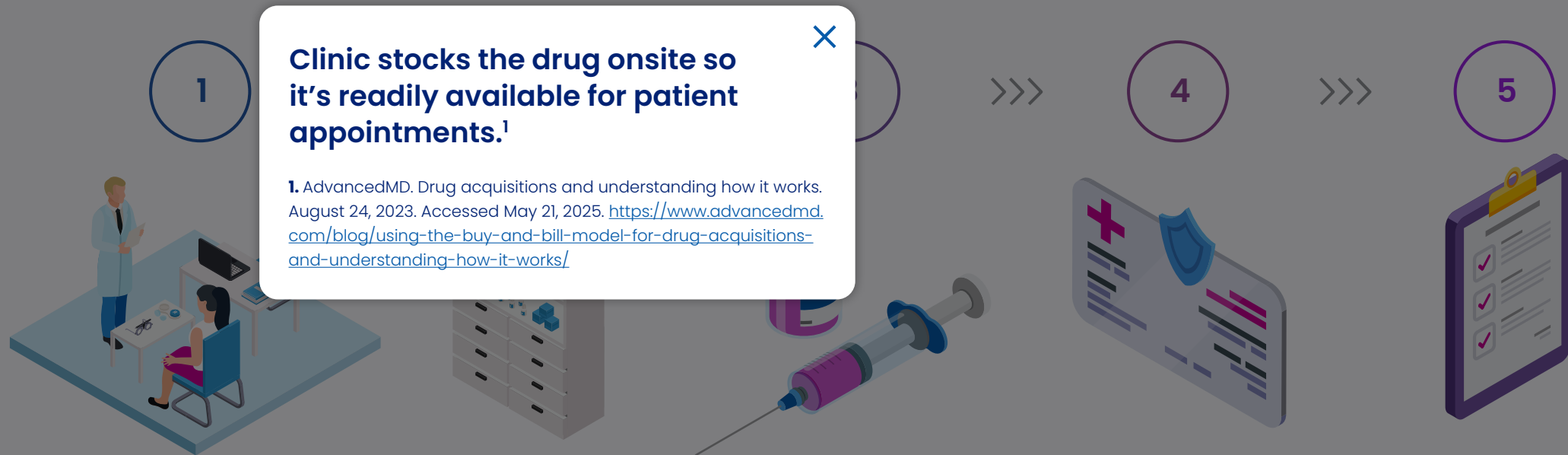
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The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

Click on each step to learn more about the process and how it can work in a retina clinic



Clinic stocks the drug onsite so it's readily available for patient appointments.¹

1. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/>

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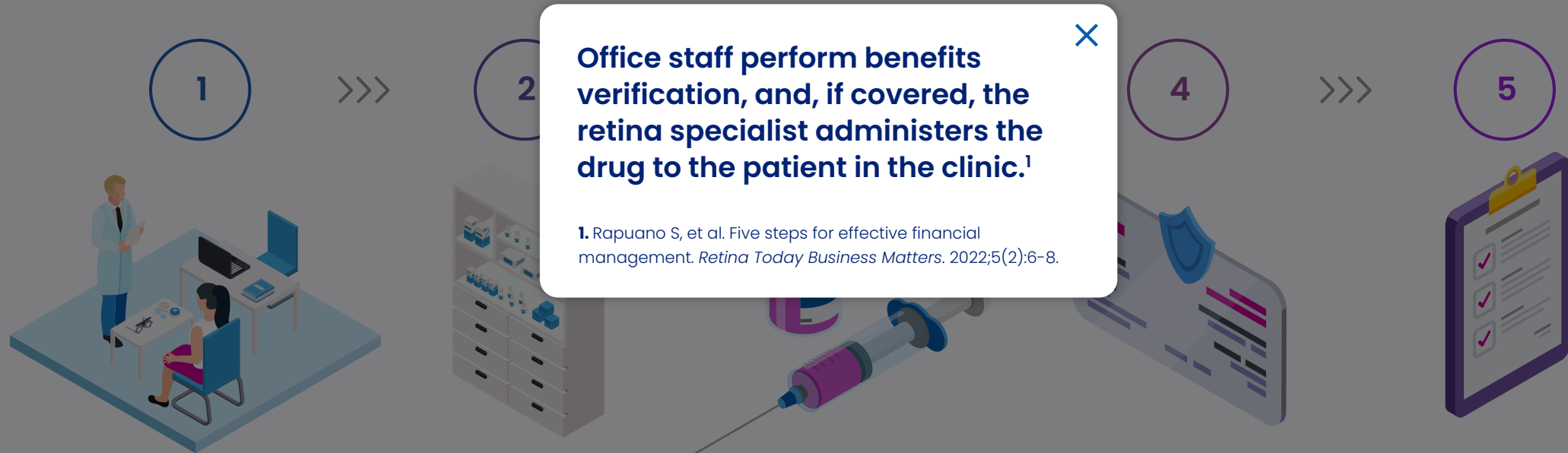
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The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

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The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

Click on each step to learn more about the process and how it can work in a retina clinic



¹. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> ². Elevate Health Technologies. What is buy-and-bill and what is it used for? 2025. Accessed May 21, 2025. <https://www.elevateht.com/blog/what-is-buy-and-bill-and-what-is-it-used-for> ³. Baker-Schena L. June 1, 2017. Accessed May 21, 2025. <https://www.aao.org/eyenet/article/expensive-drugs> ⁴. Rapuano S, et al. Five steps for effective financial management. *Retina Today Business Matters*. 2022;5(2):6-8.

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The Buy and Bill Model of Drug Acquisition



The Buy and Bill Process¹⁻⁴:

Click on each step to learn more about the process and how it can work in a retina clinic

Clinic submits a claim for appropriate reimbursement from the health insurer.¹

1. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed May 21, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/>



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Benefits and Considerations Related to the Buy and Bill Model

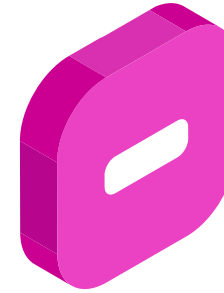


Benefits^{1,2}

- Helps to ensure timely treatment by preventing treatment delays or interruptions
- Allows for more convenient and personalized care, potentially improving patient outcomes
- Control over the drug supply chain/life cycle
- Maintain product integrity
- Maintain appropriate inventory
- Administrative flexibility
- Control over pricing



TOGGLE



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¹. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed June 16, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> ². Xevant. Buy-and-bill vs specialty pharmacy: what to know. Accessed June 9, 2025. <https://www.xevant.com/blog/buy-and-bill-vs-specialty-pharmacy-whats-the-difference/>

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Benefits and Considerations Related to Buy and Bill



Benefits^{1,2}

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- Allows for more convenient and personalized care, potentially improving patient outcomes
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- + Maintain product integrity
- + Maintain appropriate inventory
- + Administrative flexibility
- + Control over pricing



TOGGLE

While buy and bill can be associated with several advantages, financial risk to the clinic must be navigated through careful revenue management.

1. Accreditation Council for Medical Affairs. What is by and bill? Everything you need to know. Accessed June 9, 2025. <https://www.priorauthtraining.org/what-is-buy-and-bill-everything-you-need-to-know/>



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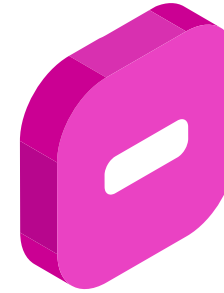
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Benefits and Considerations Related to the Buy and Bill Model



Benefits^{1,2}



Considerations^{1,2}

- Financial risk to the clinic in purchasing expensive specialty medicines
- Management of expensive drug inventories, including storage capacity
- Requires adequate cash flow to balance upfront investments in costly medications with lag time of reimbursement claims processing
- Adequate time for office staff to manage the process



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¹. AdvancedMD. Drug acquisitions and understanding how it works. August 24, 2023. Accessed June 16, 2025. <https://www.advancedmd.com/blog/using-the-buy-and-bill-model-for-drug-acquisitions-and-understanding-how-it-works/> ². Accreditation Council for Medical Affairs. What is buy and bill? Everything you need to know. January 17, 2024. Accessed June 16, 2025. <https://www.priorauthtraining.org/what-is-buy-and-bill-everything-you-need-to-know/>

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Clinic Buy and Bill Business Model

Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



Click start below to build out the steps of the process



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Important Terminology Used in the Buy and Bill Business Model



GPO (Group Purchasing Organization). GPOs are consortia that aggregate purchasing power among their members, allowing them to negotiate better discounts than individual clinics could do on their own.¹



AMP (average manufacturer price) is a measurement of the price all wholesalers pay to purchase drug products from the pharmaceutical manufacturer. AMP calculations include the average of the cost of a drug paid to a manufacturer after rebates or discounts are included.²



WAC (wholesale acquisition cost) is the manufacturer's list price for a drug.²



ASP (average sales price) is derived from the sales from manufacturers to all purchasers and includes practically all discounts but is limited in that it is only available for Medicare Part B-covered drugs. It is calculated based on data from a manufacturer's sales reports, including details on total units sold and overall revenue earned from each drug. ASP does not include price concessions offered to federal programs and statutory rebates and discounts paid under Medicaid and the 340B Drug Discount Program, making ASP roughly comparable to a medicine's average net price in the commercial market. As part of government regulations, Medicare must review and validate the ASP.^{3,4}



AWP (average wholesale price) is an estimated measurement of the price paid by clinics to purchase drug products from wholesalers in the supply chain, as set by manufacturers.³

¹. Hernandez, I et al. *J Manag Care Spec Pharm*. 2024;30(1):99-106. ². Kaiser Family Foundation. Pricing and payment for Medicaid prescription drugs. Accessed June 9, 2025. <https://www.kff.org/medicaid/issue-brief/pricing-and-payment-for-medicaid-prescription-drugs/> ³. Rex H. ASP drug pricing in healthcare: what providers need to know in 2023. January 27, 2023. Accessed June 16, 2025. <https://www.mdclarity.com/blog/asp-drug-pricing-healthcare#:~:text=discounts%20and%20rebates-,How%20to%20calculate%20ASP%20reimbursement,plus%20an%20additional%206%25%20fee> ⁴. Pharmaceutical Research and Manufacturers of America. Follow the dollar part II. February 2021. Accessed June 16, 2025. https://cdn.agilityio/pharma/global/blog/import/pdfs/2021-FTD-II-whitepaper_FINAL.pdf



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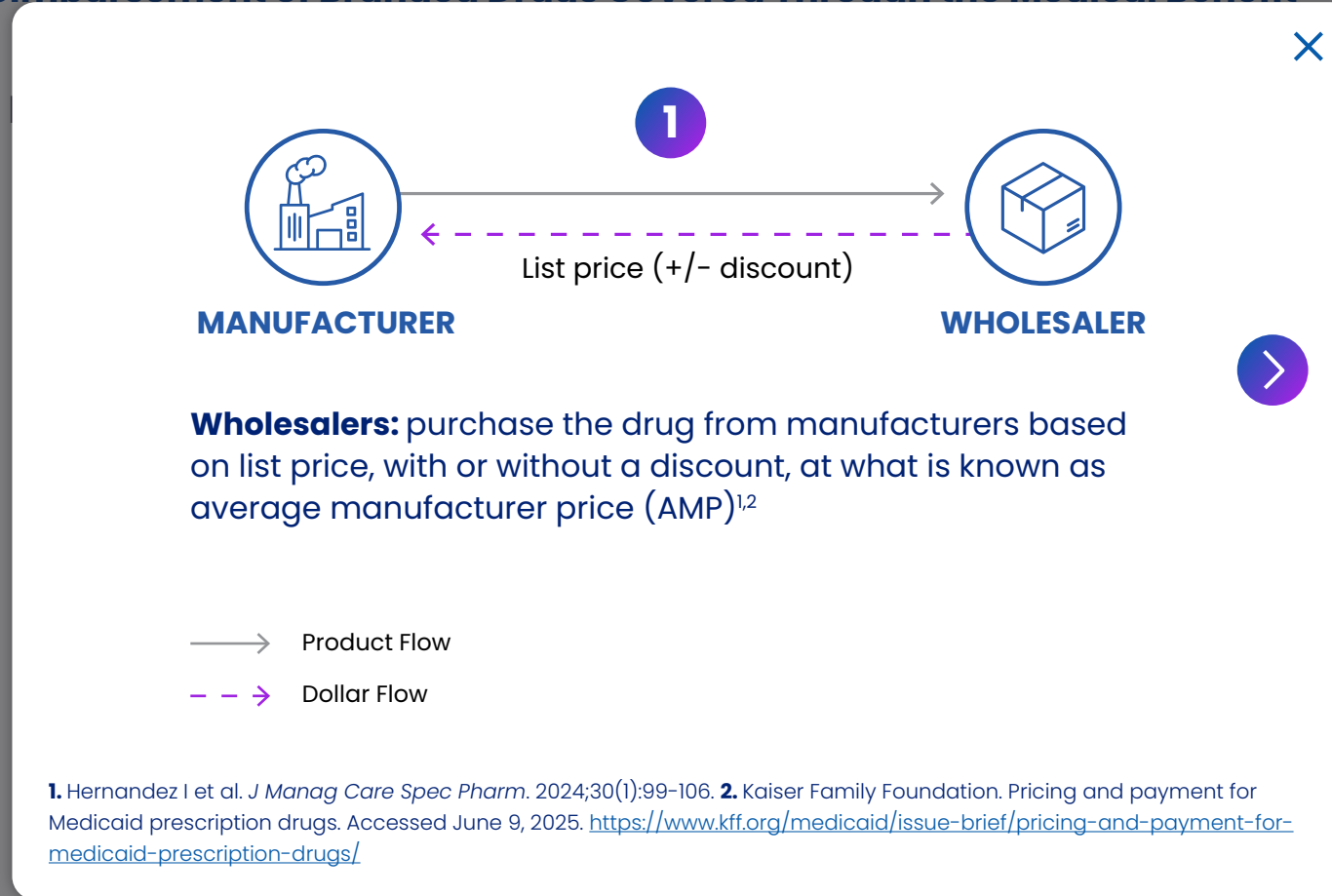
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Clinic Buy and Bill Business Model

Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



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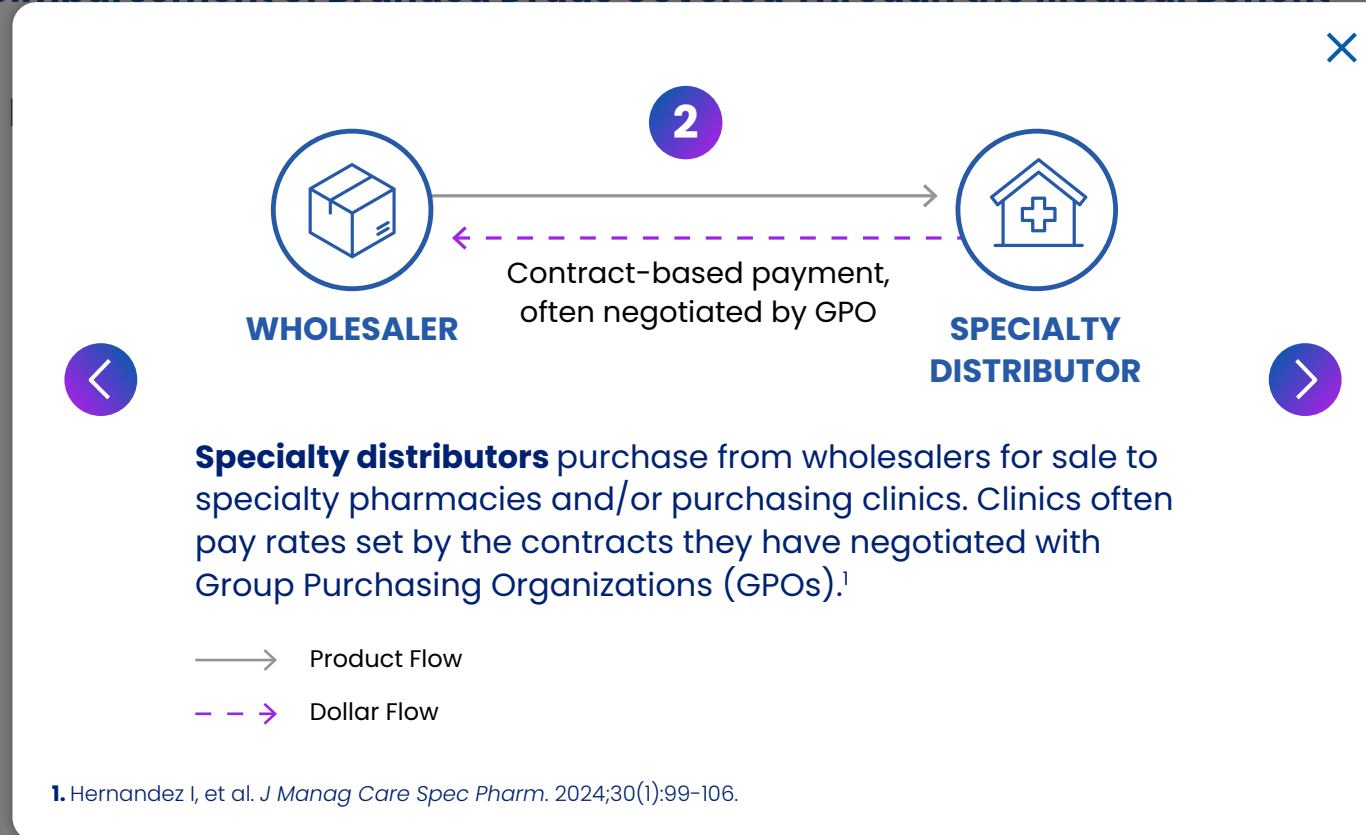
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Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



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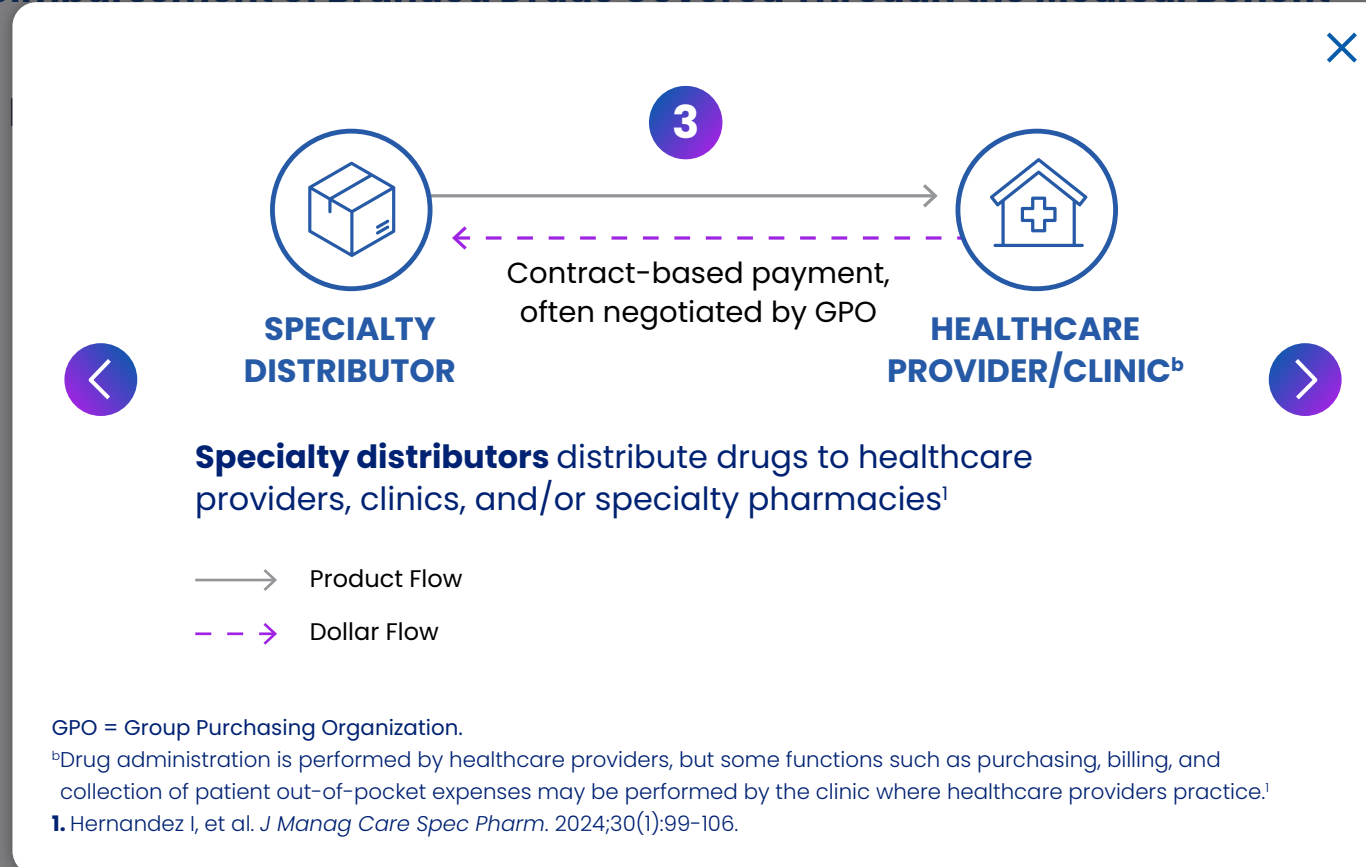
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Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



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Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



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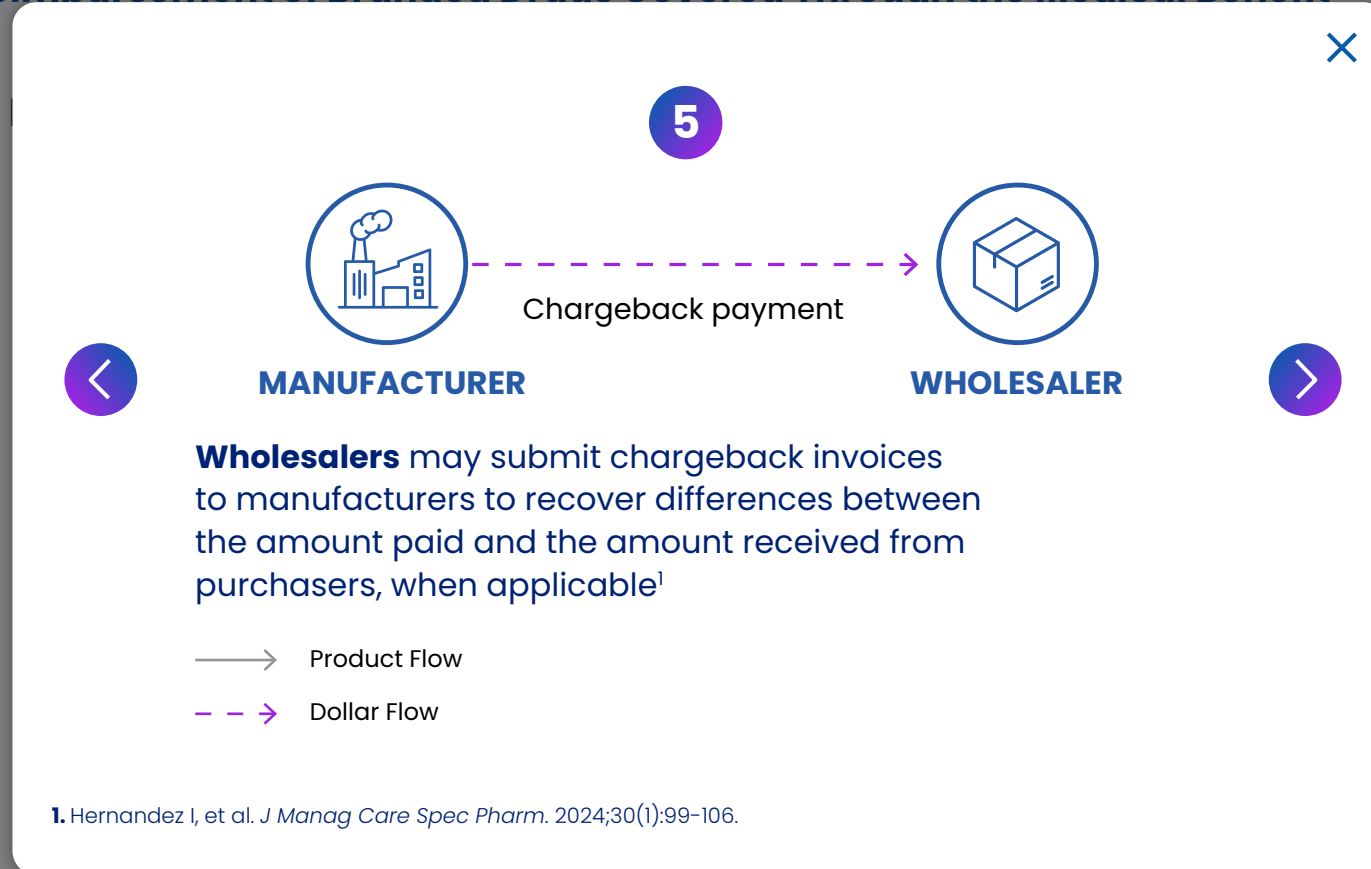
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Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit



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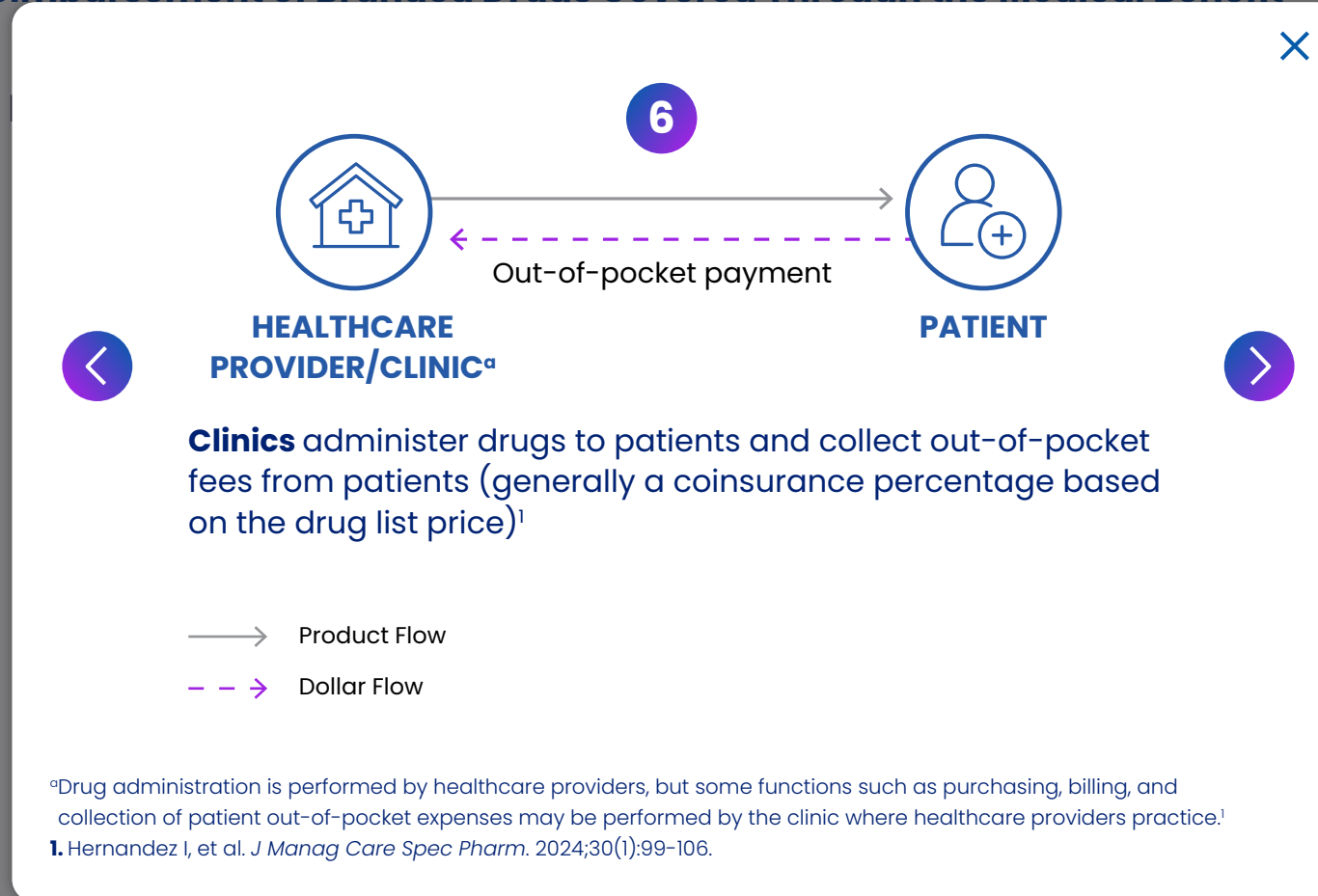
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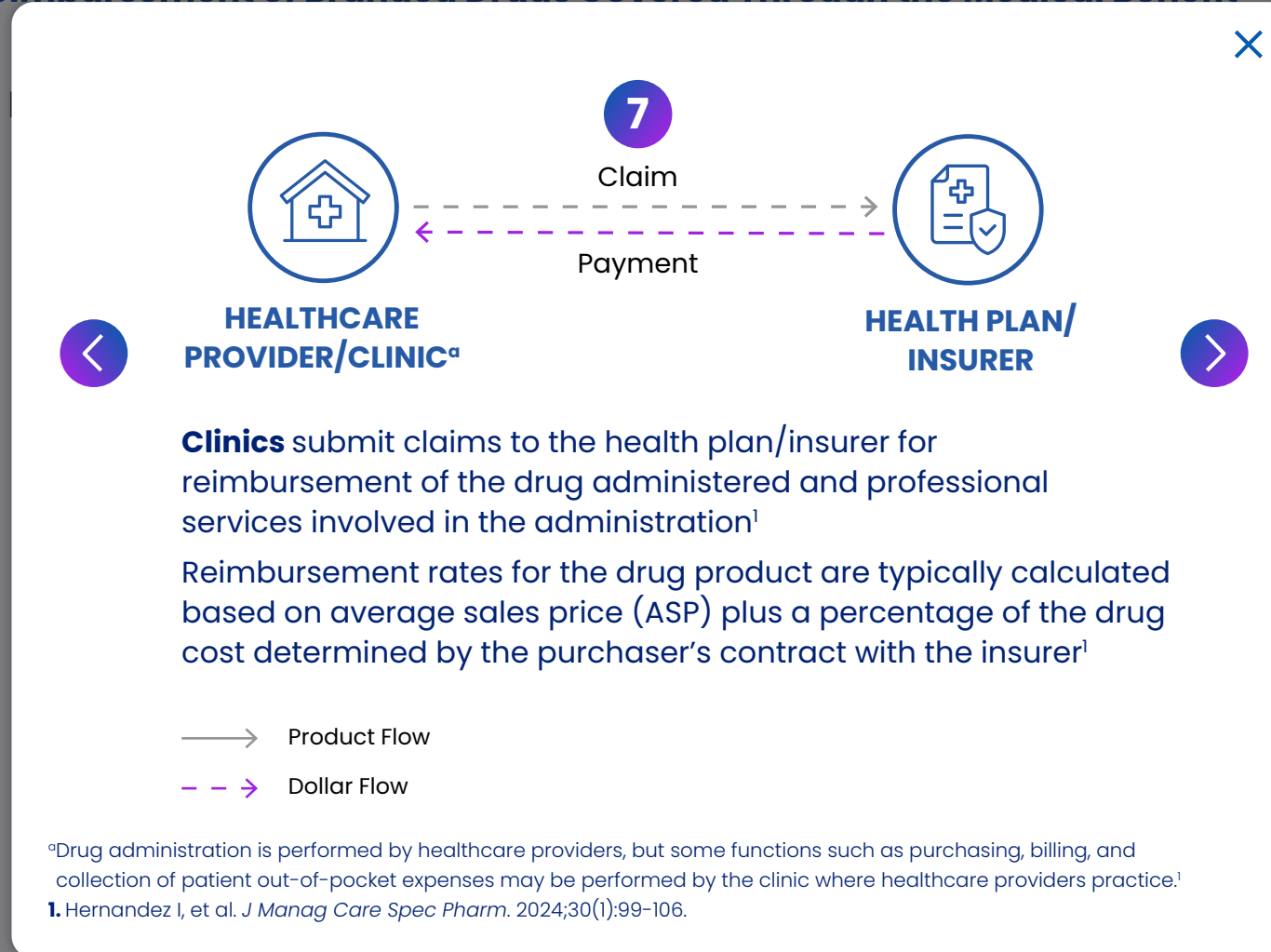
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Clinic Buy and Bill Business Model

Distribution and Reimbursement of Branded Drugs

Click start below to build out the steps of the process

The buy and bill business model encompasses various stakeholders, all of which can potentially impact the ultimate cost of a drug.¹

1. Xevant. Buy-and-bill vs. specialty pharmacy: what to know. December 7, 2021. Accessed May 21, 2025. <https://www.xevant.com/blog/buy-and-bill-vs-specialty-pharmacy-whats-the-difference/>



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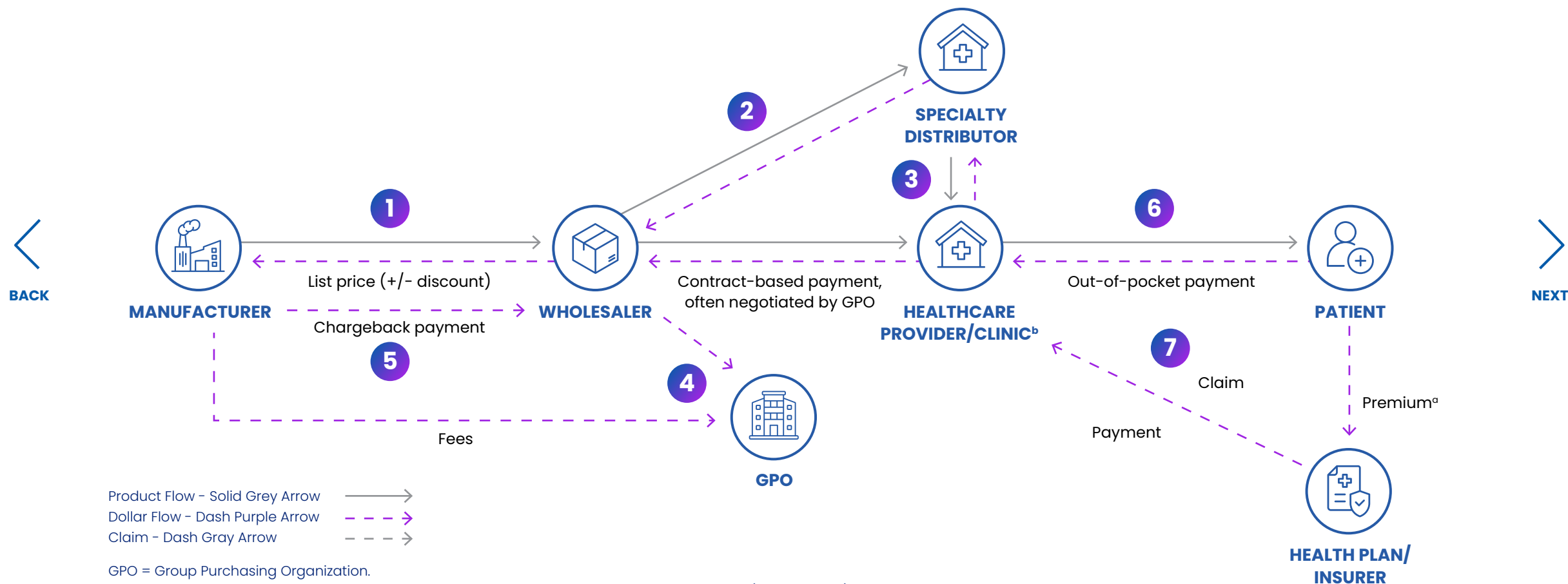
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Clinic Buy and Bill Business Model

Distribution and Reimbursement of Branded Drugs Covered Through the Medical Benefit¹



GPO = Group Purchasing Organization.

^aEmployers and members pay premiums to insurers for coverage; public insurance programs (eg, Medicare) are partially funded by tax dollars.

^bDrug administration is performed by healthcare providers, but some functions such as purchasing, billing, and collection of patient out-of-pocket expenses may be performed by the clinic where healthcare providers practice.

1. Hernandez I, et al. *J Manag Care Spec Pharm.* 2024;30(1):99-106.

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Medicare Plans Explained

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**Medicare
Fee-for-Service (FFS)**



**Medicare
FFS + Medigap**



**Medicare
Advantage**



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Medicare Plans Explained

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Medicare Fee-for-Service (FFS)



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Parts of Medicare¹



- **Part A:** helps pay for inpatient hospital and skilled nursing care, some home care, and end-of-life hospice care
- **Part B:** covers doctor's services, diagnostic screenings, durable medical equipment, lab tests, outpatient care, and preventive services
- **Part C:** Medicare Advantage, a Medicare plan administered by a private insurance company
- **Part D:** prescription drug coverage

1. AARP. The big choice: original Medicare or Medicare Advantage. Accessed June 9, 2025.

<https://www.aarp.org/medicare/original-medicare-vs-advantage/>



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Medicare Plans Explained

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Medicare Plans Explained



Variable	Medicare Fee-for-Service (FFS) ¹
Choice	See any doctor or visit any hospital in the US that takes Medicare, in most cases without a referral
Cost	<ul style="list-style-type: none">• For Part B-covered services, 20% of the Medicare-approved amount is typically paid after the deductible is met• A monthly premium is paid for Part B and Part D, if a Medicare drug plan is elected• No yearly limit on OOP cost unless beneficiary has supplemental insurance• Option to buy Medigap to help pay OOP costs that Medicare doesn't cover or can opt for coverage from a current or former employer or union, or Medicaid
Coverage	<ul style="list-style-type: none">• Covers most medically necessary services and supplies in hospitals, doctor's offices, and other healthcare facilities• Does not cover routine physical exams, eye exams, and most dental care• In most cases, prior authorizations (PA) are not required• Can join a separate plan for drug coverage (Part D)

¹ Medicare.gov. Compare original Medicare and Medicare Advantage. Accessed June 9, 2025. <https://www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/your-coverage-options/compare-original-medicare-medicare-advantage>.



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Medicare Plans Explained



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Medicare Plans Explained



Variable	Medicare FFS + Medigap ¹
Choice	Any doctor or hospital that accepts Medicare and be used
Cost	<ul style="list-style-type: none">• Ten different Medigap plans are available and the premiums can vary significantly by insurer• Premiums vary based on plan structures and may be aged based or community-based
Coverage	<ul style="list-style-type: none">• Covers the 20% Part B and Part A coinsurance• Covers some deductibles, including the Part A hospital deductible• Cover daily coinsurance and ≤365 additional lifetime days in the hospital after Medicare benefits are depleted• Cover first 3 pints of blood needed/year• May cover coinsurance for skilled nursing facilities and hospice care, and excess charges for doctors who don't accept assignment

¹ AARP. What is Medigap insurance? Accessed June 9, 2025. <https://www.aarp.org/medicare/faq/what-is-medigap-insurance/>



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Medicare Plans Explained



Variable	Medicare Advantage ¹
Choice	In many cases, only doctors and other providers who are in the plan's network and service area can be used and a referral may be needed
Cost	<ul style="list-style-type: none">• Out-of-pocket (OOP) costs vary by plan for different services• Monthly Part B premium is paid and the plan's premium may also be required; most plans include Part D• Plans have a yearly limit for covered Part A and Part B services• Medigap cannot be purchased to cover OOP costs
Coverage	<ul style="list-style-type: none">• Must cover all medically necessary services that Medicare covers• Some plans may use their own coverage criteria to determine medically necessary• Plans may offer additional benefits that original Medicare does not cover• In many cases, PAs may be required• Part D drug coverage is included in most plans

¹ Medicare.gov. Compare original Medicare and Medicare Advantage. Accessed June 9, 2025. <https://www.medicare.gov/basics/get-started-with-medicare/get-more-coverage/your-coverage-options/compare-original-medicare-medicare-advantage>.



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Payer Reimbursement Under the Buy and Bill Model

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**Medicare Part B and
Medicare Advantage¹**



Commercial payers²



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Payer Reimbursement Under the Buy and Bill Model

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Medicare Part B¹



- Provides reimbursement at a rate of ASP+6%
- The 6% is an add-on payment to cover purchasing variability, shipping fees, complex administration, ongoing patient monitoring and education, and overhead for storage and handling requirements for physician-administered drugs

Medicare Advantage²

- For Part C plans, reimbursement is based on the plan's coinsurance or copay, which varies by plan

ASP = average sales price.

¹. Weidner S, et al. *Am J Manag Care*. 2021;27(4):SP156–SP160. ². Medical News Today. Filing for Medicare Reimbursement. Accessed June 16, 2025. <https://www.medicalnewstoday.com/articles/medicare-reimbursement>



Me
Me

s²



Payer Reimbursement Under the Buy and Bill Model

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Commercial payers¹

- No uniform payment methodology exists, with payment rates and terms negotiated separately between plans and clinics
- Typically, payment is ASP + a negotiated percentage markup

ASP = average sales price.

¹. Pharmaceutical Research and Manufacturers of America. Follow the dollar part II. February 2021. Accessed May 21, 2025. https://cdn.aglty.io/phrma/global/blog/import/pdfs/2021-FTD-II-whitepaper_FINAL.pdf



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Payer Reimbursement Under

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**Medicare Part B and
Medicare Advantage¹**

**Drug reimbursement is calculated
differently for Medicare vs
commercial insurance providers.^{1,2}**

1. Weidner S, et al. *Am J Manag Care*. 2021;27(4):SP156–SP160. **2.** Pharmaceutical Research and Manufacturers of America. Follow the dollar part II. Accessed June 9, 2025. https://cdn.aglty.io/phrma/global/blog/import/pdfs/2021-FTD-II-whitepaper_FINAL.pdf



Commercial payers²



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Insights on Payer Reimbursement Under the Buy and Bill Model



Rebates and discounts provided by manufacturers to commercial purchasers are included in the ASP; thus, as discounts and rebates in the market increase, ASP and related reimbursement decrease¹



For products with a higher ASP, reimbursement fees from an insurer to a clinic are higher¹



Because compounded bevacizumab is less expensive vs FDA-approved anti-VEGF agents, payers may elect to increase reimbursement for bevacizumab to be at parity with other agents²



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ASP = average sales price; FDA = U.S. Food and Drug Administration.

1. Weidner S, et al. *Evidence-Based Oncology*. 2012;27(4):SP156–SP160. 2. Glasser DB, et al. *Ophthalmology*. 2020;127:1688–1692.

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Revenue Cycle Management (RCM)



RCM tracks healthcare revenue from a patient's initial encounter to final payment and includes:



Importance of RCM to the clinic >

1. Datavant. What is revenue cycle management in healthcare? July 11, 2024. Accessed June 16, 2025. <https://www.datavant.com/revenue-cycle-management/revenue-cycle-management>.

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Revenue Cycle Management (RCM)

RCM tracks healthcare revenue from a patient's initial encounter to the final payment of the balance.

Strong RCM ensures financial stability for healthcare clinics by maintaining a reliable and stable cash flow from patient registration to the final payment of the balance.



Initial
encounter



Coding



Claims
processing



Collecting
reimbursement
from insurers
and patients



Final
payment

Patient registration
and insurance
eligibility check

Charge capture

Claim submission

Denial management

Remittance processing

Patient collections
or write-offs

[Importance of RCM to the clinic](#)

1. Datavant. What is revenue cycle management in healthcare? July 11, 2024. Accessed June 16, 2025. <https://www.datavant.com/revenue-cycle-management/revenue-cycle-management>.

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Revenue Cycle Management (RCM)

RCM tracks healthcare revenue from a patient's initial encounter to final payment and includes:



Importance of a Strong Focus on RCM to the Clinic¹



- ✓ Ensures timely and accurate reimbursements to support inventory management
- ✓ Streamlines administrative tasks, reduces billing errors, and increases efficiency, thereby allowing healthcare professionals to focus more on patient care
- ✓ Helps organizations comply with healthcare billing regulations
- ✓ Enhances patient satisfaction by making billing processes clear and straightforward
- ✓ Helps reduce the number of denied claims by ensuring they are accurate and complete

¹. Datavant. What is revenue cycle management in healthcare? July 11, 2024. Accessed June 16, 2025. <https://www.datavant.com/revenue-cycle-management/revenue-cycle-management>



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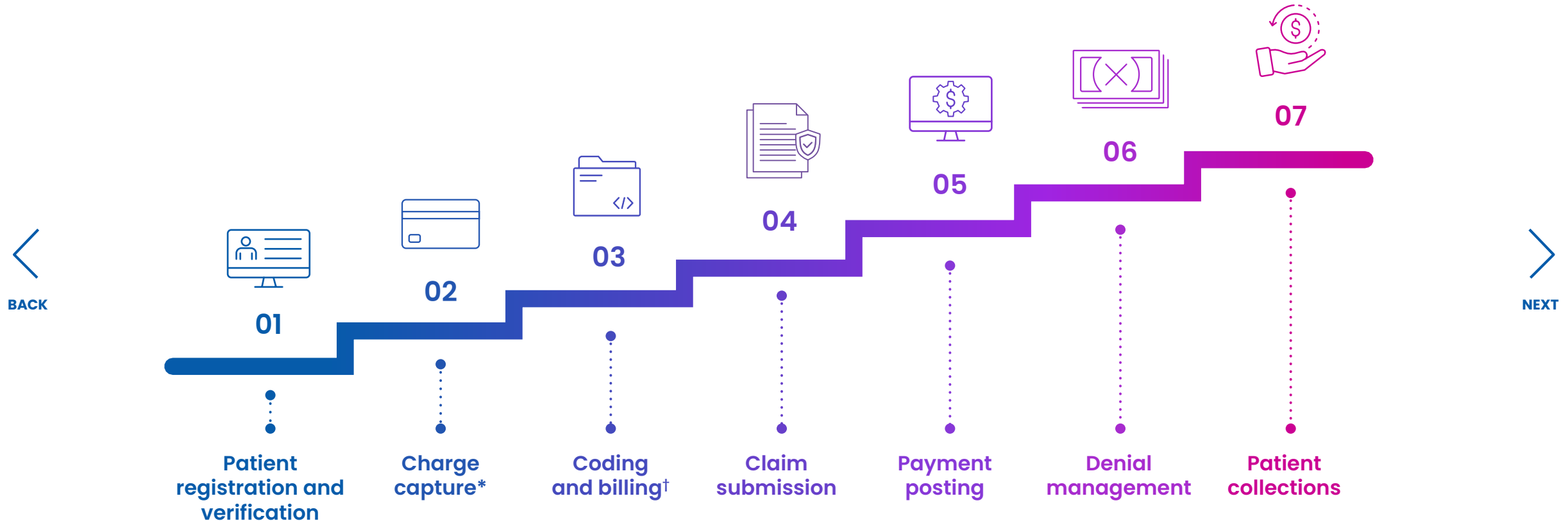
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¹. Datavant. What is revenue cycle management in healthcare? July 11, 2024. Accessed June 16, 2025. <https://www.datavant.com/revenue-cycle-management/revenue-cycle-management>.

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Critical Steps and Considerations for Effective RCM¹

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*Charge capture is the process in which healthcare providers convert claim codes from patient services into charges to earn income.²

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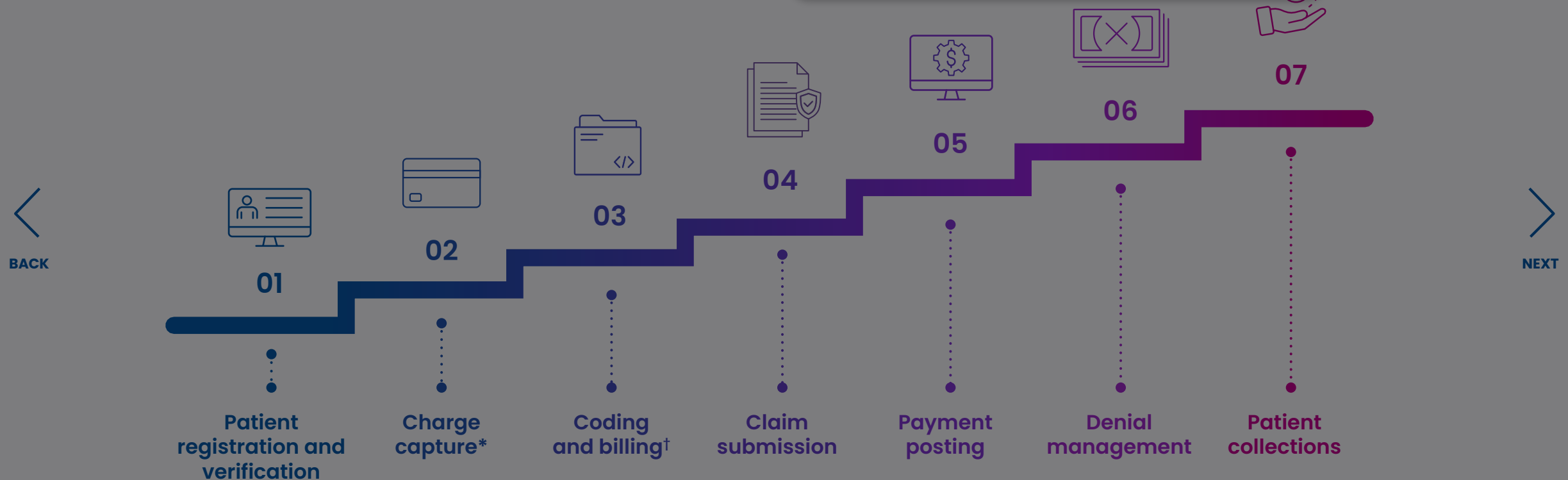
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Critical Steps and Considerations

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Various electronic tools can help to facilitate effective RCM in the retina clinic.



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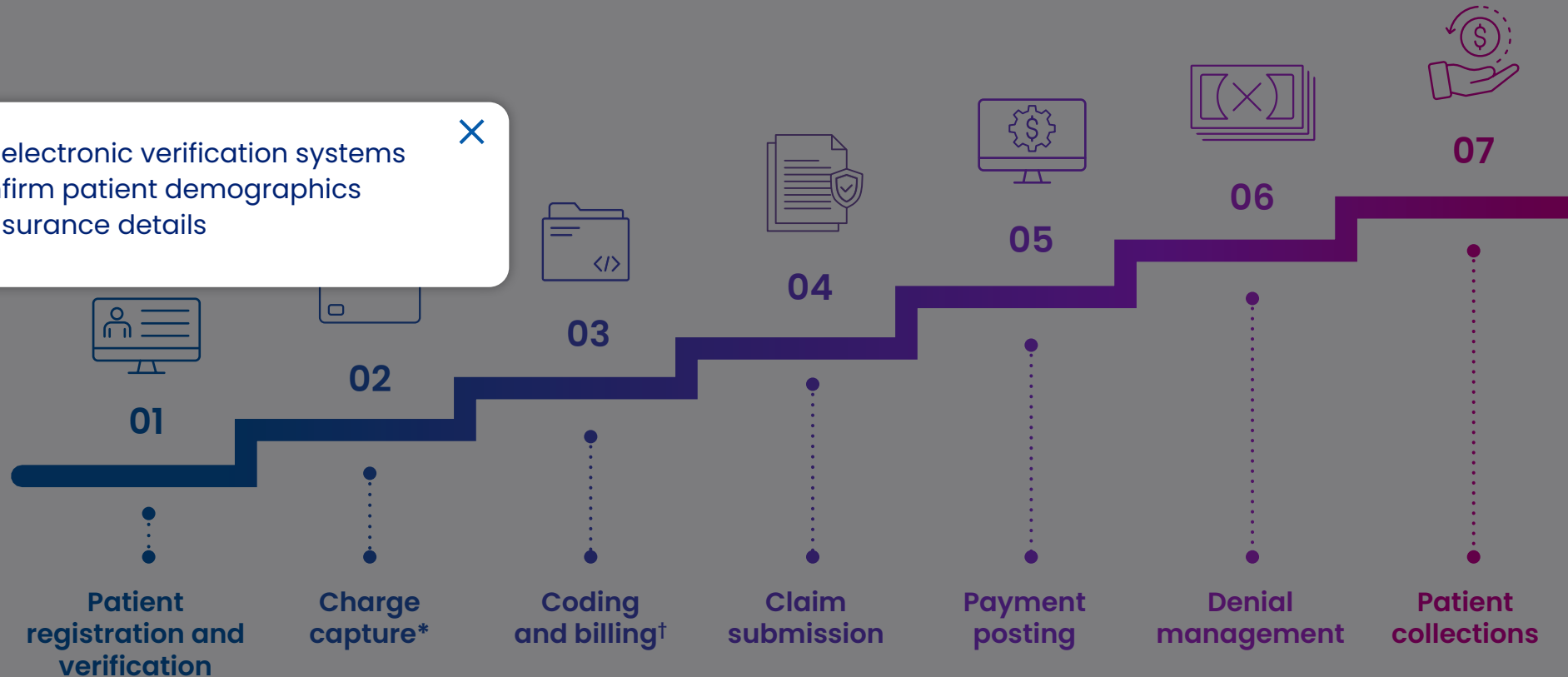
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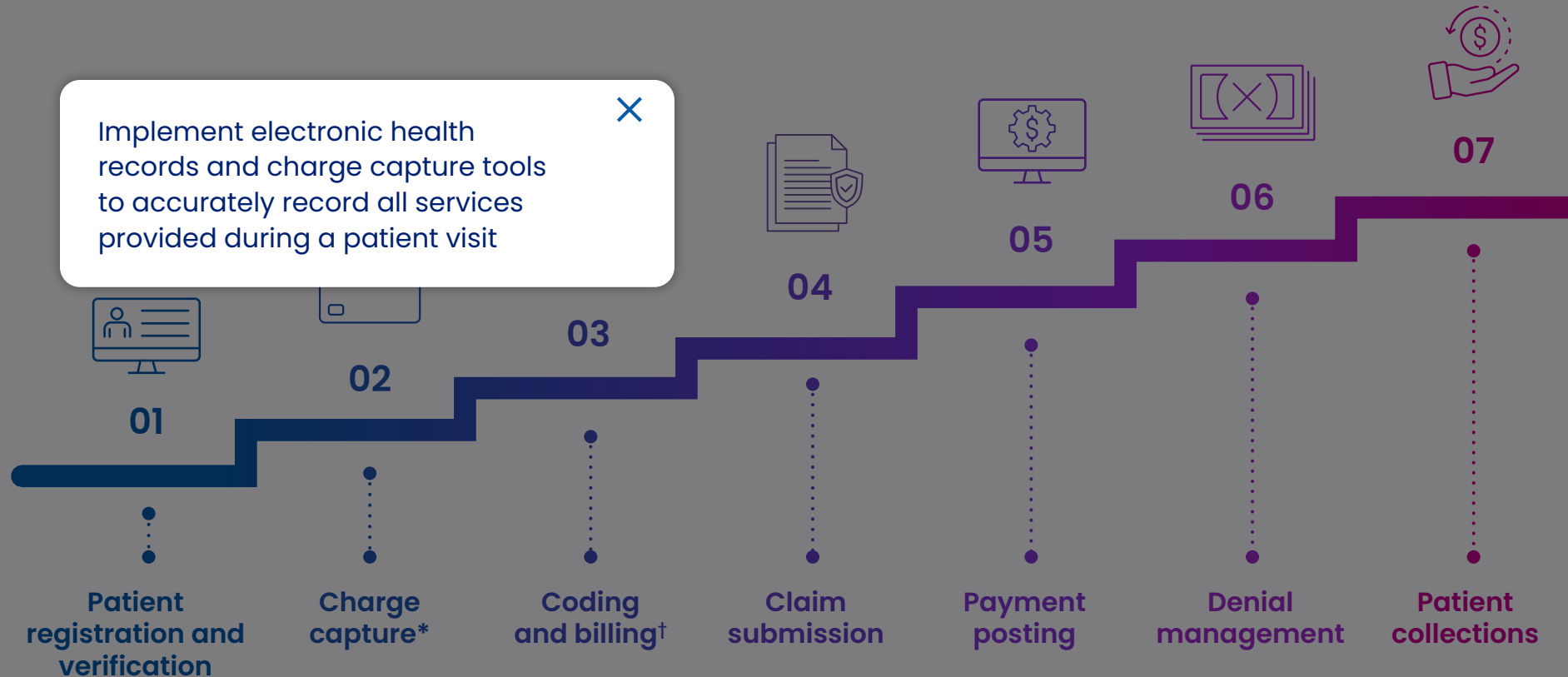
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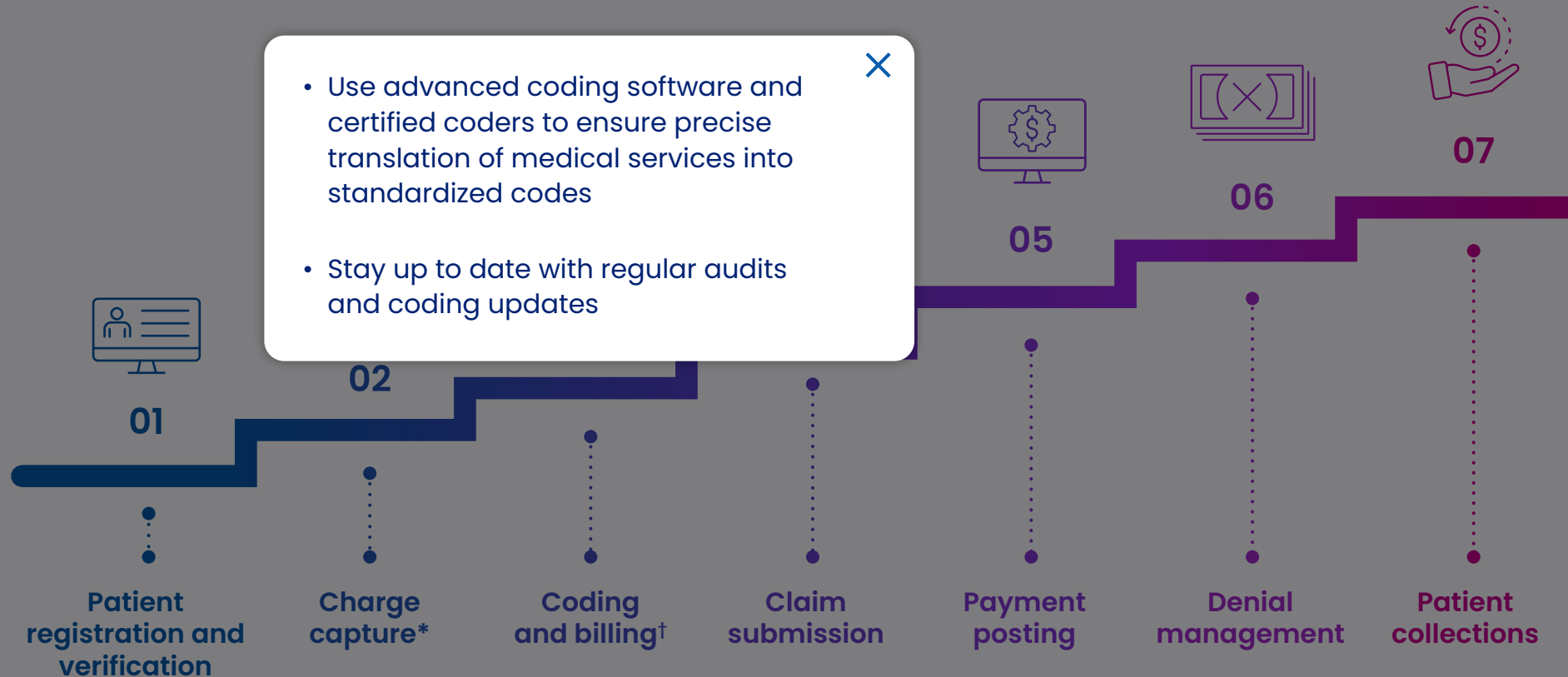
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- Use advanced coding software and certified coders to ensure precise translation of medical services into standardized codes
- Stay up to date with regular audits and coding updates

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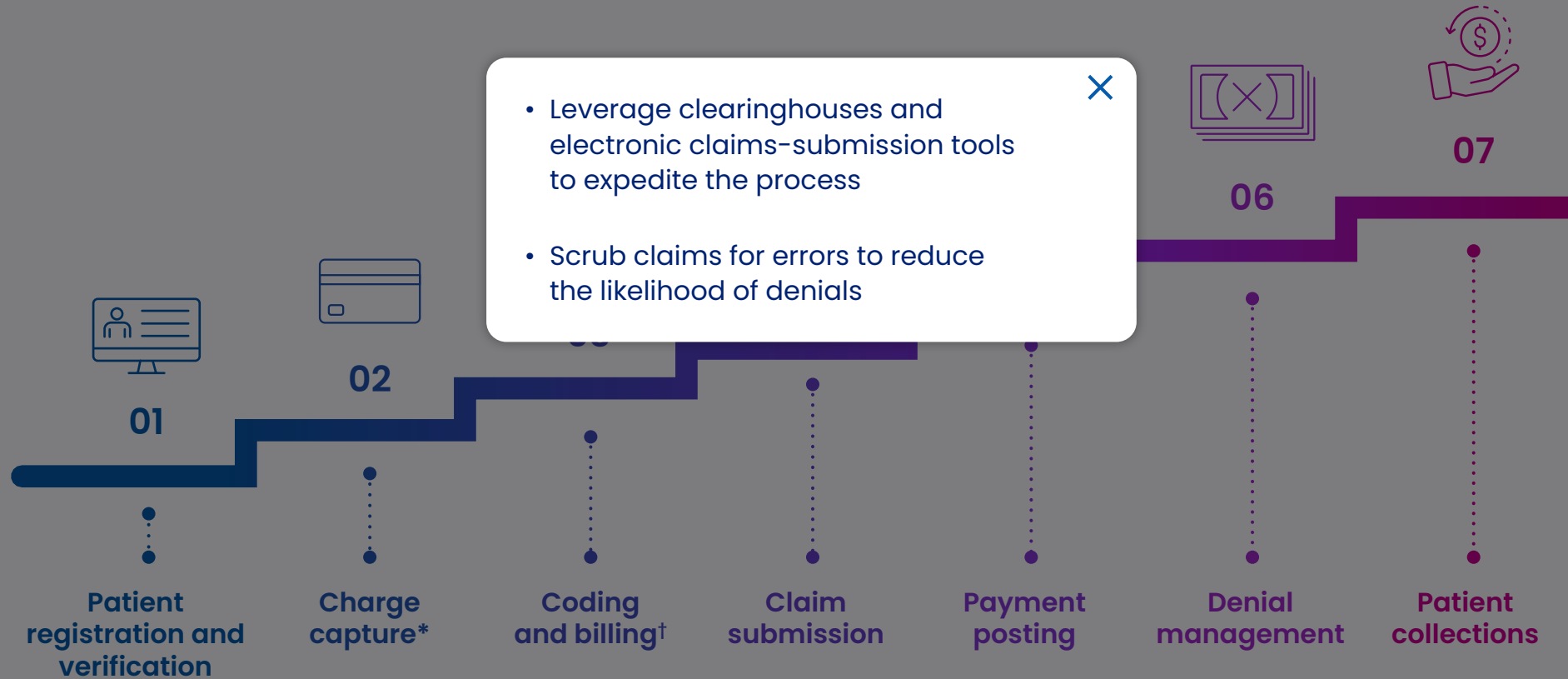
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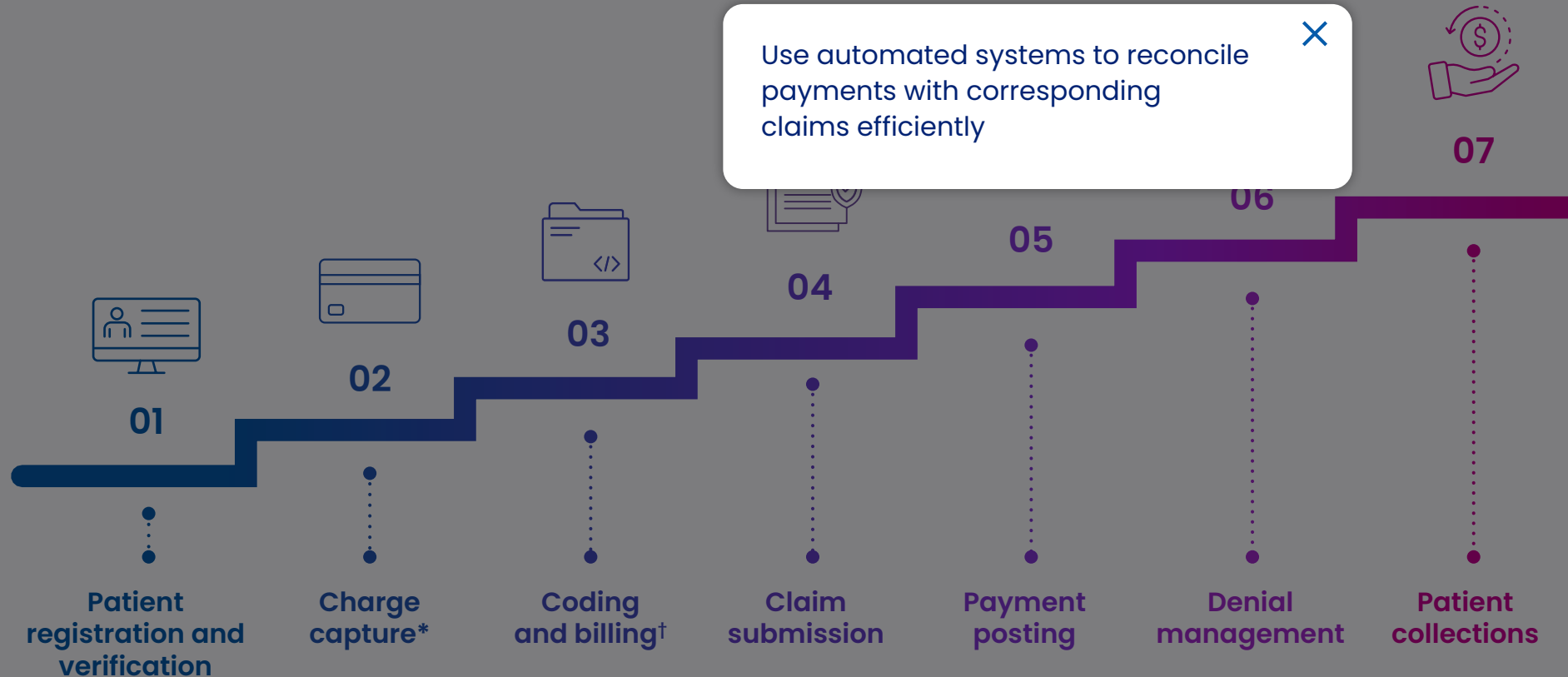
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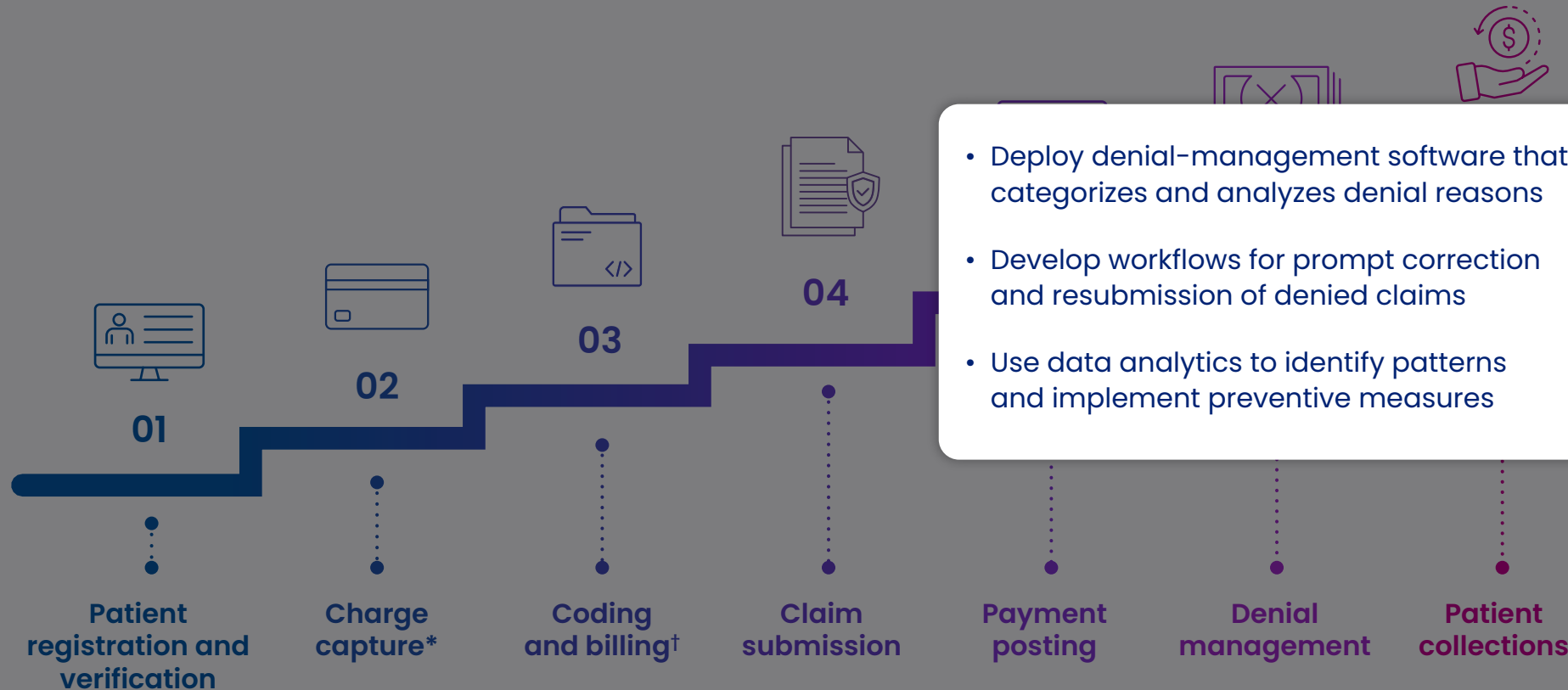
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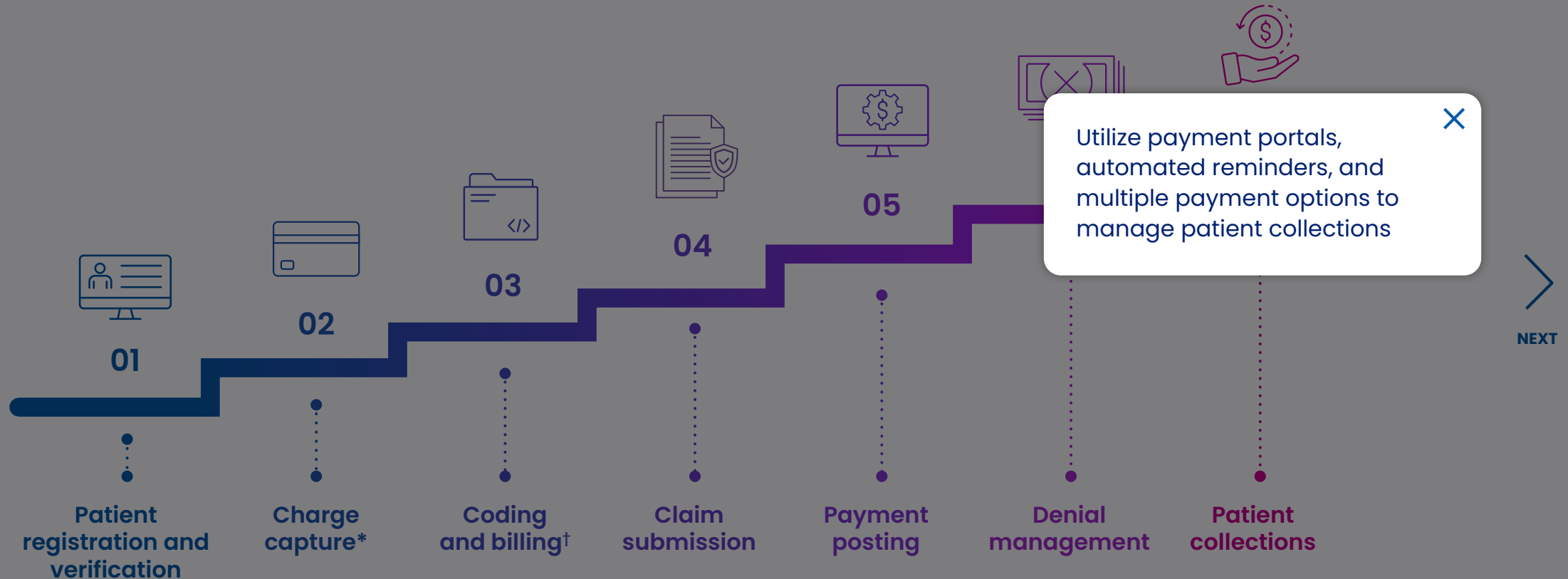
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Knowledge Check



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What percentage of ASP do health insurers add to their ASP-based reimbursement for anti-VEGF therapies purchased by a provider clinic?

- Medicare: ASP +6% and commercial % based on contract
- Medicare: ASP +4% and commercial +6%
- Medicare: ASP +6% and commercial +6%

REVEAL ANSWER

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Knowledge Check



Knowledge Check Answer^{1,2}



- Purchasers of anti-VEGF therapies and any buy and bill product are typically reimbursed at an amount based on the product's average sales price (ASP).
- For Medicare, this amount has historically been ASP + 6%, although that amount has been impacted in the past by sequestration.
- For commercial patients, purchasers are reimbursed at a percentage over list price at an amount based on their contract with the insurer.

¹. Rex H. ASP drug pricing in healthcare: what providers need to know in 2023. January 27, 2023. Accessed June 16, 2025. <https://www.mdclarity.com/blog/asp-drug-pricing-healthcare#:~:text=discounts%20and%20rebates-.How%20to%20calculate%20ASP%20reimbursement,plus%20an%20additional%206%25%20fee> ². Pharmaceutical Research and Manufacturers of America. Follow the dollar part II. February 2021. Accessed June 16, 2025. https://cdn.aglty.io/phrma/global/blog/import/pdfs/2021-FTD-II-whitepaper_FINAL.pdf



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