Oncologists Sound the Alarm About Rise of White Bagging

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For years, oncologist John DiPersio, MD, PhD, had faced frustrating encounters with insurers that only cover medications through a process called white bagging.

Instead of the traditional buy-and-bill pathway where oncologists purchase specialty drugs, such as infusion medications, directly from the distributor or manufacturer, white bagging requires physicians to receive these drugs from a specialty pharmacy.

On its face, the differences may seem minor. However, as DiPersio knows well, the consequences for oncologists and patients are not.

White bagging, research showed, leads to higher costs for patients and lower reimbursement for oncology practices. The practice can also create safety issues for patients.

That is why DiPersio's cancer center does not allow white bagging.

And when insurers refuse to reconsider its white bagging policy, his cancer team is left with few options.

"Sometimes, we have to redirect patients to other places," said DiPersio, a bone marrow transplant specialist at Siteman Cancer Center, Washington University in St. Louis, St. Louis, Missouri.

In emergency instances where patients cannot wait, DiPersio's team will administer their own stock of a drug. In such cases, "we accept the fact that by not allowing white bagging, there may be nonpayment. We take the hit as far as cost."

Increasingly, white bagging mandates are becoming harder for practices to avoid.

In a 2021 survey, 87% of Association of Community Cancer Centers members said white bagging has become an insurer mandate for some of their patients.

A 2023 analysis from Adam J. Fein, PhD, of Drug Channels Institute, Philadelphia, Pennsylvania, found that white bagging accounted for 17% of infused oncology product sourcing from clinics and 38% from hospital outpatient departments, up from 15% to 28% in 2019. Another bagging practice called brown bagging, where specialty pharmacies send drugs directly to patients, creates many of the same issues but is much less prevalent than white bagging.

This change reflects "the broader battle over oncology margins" and insurers' "attempts to shift costs to providers, patients, and manufacturers," Fein wrote in his 2023 report.

White Bagging: Who Benefits?

At its core, white bagging changes how drugs are covered and reimbursed. Under buy and bill, drugs fall under a patient's medical benefit. Oncologists purchase drugs directly from the manufacturer or distributor and receive reimbursement from the insurance company for both the cost of the drug as well as for administering it to patients.

Under white bagging, drugs fall under a patient's pharmacy benefit. In these instances, a specialty pharmacy prepares the infusion ahead of time and ships it directly to the physician's office or clinic. Because oncologists do not purchase the drug directly, they cannot bill insurers for it; instead, the pharmacy receives reimbursement for the drug and the provider is only reimbursed for administering it.

Insurance companies argue that white bagging reduces patients' out-of-pocket costs "by preventing hospitals and physicians from charging exorbitant fees to buy and store specialty medicines themselves," according to advocacy group America's Health Insurance Plans (AHIP).

Data from AHIP suggested that hospitals mark up the price of cancer drugs considerably, charging about twice as much as a specialty pharmacy, and that physician's offices also charge about 23% more. However, these figures highlight how much insurers are billed, not necessarily how much patients ultimately pay.

Other evidence shows that white bagging raises costs for patients while reducing reimbursement for oncologists and saving insurance companies money.

A recent analysis in *JAMA Network Open*, which looked at 50 cancer drugs associated with the highest total spending from the 2020 Medicare Part B, found that mean insurance payments to providers were more than $2000 lower for drugs distributed under bagging than traditional buy and bill: $7405 vs $9547 per patient per month. Investigators found the same pattern in median insurance payments: $5746 vs $6681. Patients also paid more out-of-pocket each month with bagging vs buy and bill: $315 vs $145.

For patients with private insurance, "out-of-pocket costs were higher under bagging practice than the traditional buy-and-bill practice," said lead author Ya-Chen Tina Shih, PhD, a professor in the Department of Radiation Oncology at UCLA Health, Los Angeles, California.

White bagging is entirely for the profit of health insurers, specialty pharmacies, and pharmacy benefit managers, the middlemen who negotiate drug prices on behalf of payers.

Many people may not realize the underlying money-making strategies behind white bagging, explained Ted Okon, executive director for Community Oncology Alliance, which opposes the practice. Often, an insurer, pharmacy benefit manager, and mail order pharmacy involved in the process are all affiliated with the same corporation. In such cases, an insurer has a financial motive to control the source of medications and steer business to its affiliated pharmacies, Okon said.

When a single corporation owns numerous parts of the drug supply chain, insurers end up having "sway over what drug to use and then how the patient is going to get it," Okon said. If the specialty pharmacy is a 340B contract pharmacy, it likely also receives a sizable discount on the drug and can make more money through white bagging.

Dangerous to Patients?

On the safety front, proponents of white bagging say the process is safe and efficient.

Specialty pharmacies are used only for prescription drugs that can be safely delivered, said AHIP spokesman David Allen.

In addition to having the same supply chain safety requirements as any other dispensing pharmacy, "specialty pharmacies also must meet additional safety requirements for specialty drugs" to ensure "the safe storage, handling, and dispensing of the drugs," Allen explained.

However, oncologists argue that white bagging can be dangerous.

With white bagging, specialty pharmacies send a specified dose to practices, which does not allow practices to source and mix the drug themselves or make essential last-minute dose-related changes — something that happens every day in the clinic, said Debra Patt, MD, PhD, MBA, executive vice president for policy and strategy for Texas Oncology, Dallas.

White bagging also increases the risk for drug contamination, results in drug waste if the medication can't be used, and can create delays in care.

Essentially, white bagging takes control away from oncologists and makes patients care more unpredictable and complex, explained Patt, also president of the Texas Society of Clinical Oncology, Rockville, Maryland.

Patt, who does not allow white bagging in her practice, recalled a recent patient with metastatic breast cancer who came to the clinic for trastuzumab deruxtecan. The patient had been experiencing acute abdominal pain. After an exam and CT, Patt found the breast cancer had grown and moved into the patient's liver.

"I had to discontinue that plan and change to a different chemotherapy," she said. "If we had white bagged, that would have been a waste of several thousand dollars. Also, the patient would have to wait for the new medication to be white bagged, a delay that would be at least a week and the patient would have to come back at another time."

When asked about the safety concerns associated with white bagging, Lemrey "Al" Carter, MS, PharmD, RPh, executive director of the National Association of Boards of Pharmacy (NABP), said the NABP "acknowledges that all these issues exist."

"It is unfortunate if patient care or costs are negatively impacted," Carter said, adding that "boards of pharmacy can investigate if they are made aware of safety concerns at the pharmacy level. If a violation of the pharmacy laws or rules is found, boards can take action."

More Legislation to Prevent Bagging

As white bagging mandates from insurance companies ramp up, more practices and states are banning it.

In the Association of Community Cancer Centers' 2021 survey, 59% of members said their cancer program or practice does not allow white bagging.

At least 15 states have introduced legislation that restricts and/or prohibits white and brown bagging practices, according to a 2023 report by the Institute for Clinical and Economic Review. Some of the proposed laws would restrict mandates by stipulating that physicians are reimbursed at the contracted amount for clinician-administered drugs, whether obtained from a pharmacy or the manufacturer.

Louisiana, Vermont, and Minnesota were the first to enact anti–white bagging laws. Louisiana's law, for example, enacted in 2021, bans white bagging and requires insurers to reimburse providers for physician-administered drugs if obtained from out-of-network pharmacies.

When the legislation passed, white bagging was just starting to enter the healthcare market in Louisiana, and the state wanted to act proactively, said Kathy W. Oubre, MS, CEO of the Pontchartrain Cancer Center, Covington, Louisiana, and president of the Coalition of Hematology and Oncology Practices, Mountain View, California.

"We recognized the growing concern around it," Oubre said. The state legislature at the time included physicians and pharmacists who "really understood from a practice and patient perspective, the harm that policy could do."

Oubre would like to see more legislation in other states and believes Louisiana's law is a good model.

At the federal level, the American Hospital Association and American Society of Health-System Pharmacists have also urged the US Food and Drug Administration to take appropriate enforcement action to protect patients from white bagging.

Legislation that bars white bagging mandates is the most reasonable way to support timely and appropriate access to cancer care, Patt said. In the absence of such legislation, she said oncologists can only opt out of insurance contracts that may require the practice.

"That is a difficult position to put oncologists in," she said.