



## Minimizing Risks in a Buy-and-Bill Reimbursement Model

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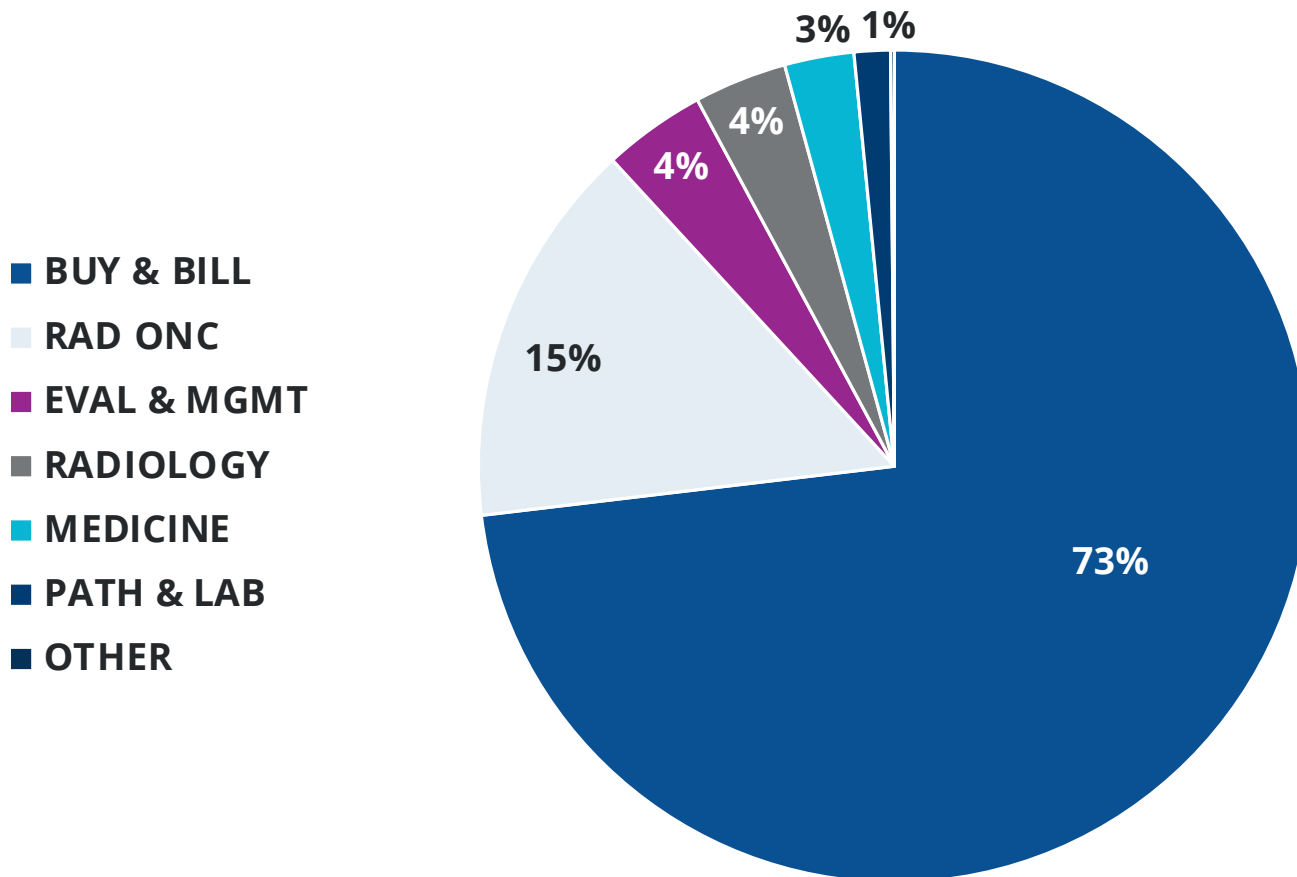
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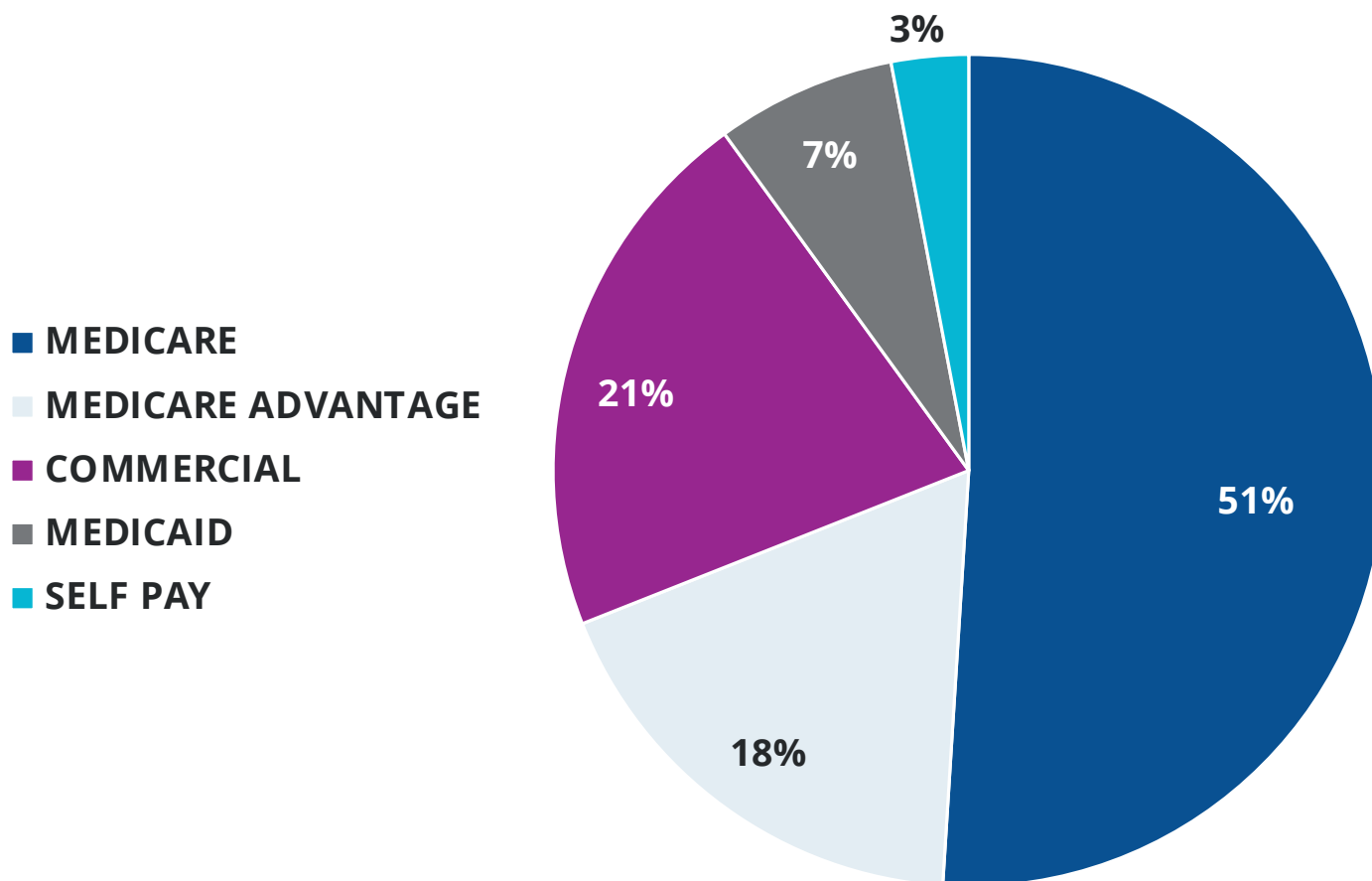
# How well do you really understand the financial risk of your buy-and-bill drugs?



# Revenue Sources for Hematology/Oncology Practices



# Hematology/Oncology Practices Payer Mix



# Buy and Bill Medicare Reimbursement (Part B)

- Paid at Average Sales Price (ASP) + add-on (covers handling, storage and other overhead)
- Add-on is 6% (8% for Biosimilars through Sept 30, 2027)
- Due to sequestration, this is effectively ASP + 4.3% (since 2% across-the-board Medicare cuts reduce the add-on)
- Example: If ASP = \$1,000 → Payment = \$1,043
- Medicare Part B patients owe 20% coinsurance on buy-and-bill drugs (unless they have Medigap or secondary insurance)



# Average Sales Price (ASP)

$$\text{ASP} = \frac{\text{Total Sales Revenue} - (\text{Discounts} + \text{Rebates} + \text{Price Concessions})}{\text{Total Units Sold}}$$

- Manufacturers report sales data to CMS for each drug at NDC level quarterly
- Report sales to all purchasers excluding certain federal purchasers like VA, DoD, and 340B
- Sales must be net of discounts, rebates, chargebacks and price concessions
- ASP is volume-weighted across all NDCs for a given HCPCS
- New drugs WAC + 3% until ASP data becomes available
- Updated quarterly with a 2-quarter lag, example Q3 2025 based on Q1 2025 sales



## Example: YERVOY (3Q'2025 Pricing)

UNITS	REBATE	PER UNIT		ADMINISTRATION			
		ASP	Cost	ASP	Cost	Rebate	Cost-Rebate
200	1%	\$183.41	\$175.62	\$36,682	\$35,124	\$351	\$34,773



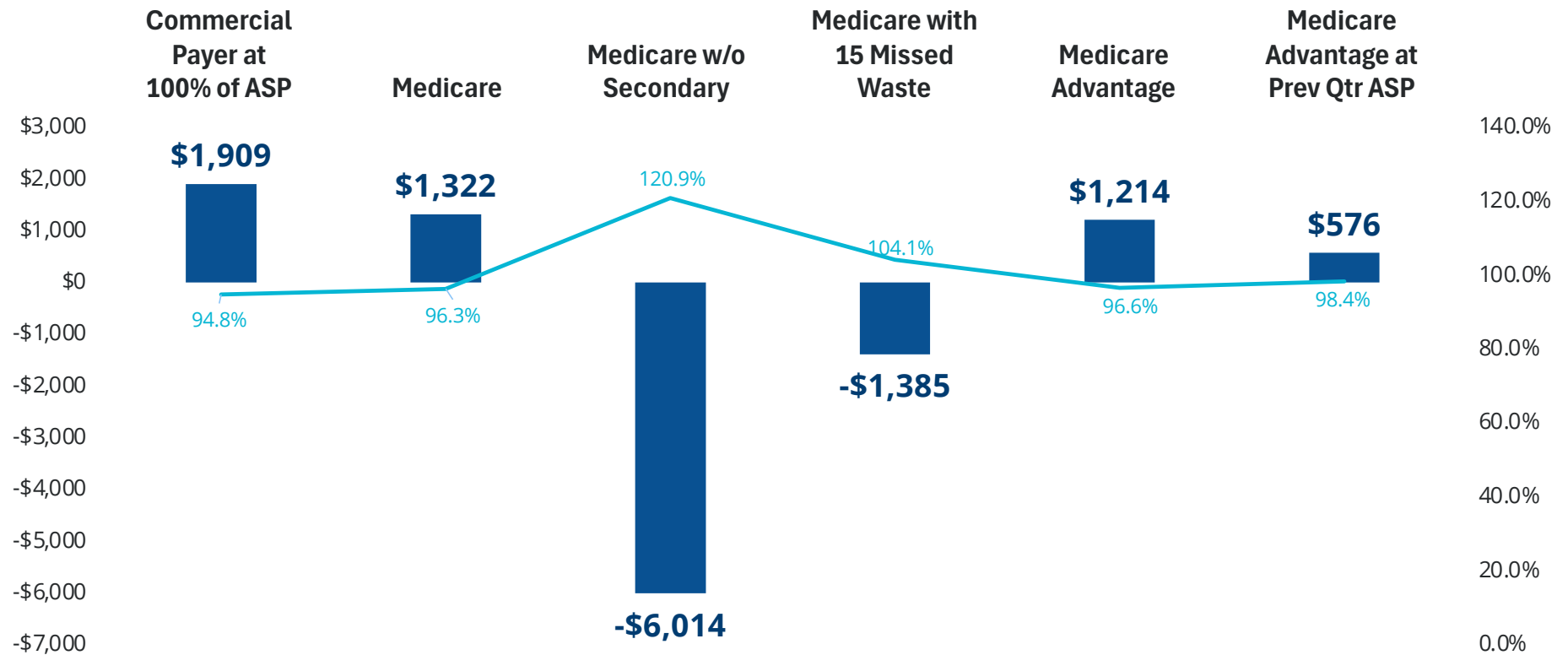


# Comparison of Reimbursement by Payer: YERVOY

	Commercial Payer at 100% of ASP	Medicare	Medicare w/o Secondary	Medicare with 15 Missed Waste	Medicare Advantage	Medicare Advantage at Prev Qtr ASP
Primary Payer Portion	\$36,682	\$29,346	\$29,346	\$27,145	\$36,682	\$36,044
Sequestration %	0%	2%	2%	2%	2%	2%
Sequestration Reduction	\$0	- \$587	- \$587	- \$543	- \$695	- \$695
Primary Payer Payment	\$36,682	\$28,759	\$28,759	\$26,602	\$35,987	\$35,349
Coinsurance/Patient (20%)		\$7,336		\$6,786		
Total Payment	\$36,682	\$36,095	\$28,759	\$33,388	\$35,987	\$35,349
Net Cost Recovery (NCR)	\$1,558	\$971	- \$6,365	- \$1,736	\$863	\$225
Drug Cost Ratio (DCR)	95.8%	97.3%	122.1%	105.2%	97.6%	99.4%
NCR with Rebate	\$1,909	\$1,322	- \$6,014	- \$1,385	\$1,214	\$576
DCR with Rebate	94.8%	96.3%	120.9%	104.1%	96.6%	98.4%

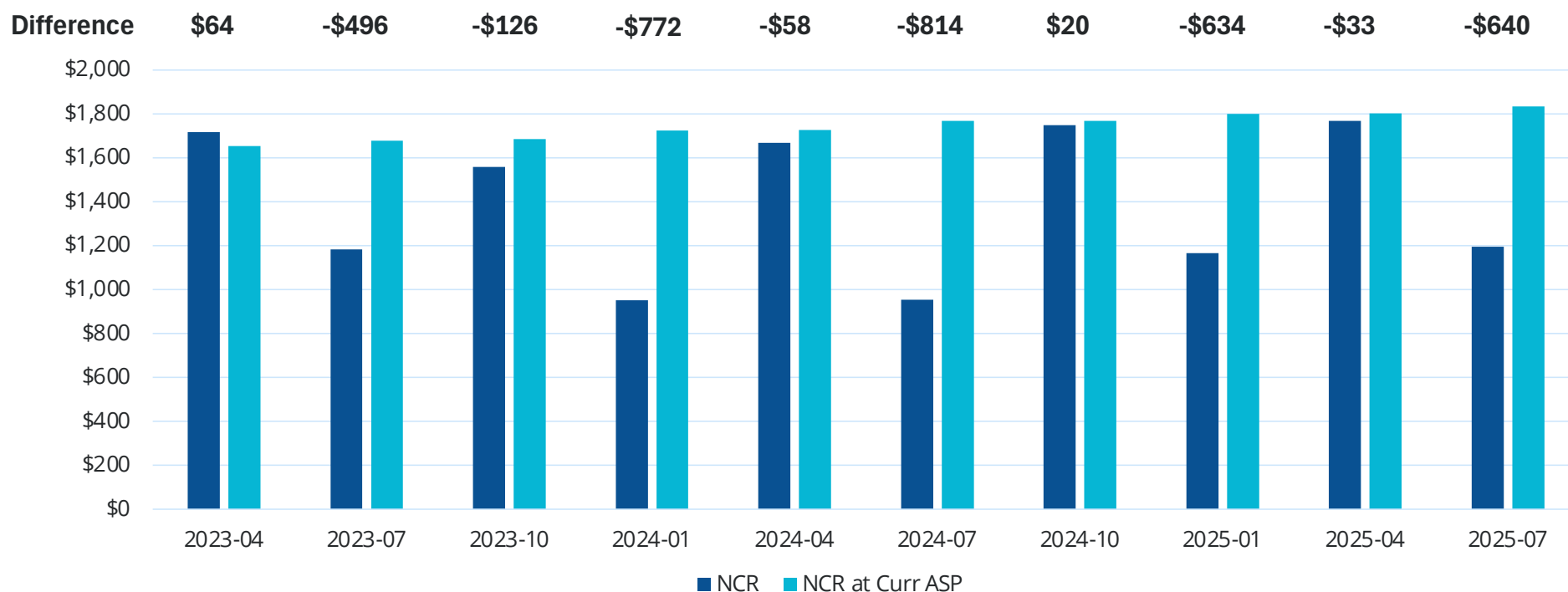


# Comparison NCR and DCR



# One-Month Delay in Fee Schedule Update: YERVOY

Assumes cost at 95% of current ASP



# Payer Contract – Fee Schedule Update Language

c. Price Changes for Immunizations and Injectables PAYER routinely updates the Fee Amounts in response to price changes for immunizations and injectables. PAYER's EDPF may elect to establish a Fee Amount or override a Fee Amount, as published by the Fee Source, in favor of a Fee Amount that is more appropriate and reasonable for a particular vaccine or drug. These Fee Amount updates will be effective as described below.

**PAYER's EDPF may elect to establish a Fee Amount or override a Fee Amount, as published by the Fee Source, in favor of a Fee Amount that is more appropriate and reasonable for a particular vaccine or drug.**

**will be no later than the first day of the next calendar quarter after final publication by the Fee Source**

The effective date of updates under this subsection c. will be no later than the first day of the next calendar quarter after final publication by the Fee Source, except that if that quarter begins less than 60 days after final publication, the effective date will be no later than the first day of the next calendar quarter following the next calendar quarter after final publication by the Fee Source. For example, if final publication by the Fee Source is on April 10, the fee update under this subsection c. will be effective no later than July 1, and if final publication by the Fee Source is on June 10, the fee update under this subsection c. will be effective no later than October 1.

**For example, if final publication by the Fee Source is on April 10, the fee update under this subsection c. will be effective no later than July 1, and if final publication by the Fee Source is on June 10, the fee update under this subsection c. will be effective no later than October 1.**



# Inventory Your Payer Contracts

HEALTH PLAN	PRODUCT TYPE	AGREEMENT EFFECTIVE DATE	AMMENDMENTS	TIMELY FILING	TIMELY PAYMENT	APPEAL TIMELING	TERMINATION NO CAUSE	PAYMENT RATES							
								E&M	MEDICINE	SURGERY	DRUGS	CARVE OUT DRUGS	LAB	PATH	IMAGING
Aetna	Commercial														
	Marketplace														
	Medicaid														
	Medicare Advantage														
BlueCross BlueShield	Commercial														
	Marketplace														
	Medicaid														
	Medicare Advantage														
CIGNA	Commercial														
	Marketplace														
	Medicaid														
	Medicare Advantage														



# Medicare (Dis)Advantage?

## MEDICARE

By Boris Vabson, Andrew L. Hicks, and Michael E. Chernew

### Medicare Advantage Denies 17 Percent Of Initial Claims; Most Denials Are Reversed, But Provider Payouts Dip 7 Percent

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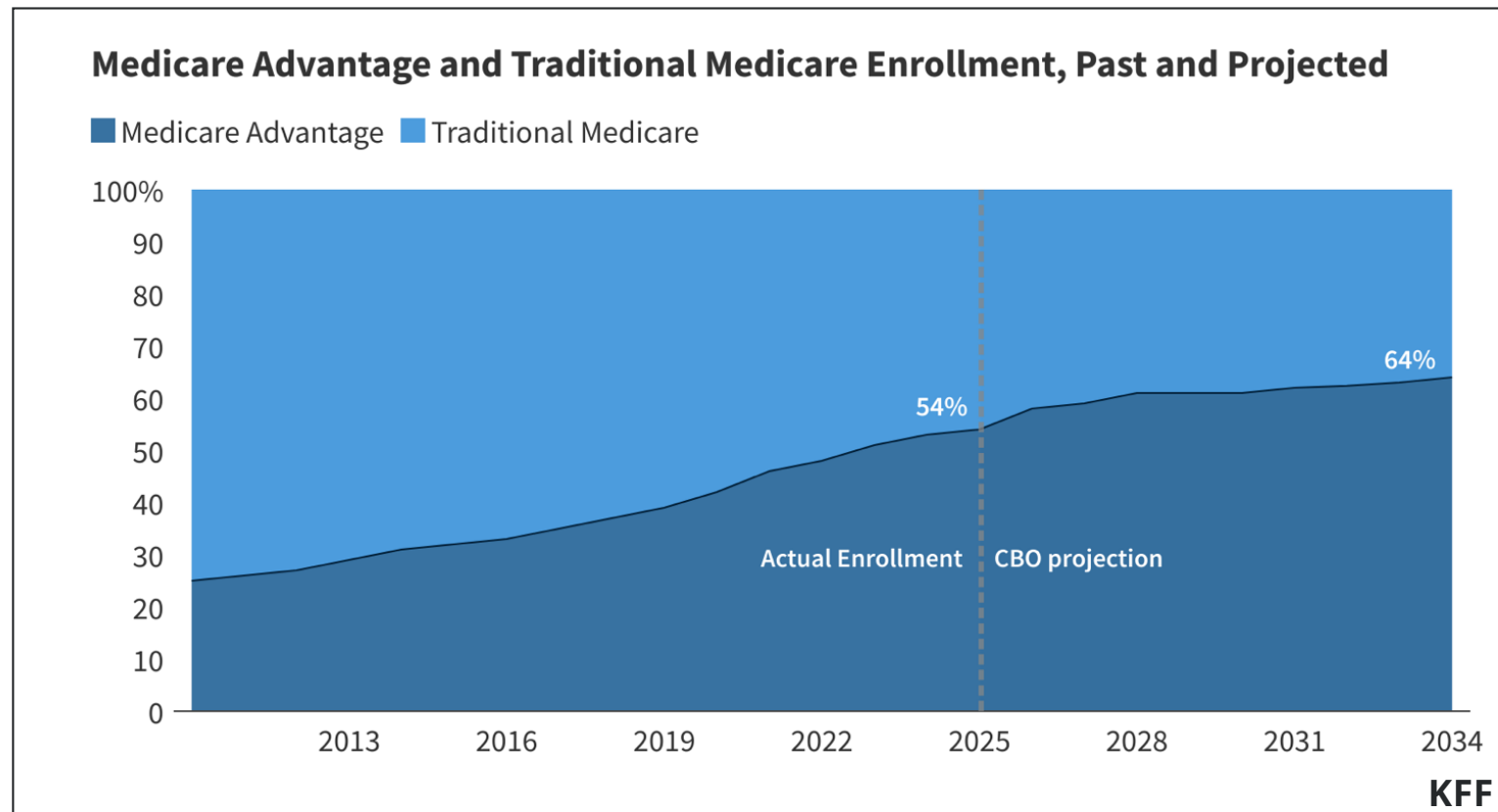
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### Some Medicare Advantage Organization Denials of Prior Authorization Requests Raise Concerns About Beneficiary Access to Medically Necessary Care

Issued on 04/27/2022 | Posted on 04/27/2022 | Report number: OEI-09-18-00260



# Trends in Medicare Advantage Enrollment



# How will the increase in patients opting for MA plans impact the financial health of your practice?





# QUESTIONS AND COMMENTS

