

WHAT'S THE DIFFERENCE?









Medical vs Pharmacy Benefit

*Learn more about each benefit type and
how it affects your patient's coverage*



Understand the difference between medical and pharmacy benefit

Depending on the treatment, a drug can fall under the medical or pharmacy benefit. The table below defines the basic criteria for each benefit type.

	 MEDICAL BENEFIT	 PHARMACY BENEFIT
 Route of administration¹	IV infusions or injectable and self-administered injections	Oral treatment or self-administered injections
 Site of service¹	HCP office, infusion center, home health, hospital outpatient clinic	Retail or SP
 Health plan requirements¹	PA/medical review	PA, quantity limits, formularies
 Benefits verification²	Determined by medical policy	Determined by the PBM or SP's drug formulary
 Patient cost²	Co-pay for office or hospital visit; coinsurance for drug	Co-pay or coinsurance for drug
 Administrative codes¹	HCPCS	NDC



Note that some drugs may fall under both benefits. Check with your patient's health plan to determine coverage for the prescribed treatment.

HCP=healthcare provider; HCPCS=Healthcare Common Procedural Coding System; NDC=National Drug Code; PA=prior authorization; PBM=pharmacy benefit manager; SP=specialty pharmacy.

Acquisition options are dependent on benefit type

There are many ways to acquire your patient's prescription.

Provider-administered drugs

Drugs that are administered by an HCP can be acquired through the buy and bill process (see below).³

Self-administered drugs

Depending on the type of drug and condition it treats, self-administered drugs are generally obtained through retail pharmacies or specialty pharmacies (SP).³

A shift from the medical to pharmacy benefit may impact acquisition options.

Specialty drugs, depending on the setting of care, can be obtained through the following options. Note which benefit it falls under.³



Buy and bill

A provider purchases the drug from a wholesaler and bills the health plan for the cost of the drug plus the cost of administration (administration fee). Medical claims are submitted after the provider has purchased and administered the drug.



White bagging

A medication is dispensed from an SP and delivered to the provider's office for administration. The SP bills the health plan directly for the drug.



Brown bagging

An SP dispenses medication to the patient. Treatment is administered at the doctor's office or alternate site of care. The SP is responsible for billing the health plan for the drug.



Clear bagging

A provider's internal SP dispenses the patient's prescription and transports the product to the location of drug administration. The SP bills the health plan directly for the drug.

Reimbursement under the medical and pharmacy benefit

If a drug is covered under the **medical benefit**, claim forms must be completed and submitted to the health plan. There are specific codes that must be added to either a CMS-1500 or CMS-1450 form to account for office visits, the drug itself, and administration.

Since most drugs covered under the **pharmacy benefit** are self-administered, the pharmacy submits a claim for the drug online and in real time.



MEDICAL

- CMS-1500 or HCFA-1500 form is used for individual doctors and outpatient clinics. CMS-1450 or UB-04 form is used in ASOCs and inpatient hospital settings
- Bill for office visit, drug, and/or administration



PHARMACY

- Submit the claim online and in real time
- Bill for any time associated with training the patient on administration technique

Billing and coding

Both medical and pharmacy benefits have specific billing and coding requirements that must be followed.



MEDICAL

- Claims require J-codes for the procedure¹
- CPT® code for administration (ie, office and/or chair time)⁴
- Claims processing occurs after treatment is administered



PHARMACY

- Claims require NDCs¹
- Claims processing occurs in real time

ASOC=alternate site of care; CMS=Centers for Medicare & Medicaid Services; CPT=Current Procedural Terminology; NDC=National Drug Code. HCFA=Health Care Finance Administration; UB=uniform billing.

References



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