BlueCross BlueShield of Tennessee will change coverage for specialty drugs in 2020.

BlueCross says a new policy will slow the skyrocketing cost of pharmaceuticals.

But some doctors, angry about the change, may stop offering these drugs altogether.

A standoff between Tennessee doctors and the largest insurance company in the state could force some patients to search for a new source for expensive, specialty medications in 2020.

The impact should be limited to customers of BlueCross BlueShield of Tennessee who are on self-funded insurance plans and receive provider-administrated medications, like injections or infusions given in a clinical setting. Pills or liquids that patients take outside of the presence of a medical provider should not be affected.

BlueCross is tightening restrictions on provider-administered specialty drugs in an effort to control skyrocketing spending on pharmaceuticals, which the company says has outpaced all other kinds of care.

But the coverage shift is expected to prompt some doctors to stop offering these medications altogether. If that happens, some of their current patients would need to go elsewhere to continue getting such treatments. And if those patients end up relying on hospitals to get the drugs they previously got at doctor’s offices, their out-of-pocket costs might rise.

Officials from BlueCross and the Tennessee Medical Association agreed some doctors will opt out of providing these drugs but gave opposing explanations as to why. Yarnell Beatty, an attorney for the medical association, said the new BlueCross policies will ultimately drive away “some of the largest practices in the metropolitan markets.” Beatty said the association may consider challenging the new coverage rules in court.

“Right now, nothing is off the table,” Beatty said. “But we will have to see what they do first.”

BlueCross: Doctors are inflating drug prices with massive markups

The BlueCross decision at the core of this standoff pertains to the source of provider-administered specialty drugs.

Currently, many doctors maintain a supply of these medications to be sold directly to patients, then bill insurance companies for the cost of the drug. Starting next year, BlueCross will require
these drugs to be instead bought from a network of specialty pharmacies, which will then ship the drugs to the doctor's offices within one day.

Patients will have to pay the pharmacy separately from their doctor before the drug is shipped, but will "usually save money compared to today's pricing," according to an emailed statement from BlueCross. Despite a behind-the-scenes shift of the source and cost of their drugs, patients should see no dramatic change in treatment itself. BlueCross covers about 70% of Tennessee's private insurance market, so although the new policy applies to a narrow category of drugs, thousands of people may be impacted. Two-thirds of their BlueCross customers are on self-funded plans and about 5,500 receive provider-administered specialty drugs, the company said.

Roy Vaughn, a BlueCross spokesman, said the new policy is designed to eliminate the opportunity for doctors to add large price markups to the specialty drugs. Some doctors add markups of 100% or more to these drugs, Vaughn said, further inflating the price of medications that may already cost thousands of dollars per dose.

Patients rarely have to pay these inflated prices directly, but BlueCross does. The insurance company said it spent $900 million on provider-administered specialty drugs in 2018, and this year nearly half of all pharmaceutical spending was attributable to the most-expensive 1% of prescriptions.

Vaughn said BlueCross believes some doctors — upset they can no longer add hefty markups — will stop offering provider-administered specialty drugs altogether, then blame BlueCross when patients have to go elsewhere for their medication.

"Patently, that's an unfair thing to do, I happen to believe,” Vaughn said. “If you’re a doc, and you put your hand up and take your oath, and then you are going to say ‘I can’t see you now because I don’t get a markup’ — that’s a problem.”

TMA: The issue is liability, not money

The Tennessee Medical Association confirmed the BlueCross policy shift will cause some medical professionals to stop offering provider-administered specialty drugs, but insisted they do so out of concern for their patients, not their pocketbooks.

Dave Chaney, a medical association spokesperson, and Beatty, the association attorney, said doctors worry about the reliability of specialty pharmacies shipping drugs medications to their offices.
For example, if prescriptions are shipped late or to the wrong place, then patients might waste their time at a doctor's appointment with no drugs, they said. Also, some specialty drugs must be handled with care or kept refrigerated, but doctors will no longer be able to personally guarantee the drugs have been maintained properly.

“The doctors aren’t going to do it,” Beatty said. “They aren’t going to incur professional liability for medicine if they don’t know where it comes from.”

BlueCross dismissed concerns about specialty pharmacies, insisting that pharmacies like these already ship drugs reliably and safely both in Tennessee and other states that have adopted similar protocols for specialty drugs.

However, after weeks of protest from medical professionals, BlueCross has added some exceptions into its new policies in an effort to appease doctors.

Vaughn, the BlueCross spokesman, said the company decided to allow some medical providers to keep offering specialty drugs under the current methodology through June 30, 2020. BlueCross will also permit doctors to procure drugs “from their existing sources” after June 30, but only if they match the prices of specialty pharmacies, Vaughn said.

Chaney, the spokesman for the medical association, said he did not believe these concessions will solve the dispute with doctors or prevent them from opting out of offering provider-administered specialty drugs.

Brett Kelman is the health care reporter for The Tennessean. He can be reached at 615-259-8287 or at mailto:brett.kelman@tennessean.com. Follow him on Twitter at @brettkelman.