Leveraging your own health plan to build a Specialty Pharmacy

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Disclosure

Brad Trom reports no relevant financial relationships.
Questions:

- How many of you have a specialty pharmacy today?
- How many of you are currently considering opening a specialty pharmacy?
- How many of you really hadn’t planned on opening a specialty pharmacy, but will want to after this presentation?
Learning objectives

- **Identify the opportunities** for specialty pharmacy at your institution; including specific ‘how to’ plans and steps in building the Specialty Pharmacy.

- **Identify Challenges and Opportunities** for specialty medications, including limited distribution medications and payer restrictions, along with the financial rewards.
Build a Specialty Pharmacy?
Why?

- Better patient outcomes
  - Improved Continuity of Care with the Health System
- Better provider relationships
- Better financial outcomes for the system
- Better Health System
- Why not?
  - No reason…
Why Build a Specialty Pharmacy?

- Potential for **improved patient outcomes** and lower overall costs
  - In-sourcing specialty pharmacy services can lead to improved patient continuity of care
  - Patients “much happier”
    - “They know us, we know them” - Our Rx staff ‘high touch’

- **Providers more engaged** with ‘local’ pharmacy, when they know the pharmacist.
The Path to Success

**PLANNING**
- Give yourself plenty of time
- Develop step-by-step implementation plan
- Identify risks/issues and address early

**BUILDING**
- Identify areas of impact
- Technology upgrades
- Build adjacent to outpatient pharmacy

**TRAINING**
- Assess current processes, systems, and training needs
- Measure readiness
- Close gaps
- Physician outreach

**PATIENT SUPPORT**
- Provide the support needed for your Specialty patients
- Close post-transition gaps
- Clinical Documentation

Higher Quality of Care
Opportunity Analysis: Value of a Patient

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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<tbody>
<tr>
<td>Specialty Prescription (one prescription)</td>
<td>$2,000</td>
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<tr>
<td>One Year of Therapy</td>
<td>$24,000</td>
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<tr>
<td>Gross Margin (10%*)</td>
<td>$2,400</td>
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<tr>
<td>Labor and shipping expenses ($50 x 12)</td>
<td>$600</td>
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<tr>
<td>Net Margin per Rx per year ($2,400 - $600)</td>
<td>$1,800</td>
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Capturing one new prescription every week will result in total additional revenue of $1,248,000 per year, and additional net margin of $93,600 per year.
‘Leverage…’ Top 10

#1: Commit to Project
   - Review financial impact

#2: Commit Special Projects Person

#3: Plan – The ‘how to’
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<thead>
<tr>
<th>Item Description</th>
<th>15-May</th>
<th>15-Jun</th>
<th>1-Jul</th>
<th>15-Jul</th>
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<th>15-Aug</th>
<th>1-Sep</th>
<th>Notes</th>
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<td>Develop Financial Analysis</td>
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<td>Determine Licensure Necessary</td>
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<td>Determine IT needs</td>
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<td>Obtain quote for build out</td>
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<td>Obtain contracts for all meds</td>
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<td>Determine shipping materials</td>
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<td>Determine shipping method (Fed-Ex, delivery)</td>
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<td>Hire and train technicians &amp; RPh staff</td>
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<td>Develop Operational P&amp;P’s</td>
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<td>Submit CER &amp; DMR</td>
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<td>Send letter to pts, caregivers &amp; providers</td>
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<td>Review Educational requirements &amp; materials</td>
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<td>Complete any necessary buildout</td>
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<td>Have all contracts signed</td>
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<td>Have all necessary licensure in place</td>
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<td>Equipment in place and operational</td>
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<td>Make contact with nursing agencies</td>
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<td>Contact providers to obtain new Rx</td>
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<td>Contact patients &amp; Caregivers</td>
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‘Leverage…’ Top 10

#4: Determine Needs
• Equipment
• IT
• Personnel

#5: Hire/Train/Develop Personnel
• Pharmacists
• Technicians
• Ancillary
‘Leverage…’ Top 10

#6: Contact (the 4 P’s)

- Providers
- Patients, Caregivers
  - Co-pay assistance for patients
- Pharmaceutical companies
- Payers
Continuity of Results!
‘Leverage…’ Top 10

#7: Open specialty pharmacy adjacent or in conjunction with outpatient pharmacy

• Specialty patients can get ‘regular’ prescriptions along with their Specialty medications.

• Patient receives all medication from ‘one’ pharmacy - RPH can review entire patient medication regimen
‘Leverage…’ Top 10

#8: Accreditation

#9: Financially Successful
#10: Success!
It’s a Team Effort
Challenges

Limited Distribution Drugs

– Must convince manufacturer that you are…
  • An expert in this field
  • With better outcomes for the patient
  • ‘The’ professional pharmacy on your campus
  • Have ability to provide data
Challenges

Limited Payer Network
– Must convince the payer that you are…
  • An expert in this field
  • There will be better outcomes for patients
  • ‘The’ professional pharmacy on your campus
Rewards

What are the rewards?

• Better Patient outcomes
• Better Patient satisfaction
• Better Provider satisfaction
• Better Pharma satisfaction
• Better Payer satisfaction

And…

- Better Financial Results!
Questions?

• Specialty pharmacy is projected to grow to x% of total Rx spend by 2020?
  – 20%, 40%, 60%

• Specialty pharmacy can/should/will create ‘Better patient outcomes’
  – True or false

• Limited Distribution drugs: are a
  – A. Challenge?
  – B. Reward?
  – C. Both

• Limited Payor networks are a Challenge
  – True or false

• Opening a Specialty Pharmacy can be financially rewarding for your organization
  – True or false
The Road Ahead

Specialty Pharmacy

‘Build it and they will come’
Contact Information

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