Entity-Owned Pharmacy Implementation & Optimization

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OHIO PHARMACISTS ASSOCIATION

340B Midwest Regional Conference & Expo
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340B Midwest Regional Conference & Expo

DISCLOSURE STATEMENT

None of the speakers have any relevant financial relationship(s) with ineligible companies to disclose.

and

None of the planners for this activity have relevant financial relationships with ineligible companies to disclose.

LEARNING OBJECTIVES

At the completion of this activity, the participant will be able to:

- Evaluate the elements that can indicate that an entity-owned pharmacy is viable;
- Identify opportunities to increase utilization of an entity-owned pharmacy;
- Recognize ancillary services that enhance entity-owned pharmacy utilization rate;
- Analyze common opportunities for improvement in entity-owned pharmacy; and
- Identify the most common pitfalls in opening up an entity-owned pharmacy to avoid.

Why Open an Entity-Owned Pharmacy

Cash Discount Programs

Clinical Benefits

Increased 340B Savings

Mitigation of Contract Pharmacy Restrictions

Factors to Consider

Payor Mix
Number of Prescriptions Generated
Special Populations or Specialties
Number of Prescribers
Location
Space

Timeline

6 Months

- BoP
- NCPDP
- NPI

5 Months

- DEA
- PSAO
- Wholesaler Accounts

4 Months

- PBM Credentialing

3 Months

- PBM Credentialing

2 Months

- Installation of IT

1 Month

- Testing of IT, Phones, etc.

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Common Pitfalls to Avoid
When Setting up your In-House Pharmacy

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Pitfall #1: Not having alignment on pharmacy strategy and goals from your entire leadership team

Things to Consider =>

- ✓ What are your financial and clinical goals for opening up an in-house pharmacy?
- ✓ Is this a top priority for the year for your CEO, COO, CFO?
- ✓ Do you have an assigned team member to be the primary POC for your pharmacy implementation?
- ✓ Is your physical space ready for an in-house pharmacy?

Pitfall #2: Picking the Wrong Pharmacy Operating Model for Your Entity

- ✓ There are 3 primary in-house pharmacy models (1) Entity-owned + Entity-operated (2) Entity-owned + vendor-operated (3) Vendor-owned + vendor-operated
- ✓ **Setup time to launch:** Average range is *6-24+ months
- ✓ **Initial setup costs:** Make sure you have the necessary cash reserves (or financing partner) for physical buildout, pharmacy staffing, and drug inventory
- ✓ Percentage-based fees and pharmacy operating expenses
- ✓ **Additional Services:** Can your partner help you post launch to scale and grow your 340B program?

Pitfall #3: Picking the Wrong Pharmacy Partner

- ✓ Understand the details of your potential partners' fee structures
- ✓ Percentage-based fees on net/gross revenue vs. net/gross savings (i.e. winners only model)

VENDOR 1

8% of gross revenue

Pharmacy Operating Expenses

VENDOR 2

10% of gross revenue

Pharmacy Operating Expenses

VENDOR 3

5-12% of gross revenue (variable)

Pharmacy Operating Expenses

Operating Expense Category	Vendor 1	Vendor 2
Management Fees	Yes	-
Commercial Insurance Fees	Yes	-
Accounting Services	Yes	-
Travel and Entertainment	Yes	-
Supplies - Pharmacy	Yes	-
Transmission Fee Expense	Yes	-
Office Supplies	Yes	Yes
License & Permits	Yes	Yes
Staff Recruiting	Yes	-
General Insurance	Yes	-
Services Contract (Computer)	Yes	Yes
Maintenance & Repairs	Yes	Yes
Postage and Shipping	Yes	Yes
Computer Supplies	Yes	Yes
Staff Training and Education	Yes	-
Employee Relations	Yes	-
Inventory Services	Yes	-
Contract Services (Other)	Yes	-
Customer Relations	Yes	-
Workers Comp Insurance	Yes	-
Utilities	Yes	-
Subscriptions	Yes	Yes
Insurance (Other)	Yes	-
Consultant Fees	Yes	-
Miscellaneous Expenses	Yes	-

Pitfall #4: Assuming an Unrealistic ROI for your In-house Pharmacy

- ✓ Pharmacy Launch Timelines
  - Heat zones, DEA and Board of Pharmacy timelines
- ✓ Prescription Volume and Mix
  - Use existing volume, layer in growth later
  - Understand your payor mix
  - Drug NDC mix drives everything
  - Estimate your capture rate, 20-90%+
- ✓ Regulatory Considerations in your State
  - Medicaid carve-In states
  - PBM price discrimination protections
  - Patient choice regulations

Pitfall #5: Not Reserving Enough Cash for Initial Drug Inventory

- ✓ The #1 objective for your in-house pharmacy is to ramp your pharmacy volume as quickly as possible
- ✓ Don't underestimate the cash reserves needed during the first 90-days of your pharmacy launch

Quick Formulas =>

- ✓ **FQHC:** [10,000] patients x [50%] capture rate x $65 average drug costs x 2 months = $650K
- ✓ **STD Clinic:** [250] patients x [80%] capture rate x $2400 average drug costs x 2 months = $960K
- ✓ **FQHC w/ STD Focus:** Use NDC-based weighted average

Pitfall #6: Not Prioritizing PBM Compliance

Things to Consider =>

- ✓ 340B compliance is not PBM compliance
- ✓ Understand your PBM contracts
  - The average in-house pharmacy has ~50 unique payor/PBM relationships
  - Each PBM contract has specific rules on % of mail order and home delivery requirements
  - Some PBM contracts strictly prohibit all mail order dispensing

Unique Insight: One major PBM contract stipulated that a home delivery courier must be a W2 employee of the clinic and does not permit third-party delivery services (i.e. "Uber and DoorDash")

Pitfall #7: Not Investing Beyond the Pharmacy

Things to Consider =>

- ✓ Factor in patient and prescription mix in your growth strategy
  - 1 cholesterol + diabetes patient = $3100 per year
  - 1 HIV patient = $42,000 per year
  - 1 Hep C patient = $69,950
- ✓ Invest in community outreach efforts focused on your clinical and financial goals

Fun Fact: A 500 patient STD clinic can outperform a 50,000 patient FQHC in terms of net 340B proceeds because of drug mix

Family Health Services of Darke County

Located in Rural Southwest Ohio

6 Site locations

Services – Primary Care, Behavioral Health, Speech Therapy, School Based Care, Dental, Eyecare, Medication Assistance Treatment, Patient Assistance, Entity owned and Contract Pharmacy, Clinical Pharmacy, Needle Xchange Clinic, Walk-in Care Clinic, WIC

Patients seen in 2023 – 26,357 UDS

Family Health is currently undergoing major construction project to bring all services under one roof as well as relocating pharmacy with a drive through addition. We are adding entity-owned pharmacies inside two of our associated sites to increase capture rate as well as expanding service lines.

Pharmacy Services Offered

Entity-Owned 340B Pharmacy

- Opened May 2002
- 5 FTE Pharmacist
- Fill 92,000 scripts/year
- Special pricing lists
- Patient Assistance
- Delivery & Curbside
- Medication Synchronization
- MTM and Adherence program
- Immunizations
- Precepting site

Clinical Pharmacy

- Services initiated 2015
- 3 FTE Clinical Pharmacist
- PGY1 Residency Program
- Shared visit model
- Collaborative practice agreements for all major disease states
- Hypertension & MAT clinics
- Diabetes Prevention Program
- DSMES
- Weight Loss Management Program
- Adherence Packaging
- Continuous Glucose Monitoring
- Ambulatory Blood Pressure Monitoring
- Spirometry

Optimizing Dispensing Pharmacy

- ✓ Educate the entire staff/Board about the vital role the 340B program plays and how the savings directly impacts the facility's ability to treat patients and provide affordable medications.
- ✓ Educate patients about how the 340B Pricing Program benefits them through posters, handouts, conversations and social media : self - promotion isn't a bad word. Capture rate is the key to survival.
- ✓ Address adherence : Med sync program enrollment, adherence outreach calls, immunizations, delivery services.
- ✓ MTM services: Outcomes, MTMPath, Equipp
- ✓ Technician Champions: you can't do it all so identify and utilize the talents of your staff and empower them. Utilization of personality and skills assessments helps identify appropriate staff.
- ✓ Work with the facility's Quality team to identify areas of improvement and how pharmacy may help improve insurance share back $$$

Optimizing Clinical Pharmacy Services

- ✓ Start with diabetes and then add additional disease states
- ✓ Develop Collaborative Practice Agreements
- ✓ Fill the gaps in care: where is the facility falling behind in performance measures
- ✓ Sharded visit model
- ✓ Pharmacist only billable visits: CGM, Disease management, Adherence packaging, Medicare Annual Wellness visits, Smoking Cessation, Substance abuse (DEA number), Spirometry
- ✓ Patient education: Pre-Diabetes, DSMES, Hypertension clinic, Weight loss program
- ✓ Residency program

Clinical Pharmacy interactions directly benefit your entity-owned pharmacy by building trust and educating patients about 340B

Clinical Pharmacy Billing Codes

95249 - CGM personal education with 72 hours of data

95250 - CGM professional (provider code only in shared visit - must bill with 95251)

95251 - CGM interpretation (provider code only - can be billed on own when uploading 72 hours of data in a shared visit)

93784 - Ambulatory BP monitor with 24 hours of data

99406 - tobacco cessation counseling 3- 10 minutes in shared visit only

99407 - tobacco cessation counseling >10 minutes at shared visit

94010 - non-bronchodilator spirometry in shared visit only

94060 - post-bronchodilator spirometry in shared visit only

94664 - In check dial education (ONCE per patient, in office WITHOUT an office code or in shared visit WITH an office code)

99211 - pharmacist only appointments for most insurances, or OH Medicaid visit <10 minutes

99212 - Medicaid provider 10-19 min

99213 - Medicaid provider 20-29 min

Specialty Pharmacy
Increase capture rate and patient access

Nearly 80% of new FDA approvals this year are expected to be specialty drugs3 and as of 2021, specialty drugs accounted for 50% of total drug spending4. Many specialists will only accept some forms of insurance. According to MACPAC, only 46.2% of dermatologists accept Medicaid.5

Benefits of adding specialty care/pharmacy:

- Decreases administrative burden of referrals
- Decreases time to appointment
- Improves medication access
- Allows truly integrated care
- Improves health outcomes
- Maximizes revenue
- Ability to fill specialty drugs with Ohio Medicaid (when accredited)
- Brings new patients to your health center

3.https://www.managedhealthcareexecutive.com/view/tis-full-and-very-very-expensive-the-2023-specialty-drug-pipeline-amcp-2023

4.https://aspe.hhs.gov/sites/default/files/documents/88c547c976e915fc31fe2c6903ac0bc9/sdp-trends-prescription-drug-spending.pdf

5.MACPAC and State Health Access Data Assistance Center (SHADAC) analysis of 2017 National Electronic Health Records Survey (NEHRS) data.

Challenges of adding specialty care/pharmacy:

- Initial cost to implement
- Identifying and hiring providers
- Specialty pharmacy accreditation and operations
- Limited distribution drugs and restricted pharmacy networks

Family Health Services is in the implementation stage with assistance of a partner organization.

- ✓ Data submissions: did require the building of reports and involment of several departments
- ✓ Interdepartmental meetings on the immplementation process and expextations
- ✓ Registration of additional Specialty Contract Pharmacy locations
- ✓ Credentialling of Specialty Providers
- ✓ Education of entire staff

In process;

- ✓ URAC and ACHA pharmacy accreditation
- ✓ Telehealth visits with Specialty Providers : starting with 1 set of disease states then expanding
- ✓ Specialty team onsite

Infusion Pharmacy Services: If you build it they will come

Development stage : What do we need to conciser?

- Space requirements
- Staff requirements
- Accredidations
- How to provide the infusion medications from our entity-owned to capture 340B additional revenue
- Hours of operation: will it require extended hours for that services
- What type of infusions to provide
- Patient experience and access
- Billing

  - **Timeline for complete immplentation Q1 of 2025 for Specialty and Q1 2026 for Infusion services.**
  - **Hopefully, we can provide incouranging data by next conference.**

NEED MORE INFORMATION?

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