

# Optimizing Your Contract Pharmacy Program

Outlook, Challenges, and Opportunities

Aaron Lott  
AuthorityRx LLC  
C: 319-310-0612  
alott@authorityrx.com



## Agenda

- 340B Updates from the Field
- Integrated Pharmacy & 340B
- Optimizing 340B Participation
- Conclusion
- Discussion

## Who I am and what I do?

### Develop tailored pharmacy strategies for healthcare entities

- **Initial assessment of opportunity within the following areas:**
  - Pharmacy benefit manager (PBM)
  - Specialty pharmacy (SP)
  - 340B
  - Outpatient/retail pharmacy
- **Assist with implementation and operationalizing initiatives to include:**
  - Full implementation and compliance validation of 340B programs
  - On going compliance and program oversight of 340B programs
  - PBM selection and transition
  - Specialty pharmacy accreditation URAC, ACHC, VIPPS
  - Hospital owned retail pharmacy
- **Optimization of all pharmacy and associated population health initiatives**
  - Additional savings capture for 340B entities
  - Medicaid carve-in
  - Meds to beds program
  - Direct to employer contracting and on-site health services provided by hospital providers
  - Contract pharmacy service agreements



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## 340B Updates from the Field




The contents of this presentation are confidential and proprietary to 340B Holdings, LLC. SUNRx and may contain material MedImpact considers Trade Secrets. This presentation may not be reproduced, transmitted, published or disclosed to others without MedImpact's prior written authorization.

Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## 340B Updates From the Field

- HRSA Audits
  - Multiple supported in 2018 and 2019
- Audit Trends
- Audit Common Topics
- HRSA Final Report & Areas for Improvement




Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Audit Trends

- 200 audits are expected in 2019
  - Historically, over 60% of audits have findings
    - Over 50% of findings require repayment
      - Repayment is usually greater than \$15,000
  - Findings usually are focused around:
    - Scripts being written at ineligible locations
    - Patient's being inpatient at the time of administration
    - Incomplete documentation in the patient's chart

	2012	2013	2014	2015	2016	2017	2018
Diversion	33%	58%	61%	50%	53%	51%	40%
Duplicate Discounts	30%	21%	23%	23%	22%	23%	29%
Inaccurate Medicaid Exclusion File	-	-	-	3%	5%	5%	7%
Inaccurate Database	24%	50%	48%	44%	30%	28%	29%
GPO Exclusion	-	1%	12%	11%	8%	4%	1%

\*Data in table sourced from data compiled by 340B Health



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Audit Common Topics

- DME and vaccines
- Hard copies of prescriptions
- Exclusive vs non-exclusive providers
- Clinic locations
- MCO/FFS Medicaid and duplicate discounts
- Contract Pharmacies and duplicate discounts
  - Recommending terming chain facilities you are not utilizing



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Integrated Pharmacy & 340B



The contents of this presentation are confidential and proprietary to 340B Holdings, LLC. SUNRx and may contain material MedImpact considers Trade Secrets. This presentation may not be reproduced, transmitted, published or disclosed to others without MedImpact's prior written authorization.

Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Integrated Pharmacy & 340B

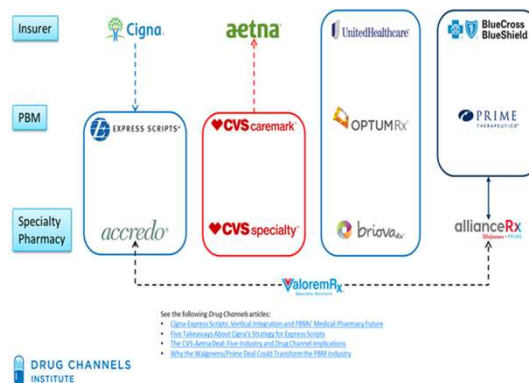
- Integrated pharmacy is a strategy that allows healthcare providers within a community to keep healthcare local while strengthening relationships with employers and patients. The strategy alleviates challenges from outside institutions faced by multiple community healthcare stakeholders by leveraging the inherent advantages of each stakeholder.
- The strategy focuses on four aspects of the pharmacy marketplace: PBM, specialty, 340B, and retail pharmacy.

## Why is a full understanding of integrated pharmacy necessary for 340B success?

Because it is all connected and outside institutions will find ways to limit your success

- Plan controls hospital access to employer groups, reimbursements for service provided to lives of the plan, site of care etc.
- Some PBMs controls hospital pharmacy network reimbursements, hospital employee pharmacy benefit, narrows network to owned specialty and retail operations

### Vertical Integration: The Medical-Pharmacy Future



## Why is a full understanding of integrated pharmacy necessary for 340B success?

- Because it is complicated and you need to understand the affects each has on the other in order optimize revenue and better position yourselves in the future

**WHO PAYS FOR YOUR MEDICATION**


This flowchart details the payment flow for various medication types: Brand Name, Generic, Specialty, and Off-invoice. It shows the path from the manufacturer through various entities like the wholesaler, distributor, and pharmacy to the patient, with different payers (payer, pharmacy, patient) at each stage.

**Channels leading to dispensing of specialty products under the pharmacy benefit**

This diagram illustrates the distribution channels for specialty drugs, showing the flow from the manufacturer through a wholesaler to a pharmacy, and then to the patient. It highlights the role of the pharmacy benefit manager (PBM) and the impact of various programs like 340B.


**Flow of Funds and Product for a 340B Contract Pharmacy Network**

This diagram shows the flow of funds and products between a 340B contract pharmacy network, a wholesaler, a distributor, and a pharmacy. It details the flow of money from the payer to the wholesaler, then to the distributor, and finally to the pharmacy, as well as the flow of products from the wholesaler to the distributor and then to the pharmacy.



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

# Optimizing 340B Participation



**340B. Simplified.**  
Powering Compliance & Savings

The contents of this presentation are confidential and proprietary to 340B Holdings, LLC. SUNRx and may contain material MedImpact considers Trade Secrets. This presentation may not be reproduced, transmitted, published or disclosed to others without MedImpact's prior written authorization.

Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Optimizing 340B Participation

- Referral Capture
- Orphan Drugs and Home Visits
- Provider Panel/List
- Contract Pharmacy Heat Mapping
- Bedside Delivery of Medications
- C2 Capture

## Referral Capture

- Analysis from 340B CE contract pharmacies and vendor partners revealed on average the referral prescription capture rate is 2% and specialty capture nearly absent.
  - Currently, 30-40% of all pharmacy revenues are specialty pharmaceuticals
  - 2-3% of patients prescriptions are SP
  - 2022 Outlook: 47-50% of US Drug Spend | 17-20% Growth in 3 years
  - 50% of new drugs are being designated 'specialty'
- Most administrators do not know about the opportunity and/or do not care to assist you in compliantly capturing the additional savings

## Referral Capture

- A B C's (not hard)
  - A: Established relationship with pt.
  - B: Pt receives care from a provider
    - Employed
    - Contracted
    - Referred
  - C: Services delivered within the scope and intent of the program (Funding etc.)
- Have the discussion with the 340B team how you want to navigate
  - Philosophical (gray)
  - Understand at actual risk
  - Understand the program is different today, significant changes even in the last year

**“C” is for Compliance and Capture**



**Never lose sight that the patient is yours**



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Tot Amt of Savings
\$11,500.00	\$17,000.00	\$11,000.00	\$12,000.00	\$15,000.00	\$14,000.00	\$18,000.00	\$15,000.00	\$9,000.00	\$17,000.00	\$23,000.00	\$14,000.00	\$176,500.00
\$24,000.00	\$17,000.00	\$21,000.00	\$21,000.00	\$24,000.00	\$25,000.00	\$29,000.00	\$28,000.00	\$27,000.00	\$37,000.00	\$29,000.00	\$43,000.00	\$325,000.00
100	\$1,000.00	\$16,000.00	\$1,100.00	\$9,000.00	\$4,600.00	\$7,000.00	\$11,000.00	\$33,000.00	\$4,300.00	\$3,800.00	\$10,200.00	\$101,100.00
\$10,000.00	\$12,000.00	\$14,000.00	\$21,000.00	\$36,000.00	\$34,000.00	\$37,000.00	\$39,000.00	\$3,500.00	\$62,000.00	\$43,000.00	\$55,000.00	\$366,500.00
\$1,700.00	\$4,200.00	\$5,100.00	\$7,000.00	\$10,000.00	\$6,700.00	\$13,000.00	\$4,000.00	\$8,000.00	\$10,000.00	\$10,000.00	\$21,000.00	\$100,700.00
<b>\$47,300.00</b>	<b>\$51,200.00</b>	<b>\$67,100.00</b>	<b>\$62,100.00</b>	<b>\$94,000.00</b>	<b>\$84,300.00</b>	<b>\$104,000.00</b>	<b>\$97,000.00</b>	<b>\$80,500.00</b>	<b>\$130,300.00</b>	<b>\$108,800.00</b>	<b>\$143,200.00</b>	<b>\$1,069,800.00</b>
\$4,000.00	\$2,200.00	\$4,100.00	\$2,800.00	\$4,000.00	\$6,000.00	\$1,300.00	\$5,000.00	\$2,000.00	\$10,000.00	\$7,000.00	\$9,000.00	\$57,400.00
\$3,000.00	\$4,300.00	\$2,600.00	\$3,000.00	\$13,000.00	\$3,900.00	\$4,000.00	\$9,500.00	\$11,000.00	\$17,000.00	\$20,000.00	\$9,400.00	\$100,700.00
\$0.00	\$14,000.00	\$6,300.00	\$2,300.00	\$4,300.00	\$1,100.00	\$2,500.00	\$3,000.00	\$6,000.00	\$6,500.00	\$11,500.00	\$4,000.00	\$61,500.00
\$5,200.00	\$19,500.00	\$8,000.00	\$12,000.00	\$22,000.00	\$10,300.00	\$20,300.00	\$3,000.00	\$4,000.00	\$12,000.00	\$8,000.00	\$19,500.00	\$143,800.00
\$0.00	\$11,800.00	\$7,000.00	\$1,000.00	\$2,000.00	\$3,000.00	\$1,700.00	\$2,000.00	\$11,200.00	\$4,000.00	\$5,500.00	\$9,400.00	\$58,600.00
<b>\$12,200.00</b>	<b>\$51,800.00</b>	<b>\$28,000.00</b>	<b>\$21,100.00</b>	<b>\$45,300.00</b>	<b>\$24,300.00</b>	<b>\$29,800.00</b>	<b>\$22,500.00</b>	<b>\$34,200.00</b>	<b>\$49,500.00</b>	<b>\$32,000.00</b>	<b>\$51,300.00</b>	<b>\$422,000.00</b>




Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.




## Referral Capture P&P Considerations

- Hard
  - {Entity Name} will ensure documentation for all claims captured in a referral relationship includes patient encounter, eligible site and referral order. {Entity Name} will attempt 3 times to obtain a consult note from the referral provider, if a response is not received even though the referral provider is consulting as evidenced by claim data {Entity Name} will consider the claim eligible. All referral claims will be considered eligible for a 12 mo. period , after 12 months an attempt to renew/obtain a new consult note will be made. Should a consult note be received but a referral order not found the primary care physician can send a referral order clarifying that the patient needs to be seen by the referral provider and the claim will be captured up to 6 months retrospectively and ongoing for a total of one year when a renewal attempt will be made.

 340B. Simplified.  
Priority, Compliance & Savings
Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Orphan Drugs and Home Visits

<ul style="list-style-type: none"> <li>• Orphan drug           <ul style="list-style-type: none"> <li>– Letters               <ul style="list-style-type: none"> <li>• 8 manufactures with 12 drugs</li> <li>• Remicade savings: 35%</li> <li>• Neulasta savings: 17%</li> </ul> </li> <li>– Examples               <ul style="list-style-type: none"> <li>• RRC: 1 Drug = \$35,000/mo</li> <li>• CAH: 1 Drug = \$23,000/mo</li> </ul> </li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Home visit           <ul style="list-style-type: none"> <li>– Past               <ul style="list-style-type: none"> <li>• i.e. Nursing home visit-not eligible</li> <li>• Findings</li> <li>• Significant repayment</li> </ul> </li> <li>– Now               <ul style="list-style-type: none"> <li>• Apexus supports claims as eligible</li> <li>• Need P&amp;P language</li> </ul> </li> </ul> </li> </ul>
--	---

 340B. Simplified.  
Priority, Compliance & Savings
Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Orphan and Home Visit P&P Considerations

- Orphan
  - Keep letter or other communication on file (work with wholesaler)
  - Example of language
    - {Entity Name} will comply with the HRSA guidelines with regard to the orphan drug exclusion. However, should a manufacturer afford a 340B like drug price to the entity for a medication classified as an orphan drug, the entity will purchase at the 340B like price outside of the 340B program guidelines.
      - Technically, 340B like pricing is outside of the program but a good idea to address in P&P's
- Home visit
  - Apexus definition:
    - A visit to a patient who is seen outside the hospital or clinic at his or her place of residence either physically or through tele-health means. Prescription eligibility can be generated from home visits when a prescription is written from an eligible provider contracted to provide an eligible service where the billing expenses can be traced to a reimbursable location on the MCR.
      - » Elizabeth Faust, MHA 340B Education & Compliance Specialist



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Other Opportunities

- Provider Panel
  - Oversight
    - Even standard/exclusive docs are falling out (some TPA's)
  - Updates
    - Failing to terminate docs continues be significant source of diversion
    - Failing to add docs in a timely manner continues to be source of missed savings
- Contract Pharmacy Heat Map
  - Mining EHR; escribe data & claims data i.e. leakage to specialty pharmacies
- Bedside Delivery
  - HCAPS
  - Readmissions
  - Patient Outcomes
  - Stronger CP relationships
- C2 Capture



Copyright © 2019 340B Holdings, LLC. ("SUNRx"). All Rights Reserved.

## Questions?

Aaron Lott  
AuthorityRx LLC  
C: 319-310-0612  
alott@authorityrx.com

