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## Integrated Pharmacy Solutions

# How to Reduce Costs with Integrated Pharmacy

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Given the continued shift toward value-based care, health system executives are looking for ways to curb spending while improving care and creating greater patient access.

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*“The pharmacy department is a prime area in which to invest,” said Michael Wascovich, Senior Director of Pharmacy Services at Premier®. “Prescribing and administering drugs are significant components of patient treatment today, which makes the pharmacy operation a natural area of focus. Drug spending grows by double digits year after year, making it a top concern for healthcare leaders. By driving out variation in the manner of prescribing and administering drugs, healthcare organizations can get a handle on pharmacy costs while not compromising high-quality patient care.”*



As a **case study**, one of Premier’s 300-bed member hospitals determined that more than 2,000 prescriptions left their campus every day. This presented a tremendous opportunity to generate incremental, new net revenue through capturing some of those prescriptions through a hospital-owned retail pharmacy. Another adjacent opportunity could be found through implementing a customized pharmacy benefit management program that could further lower the hospital’s cost of providing medications to employees and their dependents. Still another prospect exists with developing a specialty pharmacy strategy to allow the hospital to provide for care of these complex, high-touch patients at a lower cost. Following are details on the seven key areas to address when implementing an end-to-end pharmacy management program.

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## Drug Shortages

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With more than 200 drugs on the American Society of Health System Pharmacists® (ASHP) [Drug Shortages List](#) at any given time, hospitals frequently encounter hurdles to meeting patients' needs for basic medications. Combining decades of experience with contracting, data from more than 4,000 member hospitals, and six years of experience with the private label offering PremierProRx®, Premier is working to create a steady supply of generic drugs on or at risk of shortage and is creating ProvideGx™ as this vehicle. For example, to address the two-year shortage of a life-saving blood pressure medication, and as a result of this initiative, Premier partnered with Baxter Healthcare to supply metoprolol for injection, competitively priced and available for purchase by any health system or healthcare provider.

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## Clinical and Quality Performance Improvement

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There are many ways in which a health system's pharmacy unit can be improved, making it more collaborative and outcome-based. Consider a patient who enters the emergency room or is admitted to the hospital and then transitioned to a long-term care facility or sent home to recover. How should the health system streamline the drug spend for that individual patient? What happens to the patient after he or she leaves the hospital?

*"It doesn't make sense to treat the patient in the acute setting with one medication and then transition them to a different drug at the next level of care merely because of a different insurance benefit," said Wascovich. "If the original medication is working well, insurance should not dictate that the patient change the course of treatment. Moving them to another medication is not only frustrating for the patient, but it can be detrimental to the individual's health, and could result in being readmitted to the hospital. Unfortunately, this scenario happens all too often."*

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## Resource Optimization

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Imagine there is an expensive specialty or biologic medication that a patient needs, but the treatment can be administered in an outpatient infusion center or in a physician's office rather than in the hospital, which may be more expensive. Maybe the patient prefers to receive the drug at home with a visiting nurse present to make sure the administration is safe and effective. Rethinking how these specialty medications are delivered can improve patient satisfaction, reduce costs and boost quality.

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## Contract Negotiation

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Premier is partnering with healthcare organizations to address a variety of operational and clinical challenges in the pharmacy. This is based on using only the very best evidence and data-driven insights from health system peers around the country. As one of the largest group purchasing organizations (GPOs) in the nation, Premier helps healthcare organizations maximize purchasing arrangements at scale to drive down costs.

*"We are working inside our partner organizations' facilities every day, so we know their culture, their operations, their people and their data," said Wascovich. "We can look across the more than 4,000 hospitals in our alliance to generate collaboration opportunities, share best practices and identify areas for improvement. Our members range from large academic teaching hospitals and integrated delivery networks to community hospitals and rural-based organizations. Because of this range of perspectives, we can engage providers where they are on their journey to better care delivery. Premier offers customizable plans that yield clinical and financial results in the pharmacy program."*

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## Surveillance Solutions

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Data mining can achieve significant results. One Premier member implemented an electronic clinical surveillance system to support its patient safety and infection prevention efforts. In one year, they realized an estimated \$2.5 million in intervention savings across six hospitals.

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## Data-Driven Pharmacy Insights

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Premier leverages its comprehensive data analytics tools to turn large volumes of data into translatable, meaningful information to take action.

*“We deliver organization-specific information that can reveal challenges and opportunities, and we also offer benchmarking information, so organizations can see where they are when compared to their peers,”* said Wascovich.

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## Revenue Generation

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As a first step in rethinking an organization’s pharmacy strategy, Premier suggests the organization’s executive leadership engage directly with the pharmacy management team. Stakeholders that should be considered include business development and strategy, supply chain, finance, quality and the population health team. Premier is able to construct and facilitate such a meeting to discuss the competitive market landscape and share best practices found throughout the country.

*“During this session, Premier helps the organization talk about the pharmacy investment and how to make it more strategic to yield a positive clinical and financial return,”* said Wascovich. *“We consider the organization’s population and the region of the country in which it is located, and then ask questions about its goals and the role pharmacy will play in achieving them. In some cases, organizations already have strong processes in place; however, many times there are clear opportunities for improvement. Based on initial conversations, we deploy a pharmacy consulting team that creates a strategic plan for closing the gap between existing processes and the health*

*system's goals. In these relationships, we aim to be transformative, moving away from hospital-centric operations and embracing more patient-centered strategies."*

Premier has worked with multiple health systems that have acquired several hospitals that need to scale and turn the pharmacy function into a strategic asset.

*"We provide a multifaceted program to transform the pharmacy program," said Wascovich.*

*"We advise the organization on pharmacy leadership structure and co-develop a strategic plan for the organization. We aim to smooth out care transitions between treatment settings and develop pathways so medications are able to transfer. We also focus on the non-acute, operations settings including call center, mail order operation, specialty pharmacy, 340B program and formulary governance."*

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## How to Get Started

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For organizations that are interested in reimagining their pharmacy operations, the first step is to conduct an honest, robust self-assessment.

*"You need to establish a vision for the pharmacy, how that compares to where you are now and what you need to change for you to reach your goals," said Wascovich. "These questions are not always easy to think through and joining with a partner who has experience in navigating them may be a valuable consideration. Regardless of how an organization begins, there are substantial advantages in getting this large spend under control so that it delivers real ROI while moving you in the direction of more integrated and value-based care."*

Premier's consultants can help hospitals find opportunities for cost savings and identify possible revenue streams across the pharmacy spectrum. We have found that by implementing an end-to-end pharmacy management program, health systems may save 8 to 10 percent on total drug costs in their first year. Specific areas of focus include contract conversion, 340B program optimization, clinical resource utilization and practice standardization improvements.

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For More Information visit: [Premierinc.com/solutions/pharmacy](https://Premierinc.com/solutions/pharmacy)