Leveraging Ambulatory Care
Positioning Ambulatory Practice in the Value Equation

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Learning Objectives

• Describe market forces in health care including population health and risk management.
• Identify opportunities that will optimize the impact of pharmacists and medication management.
• Examine financial opportunities for pharmacy with the ambulatory setting.

What ambulatory pharmacy strategies are in place within your organization?

a. Medical Home (pharmacists in the clinic)
b. Specialty Pharmacy
c. 340B
d. Population Health
e. All of the above

Healthcare Delivery Platform – Acute Care

<table>
<thead>
<tr>
<th></th>
<th>Froedtert Hospital</th>
<th>Community Memorial Hospital</th>
<th>St. Joseph’s Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed Beds</td>
<td>655 Beds</td>
<td>235 Beds</td>
<td>70 Beds</td>
</tr>
<tr>
<td>Staffed Beds</td>
<td>500 Beds</td>
<td>202 Beds</td>
<td>70 Beds</td>
</tr>
<tr>
<td>FY13 Net Patient Revenue</td>
<td>$1.08B</td>
<td>$178.3M</td>
<td>$92.9M</td>
</tr>
<tr>
<td>Admissions</td>
<td>26,118</td>
<td>8,663</td>
<td>3,479</td>
</tr>
<tr>
<td>Outpatient Visits</td>
<td>713,487</td>
<td>95,989</td>
<td>77,024</td>
</tr>
<tr>
<td>Total Medical Staff</td>
<td>828</td>
<td>195</td>
<td>65</td>
</tr>
<tr>
<td>Board Certified</td>
<td>744</td>
<td>188</td>
<td>54</td>
</tr>
</tbody>
</table>

Healthcare Delivery Platform - Physicians

Community Physicians

<table>
<thead>
<tr>
<th></th>
<th>Froedtert &amp; The Medical College of Wisconsin Community Physicians (F&amp;MCWCP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>FY14 Budgeted Net Patient Revenue: $150.0M FY14 Budgeted Office Visits: 752,468</td>
</tr>
<tr>
<td>Physician FTEs</td>
<td>28 - Employed 130 - Contracted 7 - AFH 9</td>
</tr>
</tbody>
</table>

Breaking Point

- Increased number of uninsured
- Higher premiums
Define Value – A Look at the External Landscape

What is Value in Healthcare?

“The health outcomes achieved that matter to patients relative to the cost of achieving those outcomes.”
- Porter

F&M CW’s View of Value

Value = Quality + Service
Cost

Value-Based Care Initiative

Principles
- More integrated, patient-centered care
- Increase patient affordability while sustaining our mission(s)
- Develop and track performance metrics to demonstrate unparalleled patient experience, outcomes, and value
Six Aims of the Institute of Medicine (IOM)

First-Curve to Second-Curve Markets

First-Curve Markets
- Fee-for-service reimbursement
- High-quality care rewarded
- Insurers bear financial risk
- Inpatient hospital focus
- High investment incentives
- Stand-alone care systems thrive
- Regulated industries

Second-Curve Markets
- Value-based second curve
- Payment rewards population health quality and efficiency
- Quality impacts reimbursement
- Partnerships with shared risk
- Increased patient satisfaction
- IT utilization essential for population health management
- Scale increases in importance
- Realigned incentives, encouraged coordination

Accountable Care Organizations

Linking with Other Providers

Important to be aligned partners with other components of the delivery system

Guiding Principles of an ACO

Population Health
Population Health & Risk Management

The Core Capabilities Necessary for Successfully Managing Population Health

Centralized Tools: Valence Vision & vQuest

For clinical and financial monitoring

Preliminary Data Analysis

Centralized Tools: Crimson Care Management

Power workflow across the care continuum

Does your organization have an at-risk contract with an insurer?

a. Yes
b. No

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**UHC Shared Savings Agreement**
- 3 year agreement (2014-2016)
- Shared savings moving to risk after three year contract
- Began with 55,000 attributed lives with projections to double in number of lives
  - Attribution to ACO is tied to primary care provider
- “Quality Gate” – must meet 75 points out of 100 for identified metrics to qualify for shared savings
- Total Cost of Care targets for medical and pharmaceutical
  - Medical spend target = ↓ 2.25%
  - Pharmaceutical spend target = ↓ 3.0%

**Fix Your Own House First**
Froedtert has experienced a 9% geometric average annual increase in PMPM over the past two years and historically has seen 11% increases.

![Graph: PMPM by Month (Jan 2011 - Dec 2013)]

**Proposed Objectives & Tactics of Pharmacy Taskforce - Top 4**
1. Implement formulary management of high cost therapies
   - Determine appropriate areas for prior authorization / step therapy / quantity limit
2. Reduce cost of medications to patients and system
   - Brand / generic initiatives
     - Electronic health record tools
     - Outreach with “opt out” provision
3. Actively manage patients on necessary high cost medications
   - Spread existing tactics to manage specialty medication evaluation, monitoring, and adherence
   - Reduce utilization of unnecessary care (Rx and medical)
4. Reduce unnecessary variations in prescribing
   - Utilize Valence
   - Engage existing teams to assist
   - Disease state focus
     - High spend specialty areas
       - Musculoskeletal, oncology, neurology, GI
     - High volume primary care areas:
       - DM, asthma, COPD, HF, depression, cardiometabolic

**Medical Home**
Patient-Centered Medical Home

Access/Continuity
Patient Centered
Comprehensive Care
Quality/Safety
Care Coordination

The Journey

2007-2011: Lunch 'n' Learns
2010-2012: Pharmacist presence in PCMH
2012-2013: Dedicated 0.5 FTE - UHC TOC/PCMH
2013: Full-time dedicated PCMH

The Journey

Role of the PCMH Pharmacist

Medication Therapy Management:
Post-discharge, discharge, and ambulatory care

Medication monitoring:
Inpatient, outpatient, and long-term care

Vaccinations:
Screening and administration in collaboration with ambulatory pharmacy

Drug information:
Review and documentation, education, patient counseling, refill

Volume Outcomes

Data

- 108 patient encounters
- Time spent per encounter = 48.5 min
- Time spent by RPh = 36.4 min
- Average # of medication discrepancies found with RPh review: 3 per patient

Drug Related Problems (216)

- 1 DRP
- 2 DRPs
- 3 DRPs
- 4 DRPs

Primary Outcomes

- Improve Disease State Outcome
- Avoid Error
- Avoid Office Visit
- Cost Savings to System
- Avoid Hospitalization
- Avoid Urgent Visit
- Improve Patient Understanding of Meds

Future of PCMH

Provider Status
Credentialing/Privileging
Outcomes-based Reimbursement

Team-based Care
Integration into Outpatient Pharmacies
Movement from Inpatient to Outpatient Care

Shortage of Primary Care Providers

What percentage of prescriptions written on your campus are filled within your internal pharmacies?

a. 0%
b. 1-15%
c. 16-30%
d. 30-50%
e. >50%

How Do We Fund the Future?

- Medications that cost $1,000 or more per month
- Injected or infused medications that have special handling or distribution requirements
- Medications that treat complex chronic and/or rare diseases
- Medications that have significant side-effect and/or risk profiles
- Medications that require a high degree of ongoing patient assessment, monitoring, and management

What is a ‘Specialty Medication’?

There is no standard industry definition of specialty medication; however, most health care organizations apply a set of criteria that includes:

- Medications that cost $1,000 or more per month
- Injected or infused medications that have special handling or distribution requirements
- Medications that treat complex chronic and/or rare diseases
- Medications that have significant side-effect and/or risk profiles
- Medications that require a high degree of ongoing patient assessment, monitoring, and management

- NOTE: A growing number of specialty medications are oral medications

Specialty Pipeline Trends

50% late-stage pipeline drugs and > 70% of new applications are for specialty medications

- 10 out of 18 new specialty medications in the pipeline are oral
- Five out of those 10 oral medications have oncology or hepatitis C indications
- Three out of four recently approved oral medications have oncology indications

Estimated by 2019 specialty drugs will be 50% of medication costs

Hepatitis C medications projected to impact health plan costs the most over the next couple of years

Source: Express Scripts Drug Trend Report and Specialty Pharmacy Times, October, 2013

Top PBM 2013 Drug Spending Trends

Specialty Growth Factors are borne out by PBM spending growth

<table>
<thead>
<tr>
<th>TREND</th>
<th>Express Scripts</th>
<th>CVS Caremark</th>
<th>Prime Therapeutics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total SP Drug Trend</td>
<td>+18.4%</td>
<td>+18.8%</td>
<td>+19.1%</td>
</tr>
<tr>
<td>Overall Drug Trend</td>
<td>+2.7%</td>
<td>+1.7%</td>
<td>+2.1%</td>
</tr>
</tbody>
</table>

Source: Individual companies 2013 Drug Trend Reports
Froedtert Specialty Revenue Potential

Annual gross prescription drug revenue that could be generated if every specialty prescription originating from an FMLH based clinic was dispensed and refilled at an FMLH pharmacy

- $250 - $300 million excluding limited distribution drugs (LDD)
- $350 - $400 million including limited distribution drugs (LDD)

Froedtert Specialty Revenue Growth

This table represents the specialty medication prescription revenue growth occurring at FMLH pharmacies as a result of the overall specialty market growth.

<table>
<thead>
<tr>
<th>Specialty Rx Revenues</th>
<th>% Revenue Growth</th>
</tr>
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<tbody>
<tr>
<td>FY 2013</td>
<td>FY 2014</td>
</tr>
<tr>
<td>Transplant</td>
<td>1.575,018</td>
</tr>
<tr>
<td>Ophthalmology/Neurology</td>
<td>3,731,471</td>
</tr>
<tr>
<td>GI/Head/Neck</td>
<td>139,540.997</td>
</tr>
<tr>
<td>Infectious Disease/Immunology</td>
<td>1,559,771</td>
</tr>
<tr>
<td>Pulmonary</td>
<td>454,565</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>190,573</td>
</tr>
<tr>
<td>Gynecology</td>
<td>413,535</td>
</tr>
<tr>
<td>Nephrology/Dialysis</td>
<td>303,464</td>
</tr>
<tr>
<td>Dermatology</td>
<td>177,127</td>
</tr>
<tr>
<td>Neurology</td>
<td>13,043</td>
</tr>
<tr>
<td>Endocrine</td>
<td>11,462</td>
</tr>
<tr>
<td>Grand Total</td>
<td>17,942,911</td>
</tr>
</tbody>
</table>

FY 2014 - Projected as of June 2014

Current Specialty Pharmacy Initiatives

- UHC SP Initiative
- Get Carved in to PBM networks
- Specialty Pharmacy Rx Capture
- Focus on specialty Rx clinics
- Promote SP services to pharma
- Promote SP services to payers
- Provide benefits investigation, PA and medication assistance services
- Get Carved in to PBM networks
- Establish a free standing specialty pharmacy
- Provide comprehensive disease management services
- Become an accredited specialty pharmacy
- Stabilizes and increases our revenue base as we move towards risk based agreements
- Establishes Froedtert as a forward thinking health system that will attract the best clinical pharmacy practitioners

Establishment of the ISC Specialty/Mail Service Pharmacy

- Accreditation as a specialty pharmacy is becoming the standard of care
- Provides opportunities to partner with Pharma and payers to dispense medications to plan members
- Stabilizes and increases our revenue base as we move towards risk based agreements
- Establishes Froedtert as a forward thinking health system that will attract the best clinical pharmacy practitioners

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Specialty Pharmacy Market Challenges... The Risk of Doing Nothing

- No participation in specialty pharmacy networks
- No access to new limited distribution drugs
- Inability to provide accountable care
- Quality will diminish
- Loss of patients to other health systems with established specialty pharmacies
- Loss of significant revenue
- Potential risk to the financial viability of Froedtert

Medication Access Issues

Inner City Hospital
- 22% of patients discharged had not filled their medications at time of follow-up:
  - Reasons:
    - Long lines (63%)
    - High cost medications (35%)
    - Transportation issues (38%)
    - Difficulty with understanding medication regimen (26%)

PCP clinics
- 31% of prescriptions written by PCP were not filled within 9 months:
  - Less likely to fill:
    - High cost medications
    - Skinf, GI autonomic meds

Prescription Capture at Froedtert

Financial Value?

- FMLH campus only
  - Current FMLH pharmacy capture rate ~ 8%
  - Potential financial opportunity for FMLH
  >$18 million/year

Current Strategies

- Four proof of concept areas
  - Rheumatology – PA service on all biologics
  - Internal Medicine – Technicians to perform Med Rec/Refills
  - Oncology Clinic (Courage) – Full pharmacy services for all new patients
  - Gastroenterology – PA service on all biologics
  - Neurology – Transition retiring RN PA role to pharmacy
  - Bed-side delivery program
- Focused efforts on Wayfinding/Marketing
  - Branding of FMLH Pharmacies around comprehensive care
- Use of Technology to improve medication adherence/refill capture rate

Rheumatology Plan

An Example of an “Ask”
1. Develop an Action Plan

2. Accountability

3. Collect/Share Data

Discharge Prescription Capture

Overall Prescription Capture Rate FY14
Current/Future Direction

- Work at a unit level to continue improvement
  - Set individual goals based on current performance
  - Share successes from high performing units
- Participation in Care Coordination Rounds
- Additional data collection
  - 3NW, 5NW, 7NT
  - Pilot units based on VOC
  - Reasons for not filling

Journey Continues.....

- Vision
- Alignment
- Leverage
- Understand
- Engagement