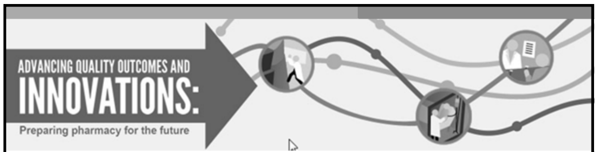


Leveraging Ambulatory Care

Positioning Ambulatory Practice in the Value Equation

Todd Karpinski, Pharm.D., M.S., FASHP
Chief Pharmacy Officer
Froedtert & Medical College of Wisconsin
Milwaukee, Wisconsin

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

Froedtert Hospital

Licensed Beds	655 Beds
Staffed Beds	500 Beds
FY13 Net Patient Revenue	$1.08B
Admissions	26,118
Outpatient Visits	713,487
Total Medical Staff	828
Board Certified	754

Community Memorial Hospital

Licensed Beds	235 Beds
Staffed Beds	202 Beds
FY13 Net Patient Revenue	$178.3M
Admissions	8,663
Outpatient Visits	95,989
Total Medical Staff	195
Board Certified	188

St. Joseph's Hospital

Licensed Beds	70 Beds
Staffed Beds	70 Beds
FY13 Net Patient Revenue	$92.9M
Admissions	3,479
Outpatient Visits	77,024
Total Medical Staff	65
Board Certified	54

ACADEMIC DIVISION | ***COMMUNITY HOSPITAL DIVISION***

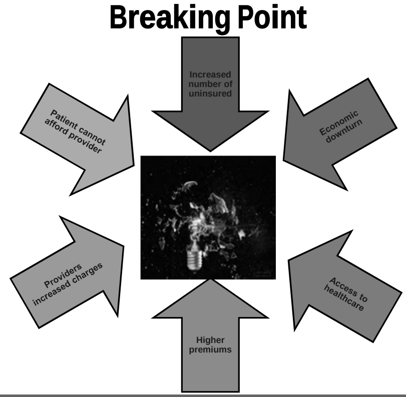
Healthcare Delivery Platform - Physicians

Community Physicians

Clinics	**28**
FY14 Budgeted Net Patient Revenue	$193.8M
FY14 Budgeted Office Visits	733,484
Physician FTE's:	
• **Employed**	130
• **Contracted**	11
• **APP**	9

Froedtert & The Medical College of Wisconsin Community Physicians (F&MCWCP)

Breaking Point

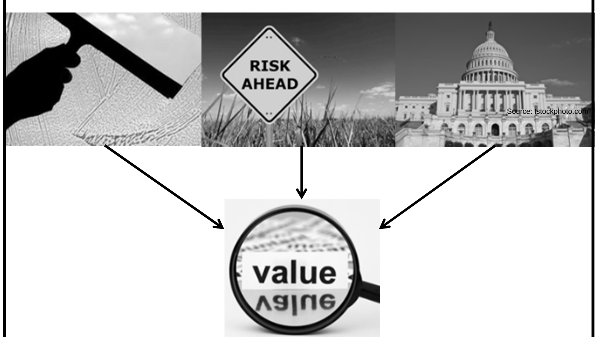


Health Care Spending as Percentage of GDP

Source: OECD data compiled at http://blogs.wsj.com/economics/2013/07/23/u-s-health-spending-one-of-these-things-not-like-others/

Define Value – A Look at the External Landscape

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&MCW's View of Value

$$\text{Value} = \frac{\text{Quality} + \text{Service}}{\text{Cost}}$$

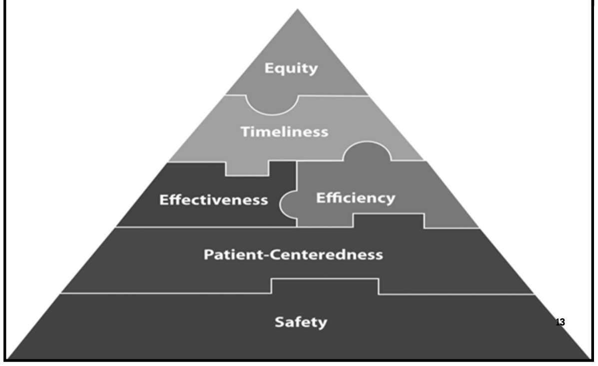
"A thorough and active communication plan was key for us in putting our message out that our cost structure initiative was first and foremost about our patients. That was something all staff could support."

Catherine A. Jacobson
Froedtert Health

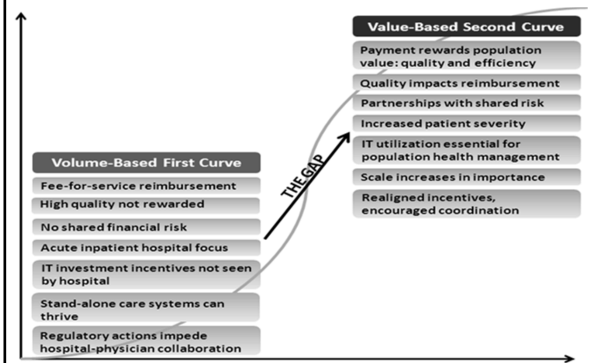
Value-Based Care Initiative

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



Accountable Care Organizations

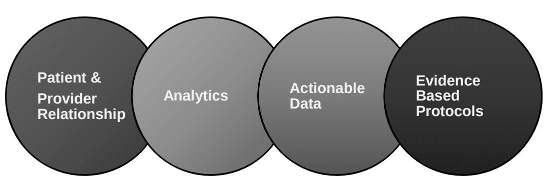
Linking with Other Providers

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

Opportunities

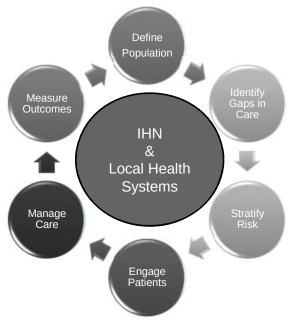
- Bundled Payment
- Health Network
- CMS Shared Savings ACO
- Telehealth
- Other Cost Savings Programs

Guiding Principles of an ACO

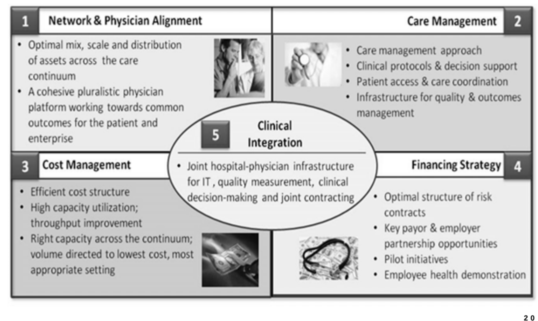


Population Health

Population Health & Risk Management

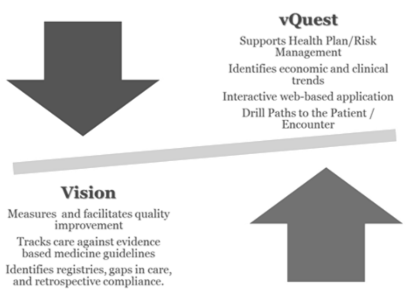


The Core Capabilities Necessary for Successfully Managing Population Health

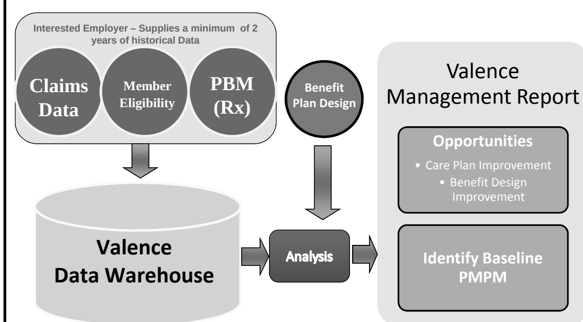


Centralized Tools: Valence Vision & vQuest

For clinical and financial monitoring

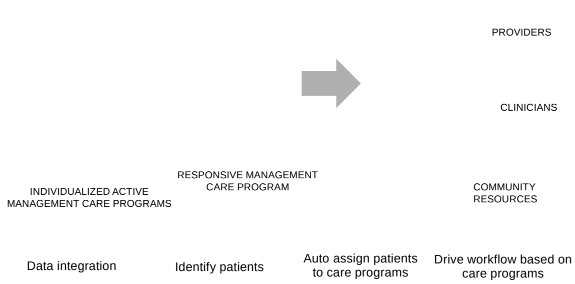


Preliminary Data Analysis



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

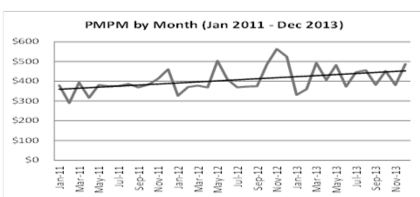
UHC Shared Savings Agreement

- 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%

UHC Data- Spend by Drug-By System

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.



Proposed Objectives & Tactics of Pharmacy Taskforce - Top 4

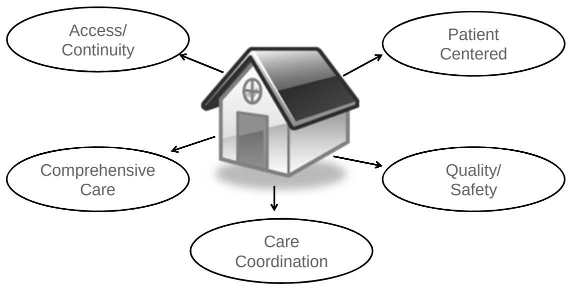
1. Implement formulary management of high cost therapies
   – Determine appropriate areas for prior authorization / step therapy / quantity limit
2. Reduce cost of medications to patients and system
   – Brand / generic initiatives
     - Electronic health record tools
     - Outreach with "opt out" 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)

Proposed Objectives & Tactics of Pharmacy Taskforce - Top 4

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

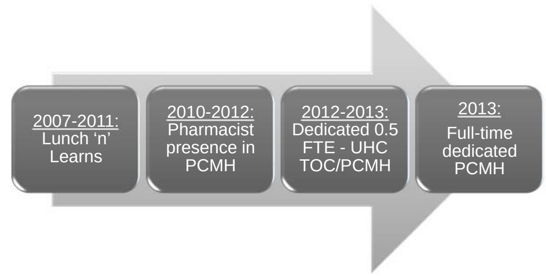
Medical Home

Patient-Centered Medical Home



http://pcmh.ahrq.gov/page/defining-pcmh. (accessed 2014 9.29).

The Journey

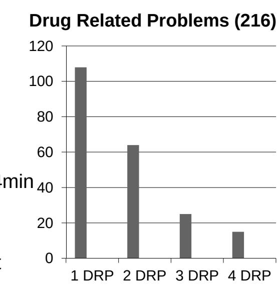


Role of the PCMH Pharmacist

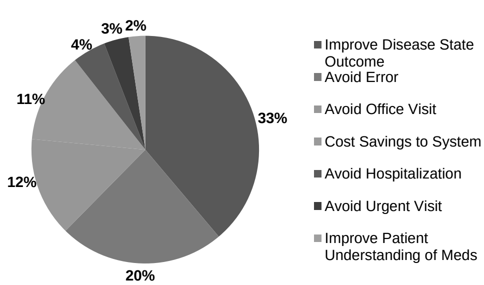
Volume Outcomes

Data

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



Primary Outcomes



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?

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

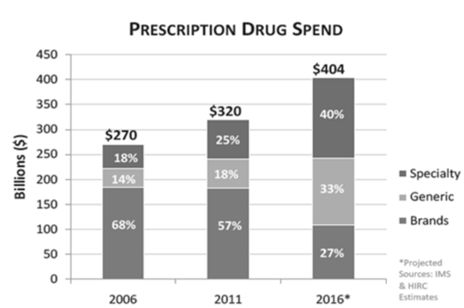
Source: Express Scripts Drug Trend Report and Specialty Pharmacy Times, October, 2013

Top PBM 2013 Drug Spending Trends

Specialty Growth Factors are borne out by PBM spending growth

TREND	Express Scripts	CVS Caremark	Prime Therapeutics
Total SP Drug Trend	+18.4%	+18.6%	+19.1%
Overall Drug Trend	+2.7%	+1.7%	+2.1%

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.

Year to Year Comparison	Specialty Rx Revenues		% Revenue Growth
Primary Specialty	FY 2013	[1]FY 2014	
Transplant	7,497,018	7,445,898	-0.7%
Oncology/Hematology	5,751,471	5,995,779	4.2%
GI/Hepatology	1,695,380	4,805,997	183.5%
Infectious disease/immunology	1,508,771	1,969,708	30.6%
Pulmonary	454,566	774,536	70.4%
Rheumatology	190,525	528,321	177.3%
Fertility	411,555	505,529	22.8%
Nephrology/dialysis	303,460	402,201	32.5%
Dermatology	117,125	244,678	108.9%
Neurology	13,042	40,443	210.1%
Endocrine	-	11,442	
Grand Total	17,942,913	22,724,532	26.6%

[1]FY 2014 - Projected as of June 2014

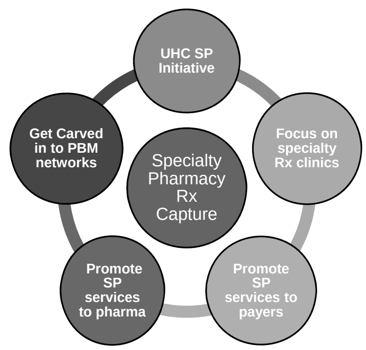
Froedtert Specialty Revenue Potential

Revenue Potential Based on capturing 50% of new prescription orders and 20% of refills (**excludes LDD**).

Specialty Revenue Potential	Specialty Rx Revenues		% Revenue Growth
Primary Specialty	[1]FY 2014	Potential	
Transplant	7,445,898	8,299,675	11.5%
Oncology/Hematology	5,995,779	12,203,214	103.5%
GI/Hepatology	4,805,997	14,402,068	199.7%
Infectious disease/immunology	1,969,708	4,521,992	129.6%
Pulmonary	774,536	1,525,239	96.9%
Rheumatology	528,321	2,335,312	342.0%
Fertility	505,529	506,341	0.2%
Nephrology/dialysis	402,201	418,659	4.1%
Dermatology	244,678	1,639,009	569.9%
Neurology	40,443	632,428	1463.8%
Endocrine	11,442	64,038	459.7%
Grand Total	22,724,532	46,547,976	104.8%

[1]FY 2014 - Projected as of June 2014

Current Specialty Pharmacy Initiatives



Strategies to Realize the Specialty Pharmacy Vision

- Establish a 24/7 call center to manage SP patients
- Provide benefits investigation, PA and medication assistance services
- LDD and REMs program management capabilities
- Provide comprehensive disease management services
- Establish a free standing specialty pharmacy
- Become an accredited specialty pharmacy

Establishment of the ISC Specialty/Mail Service Pharmacy

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

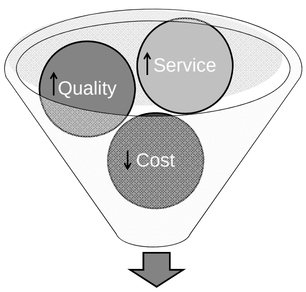
Inner City Hospital

- 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 (29%)

PCP clinics

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

Prescription Capture at Froedtert



Value

Financial Value?

- FMLH campus only
  - Current FMLH pharmacy capture rate ~ 8%
    - Potential financial opportunity for FMLH

>$18 million/year

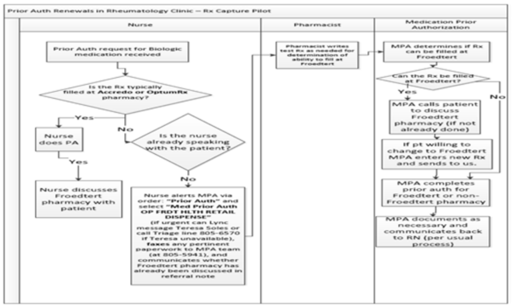
Current Strategies

- 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

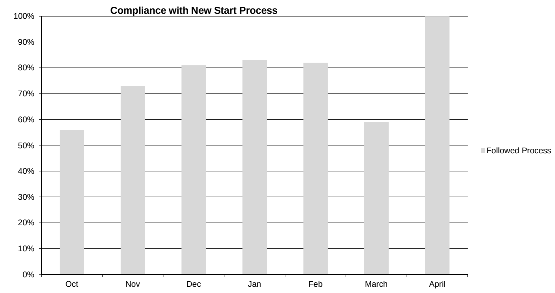
Rheumatology Plan

An Example of an "Ask"

1. Develop an Action Plan



2. Accountability



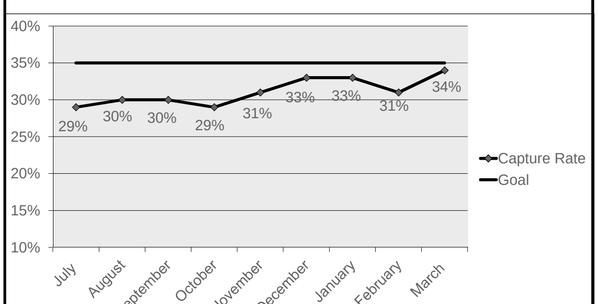
3. Collect/Share Data

**updated thru 2.28.14

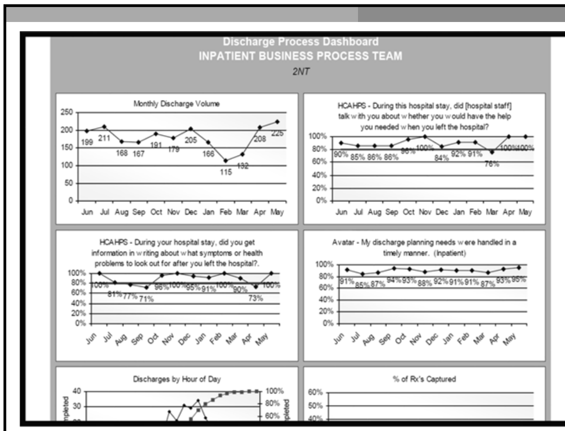
	Jan-13	Feb-13	Mar-13	Apr-13	May-13
HUMIRA/adalimumab					
# of EPIC Rx- Total	**37**	**28**	**22**	**21**	**35**
# of EPIC Rx- Sent to FMLH Pharm	*4*	*1*	*3*	*8*	*6*
MPA Transfer- Required by PBM	*x*	*x*	*x*	*x*	*x*
MPA Transfer- Patient Preference	*x*	*x*	*x*	*x*	*x*
Enterprise Sold Rx's	**3**	**3**	**6**	**7**	**14**
First Fill	*1*	*1*	*4*	*2*	*5*
Refill	*2*	*2*	*2*	*5*	*9*
# of GP Neutral Rx's	**2**	**2**	**3**	**3**	**6**
ticipated Gross Profit (Rev-COGS)	**$1,419.64**	**$1,420.02**	**$4,455.29**	**$5,787.07**	**$13,467.41**

Discharge Prescription Capture

Overall Prescription Capture Rate FY14



Includes IP and OP admissions
Excludes Birth Center, ERU, Expired, Patients discharged to facility

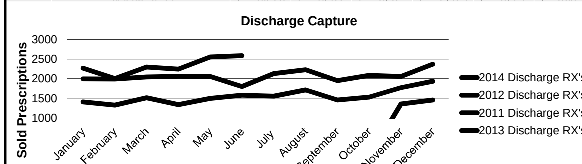


Current/Future Direction

- 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

FINANCE AND SCORECARD

		January	February	March	April	May	June
Volume	2014 Discharge RX's	2271	2005	2300	2244	2557	2591
	% change (from previous month)	-4%	-13%	13%	-2%	12%	1%
	Capture Rate per Day (30 day per month)	76	67	77	75	85	86
Revenue	Projected Gross Revenue	$ 187,338.05	$ 166,817.09	$ 178,573.02	$ 165,501.15	$ 213,219.95	$ 243,872.20
Expenses	Technician Expense ($15.50)	$ 9,920.00	$ 9,920.00	$ 9,920.00	$ 9,920.00	$ 9,920.00	$ 9,920.00
	Pharmacist Expense ($53)	$ 55,120.00	$ 55,120.00	$ 55,120.00	$ 55,120.00	$ 55,120.00	$ 55,120.00
	Pharmacy supplies ($1)	$ 2,271.00	$ 2,005.00	$ 2,300.00	$ 2,244.00	$ 2,557.00	$ 2,591.00
	Drug Expense	$ 63,498.70	$ 60,131.63	$ 57,268.06	$ 61,152.13	$ 73,360.70	$ 77,137.37
Profit	Gross Profit per RX	$ 54.53	$ 53.21	$ 52.74	$ 46.50	$ 54.70	$ 64.35
	Net Profit	$ 56,528.35	$ 39,640.46	$ 53,964.96	$ 37,065.02	$ 72,262.25	$ 99,103.83
	Year-to-date Net Profit	$ 56,528.35	$ 96,168.81	$ 150,133.77	$ 187,198.79	$ 259,461.04	$ 358,564.87



Journey Continues.....

- **V**ision
- **A**lignment
- **L**everage
- **U**nderstand
- **E**ngagement

