



Pharmacy Finances: New Prescription Lens Required

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TODAY'S PRESENTER



SHERRI (MORGAN) FABER, RPH, MHA

340B Compliance Partners, RX Operations Advisors, Microscope



President and CEO of 340B Compliance Partners, Sherri D. Faber is an Apexus 340B Advanced Operations Certified Expert, having completed the rigorous curriculum that combines a comprehensive understanding of federal 340B policy with best practices for efficient, compliant program operations.

Since earning her bachelor's degree in Pharmacy from West Virginia University and her Master of Health Administration from Ohio University, Sherri has garnered more than 30 years of institutional pharmacy experience, including more than a decade as a Director of Pharmacy.

In addition to serving as a remote and on-site consultant for facilities navigating a HRSA audit, Sherri has also directed 340B operations at DSH facilities, her team has partnered with DSH, CAH, SCH, FQHC, and CH Covered Entities and served as speaker on 340B audits at a multi-state pharmacy conference.

The frontline successes include expanding a DSH 340B program from just an entity-owned employee pharmacy to over 70 contract pharmacy locations with clinics converting to provider-based, and becoming Joint Commission compliant.



AGENDA

- Cross-Silo Leadership
- Accountability
- Benchmarks
- Contracts
- Guardrails



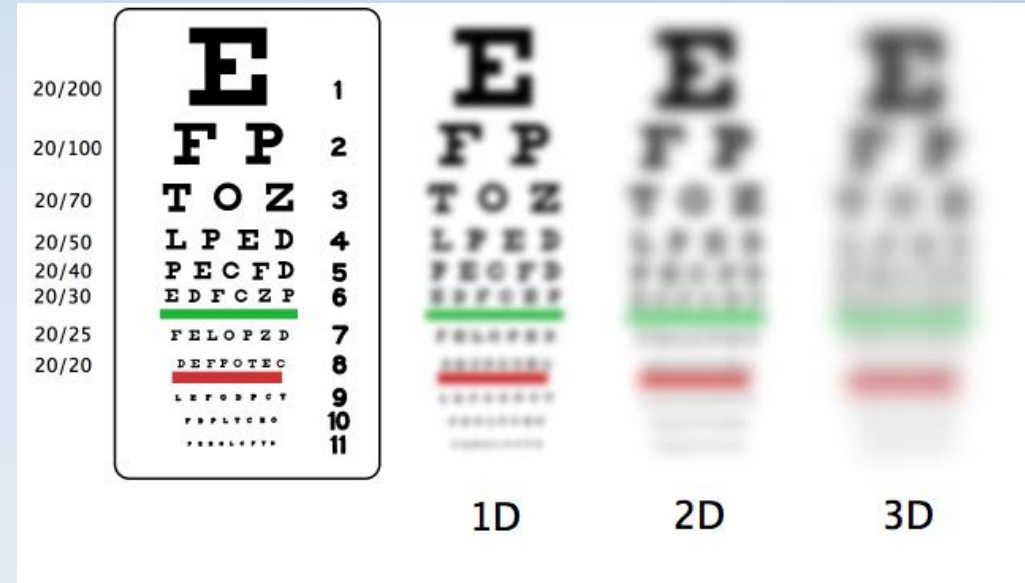
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Do you have clarity?

Better 1? Better 2?

Better₁? Better 2?

Pharmacy's finances seem a little blurry?



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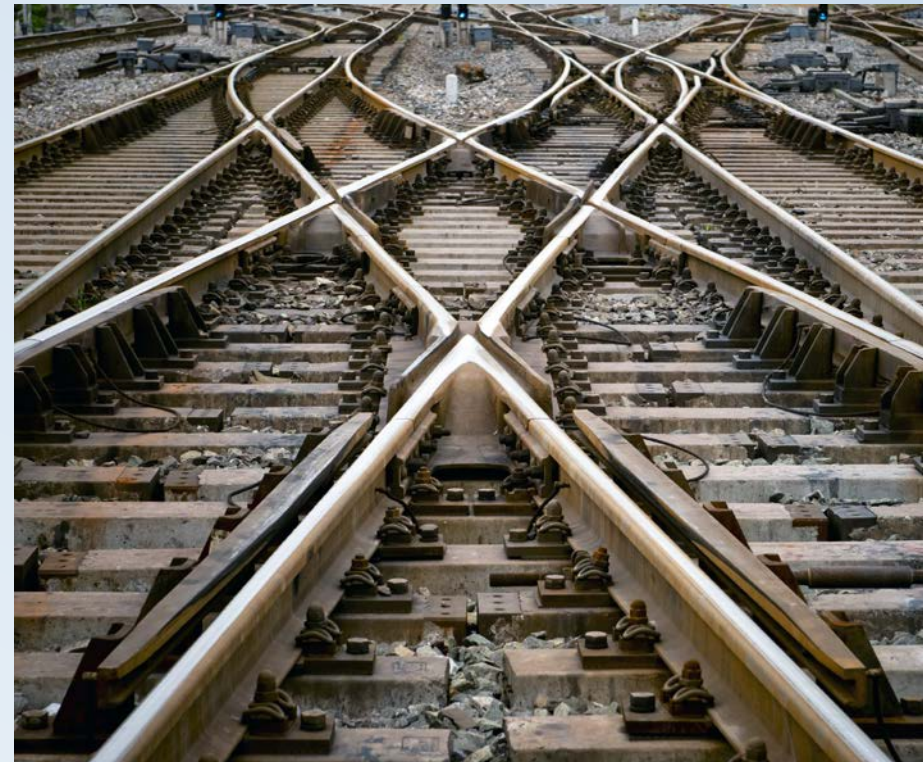
NEW PRESCRIPTION LENS REQUIRED

Large Budgetary Cost Centers Warrant Near-Sighted Analysis

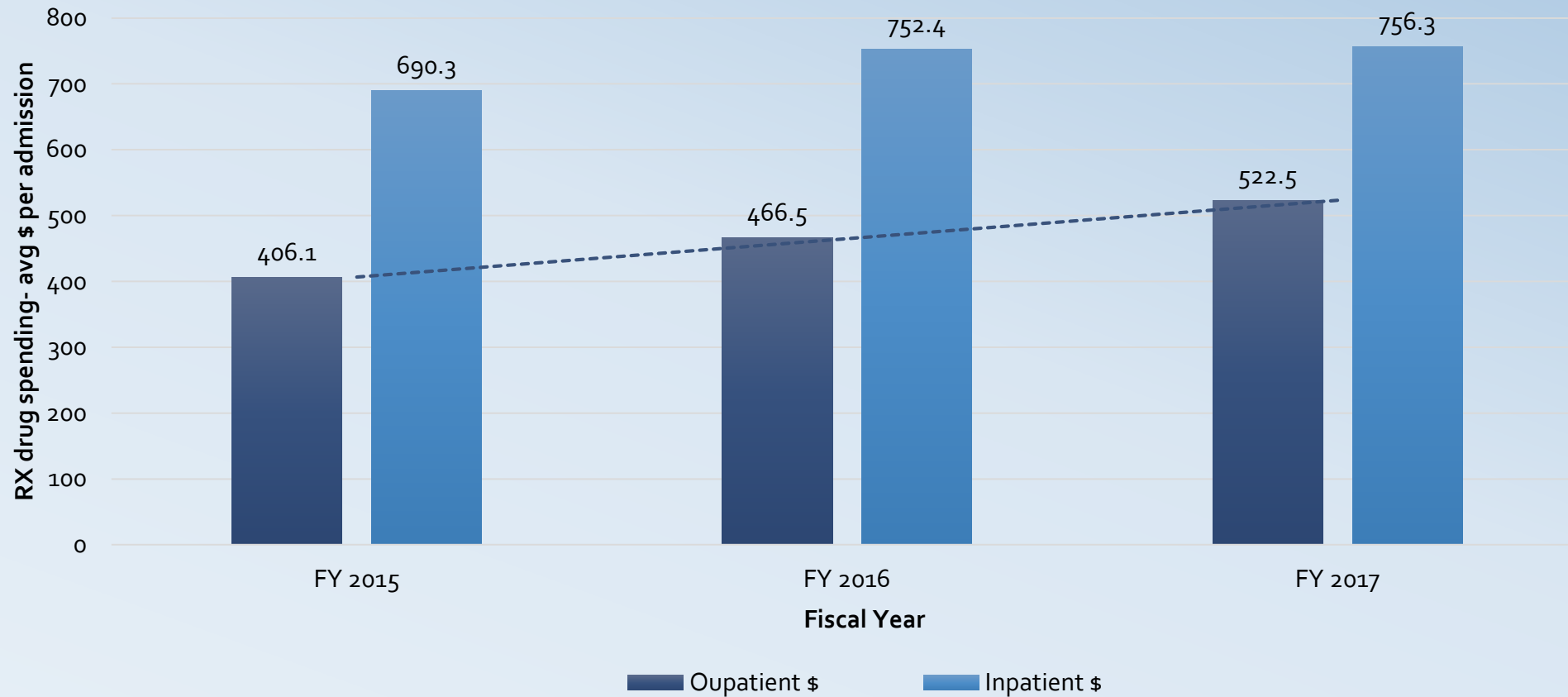
CROSS-SILO LEADERSHIP



Get people to see the workplace through the eyes of others



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Outpatient and Inpatient Rx Drug Spending per Admission at
U.S. Community Hospitals (FYs 2015-2017)
Outpatient increased by 28.7% Inpatient increased by 9.6%

Source: 2018 AHA-FAH-ASHP Drug Survey

Pharmacy Silo Culture

- Only leaders know financials
- Staff unaware of drug costs
- Often silos within the silo
- Don't control meds ordered
- Do more with less- seriously?
- Do not see other depts as allies

Finance Silo Culture (from pharmacy perspective)

- Budget
- Numbers
- Chargemaster
- Non-clinical
- Believes pharmacy is only an expense

Pharmacy school includes very little (if any) institutional finance. Fairly certain finance classes did not mention any details about pharmacy.

Types of Headaches

Migraine



Hypertension



Stress



pharmacy



Pharmacy's view



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Finance's View

Cultural Brokers for Cross-Silo Leadership:

People who already excel at interface collaboration between departments and promote cross boundary work. THE BEST HIRES!

- Bridge- best for one-off projects, don't need to learn other side's perspective or change how they work, no direct interaction but have the middle person



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- Adhesive- vouching for people and helping decipher one another's language with goal of developing others' capacity to work across a silo in the future without their assistance





Employees who reach across their silos – learn more, do more, and have more clarity of the vision for the greater good of the organization.

The "spherical error" (that is, nearsighted or farsighted). A "+" means the prescription is farsighted. A "-" means the prescription is nearsighted. The higher the number after the + or -, the stronger the prescription.

This number is used for bifocals, it gets added to the regular sphere prescription to get the near vision prescription.

Tells you which eye the prescription is for. "O. D." is the right eye, "O. S." is the left eye. Some prescriptions simply list "L" and "R".

	SPHERE	CYL	AXIS	ADD
O.D.	+4.25	+2.50	090	+2.00
O.S.	+4.00	+1.50	090	+2.00

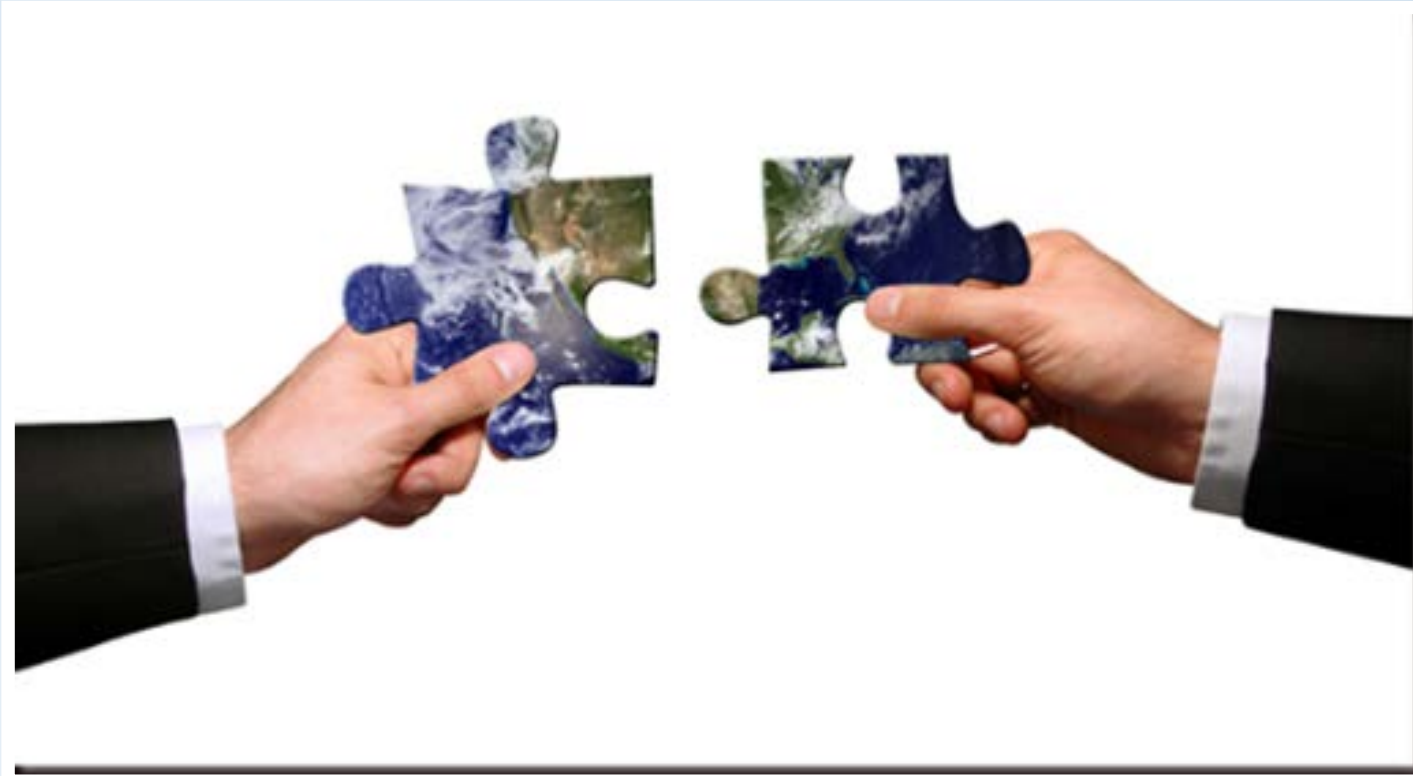
These numbers describe any astigmatism. The "Cyl" number indicates the severity of the astigmatism. Axis tells you which way the astigmatism is oriented.

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It provides each side a "New Prescription Lens" with which to see the other side more clearly and to more effectively set expectations and attainable goals.

What would this mean for pharmacy and finance to participate in the cross-silo leadership model?

Need contributions from both sides.



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Explaining “why” is often the best catalyst for success.

- Why is this important to you in finance?
- Does pharmacy leader know his/her own department
- C-suite to DOP to staff communication
- Understand what can/cannot be controlled
- Chargemaster maintenance
- Data analysis training
- Understand the culture



ACCOUNTABILITY

Why is this important to finance?

- In charge of GL for pharmacy
- Responsible for collecting budget variance explanations
- CFO reporting to the Board



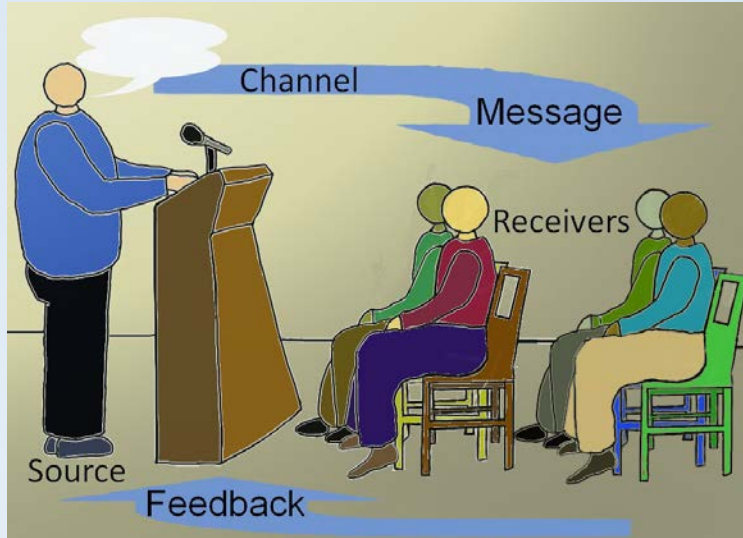
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Does the Pharmacy leader know his/her own department?

- Small organization challenges with competing priorities
- Oversight of drug spend
- Oversight of payroll (OT)
- Supplies expense
- Budget participation
- Access to see billing

Do you know internal resources available?

- Clinical Pharmacists – very helpful with formulary addition requests



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- Part of accountability is sharing status of department
- Need staff ownership of performance
- Front line staff not often involved with “the numbers”
- Huddles
- Expectations clear
- Part of evaluation at all staff levels
- Finance should sit on P&T Committee

C-suite ➡ leader ➡ staff communication about finances

Understand What Can and Cannot Be Controlled

CAN

- Over- ordering
- Some credit for expired drugs
- Workflow to minimize waste
- Proper training of staff

CANNOT

- Drug shortages
- Back orders due to Distribution Center out
- Physicians demanding non-formulary items
- Price increases
- Patients on many home meds needed inpatient

Chargemaster Maintenance

- Staff never heard the term
- Needs updated quarterly
- No dedicated person to do this in many cases
- HCPCS as well as AWP (or other cost basis)
- Annual increases
- Billing tables and modifiers



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Data Analysis Training (Invest in People)

- Why are you over/under budget?
- I need the variance explanation by COB
- Need variance to the drug level
- Explain the drug spend and how you plan to get back in line with budget
- Need a 5-year capital budget with quotes
- Report with year over year, month over month

Set expectations and provide tools, resources, and training

Understand the Culture

Does pharmacy have upper management support for cost-savings initiatives?

- Is pharmacy the forgotten service in the basement?
- Do physicians simply ask and shall receive?
- Is a representative from pharmacy and finance involved in committee meetings such as Corporate Compliance, Steering Committees, Infection Control, Performance Measure and Improvement, Pharmacy/Finance?
- Employees encouraged to make suggestions, ask questions?

BENCHMARKS

- Hospital Compare Groups
 - ☐ Operating Hours
 - ☐ Pharmacy/Hospital Services
 - ☐ Level of Automation
 - ☐ 340B eligible?
- Data entry and Report training
- Attainable goals



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CONTRACTS

- Legal review
- Central Repository
- Expirations
- Out clauses
- Auto-renewals
- Annual fee increases built in
- Business relationships
- Cross-silo critical



GUARDRAILS



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Keep the staff safely on track.

TECHNOLOGY- all kinds of automation available

- Automated dispensing cabinets
- Barcode scanning to bill on administration
- Tracking for meds from production to delivery
- Carousels
- Par levels (Kanbans)

Processes and Guidance

- Formulary and Non-formulary process
- Policies and procedures
- Ordering rules
- Budget reports

- Monopoly money vs. real
- Provider Status
- MTM and Pharmacists' services
- Billing Primer: A Pharmacist's Guide to Outpatient Fee-For-Service Billing
- Clinical Pharmacists in Ambulatory Clinics



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Pharmacy Revenue

Administration

- Identify Cultural Brokers
- Demonstrate support of collaboration

Finance

- Learning in pharmacy
- Offer training

Pharmacy

- Shadow in finance
- Offer perspective and examples

- Provide the bridge and/or adhesive
- See the world through eyes of others
- Connect the silos and have a clear view of pharmacy finances



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Cross-Silo Leadership Training and Transition – *Your New Prescription Lens*



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QUESTIONS?

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