Development of Health-System Outpatient Specialty Pharmacy Programs: Trends, Benefits, and Challenges

Jason Poquette, RPh, CSP
Director of Outpatient and Specialty Pharmacy,
Dana-Farber Cancer Institute

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• Jason Poquette declares no existence of a financial interest in any amount related to the content of this activity.

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### Learning Objectives

At the conclusion of this activity, participants should be better able to:

1. Identify several current and important trends within specialty pharmacy
2. Describe some of the opportunities and advantages of an integrated health-system specialty pharmacy
3. Recognize key challenges that exist for the health-system specialty pharmacy business model
4. Identify some of the most significant considerations when deciding to build a health-system specialty pharmacy operation

### Personal Introduction

I have been a registered pharmacist for nearly 30 years with a diverse background in various community, managed care, and health-system settings, with an emphasis on management and business operations.

My professional interest has been in building efficient operational ambulatory and outpatient pharmacies and specialty pharmacies that deliver exceptional patient care, a great place to work as well as providing additional revenue streams to institutions.

This presentation is designed to look at specialty pharmacy from the perspective of a health-system with a focus on concepts and operations, rather than in-depth clinical opportunities or issues.
Case Presentation

• TC is a 70 y/o female with widely metastatic lung cancer to the brain, pericardium, etc. at diagnosis with a rare mutation for which a relatively newly approved medication was appropriate.

• The patient was declining rapidly, had no prescription insurance, and the treatment carried an annual cost of $180,000.
Case Presentation

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• The patient was declining rapidly, had no prescription insurance, and the treatment carried an annual cost of $180,000.

• The Specialty Pharmacy team was engaged to navigate medication acquisition barriers.

Case Presentation

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• Treating physician quote “The family is eternally grateful, as am I.”

What is a Specialty Medication?

100 Pharmacists Surveyed, Top 4 Answers on the Board!
What is a *Specialty* Medication?

100 Pharmacists Surveyed, Top 4 Answers on the Board!

- Has a High Monthly Cost
- Require Comprehensive Patient Care
- Requires Specialized Knowledge
- Requires a Large Initial Investment

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What is a *Specialty* Medication?

100 Pharmacists Surveyed, Top 4 Answers on the Board!

- Has a High Monthly Cost
- Require Comprehensive Patient Care
- More Complex/Rare Conditions
- Not Dispensed in Retail Pharmacies
Specialty Pharmacy Trends and Topics

TREND #1: MARKET GROWTH

• Used by only 2% of Population, but accounts for 47.9% of spend in 2019 (Express Scripts Data)
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• Used by only 2% of Population, but accounts for 47.9% of spend in 2019 (Express Scripts Data)
• In 2015 the U.S. spent $428 billion on medications. In 2020, anticipated spending on specialty medications alone is $400 billion.

• 60% of new drugs awaiting FDA approval are specialty medications.
TREND #1: MARKET GROWTH

- 1200% growth since mid-90s$^1$
- Predictions that by 2024, 4 of the top 5 specialty medications, by revenue, will be in oncology$^2$

Specialty Pharmacy Trends and Topics

TREND #2: MERGERS AND ACQUISITIONS

• 4 specialty pharmacies account for 71% of the market

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- 4 specialty pharmacies account for 71% of the market
- Smaller specialty pharmacies struggle to remain profitable

"UnitedHealth Group’s pharmacy benefit manager OptumRx announced Monday that it will acquire Diplomat, a struggling specialty pharmacy and PBM headquartered in Flint, Mich."
- Modern Healthcare, Dec 9, 2019

For health systems, THIS is our opportunity to differentiate ourselves from “Big Box” business models

"...the trend we expect to see within specialty pharmacy is the need to truly be patient-centric and not just focused on expanding market share."
- Definitive Healthcare, Sep 18, 2019
Specialty Pharmacy Trends and Topics

TREND #3: ACCREDITATION

WHAT is specialty pharmacy accreditation?

• Accreditation is the preferred method by which pharmacies demonstrate that their policies, processes, technology, services & staff are able to safely dispense specialty medications
• Examples of accreditation standards include competencies in:
  - Customer Service
  - Patient Care Plans
  - Shipping & Delivery
  - Prior Authorization
  - Financial Assistance
  - Refill Management

A good definition:

“The cornerstone of specialty pharmacy accreditation is the establishment of policies and procedures that provide compliance with set standards placing patients first in terms of focusing on optimizing health outcomes and guides them through complicated therapy management.”

Specialty Pharmacy Trends and Topics

TREND #3: ACCREDITATION

WHY is specialty pharmacy accreditation needed?

• On the one hand, the reason for specialty pharmacy accreditation is no different than any other pharmacy accreditation that an individual pharmacist may pursue such as BCOP, BCACP, or CSP.
• Those accreditations demonstrate critical competencies in specific areas.
• Specialty pharmacy accreditation demonstrates competency in the distribution and patient support needed with specialty medications.

2 additional important factors driving the specialty pharmacy accreditation trend:

1) Payer Restrictions: Many, but not all, payers require accreditation (increasingly multiple accreditations) for participation in their networks
2) Limited Distribution Drug (LDD) Access: Pharma industry is increasingly requiring accreditations for drug access
TREND #3: ACCREDITATION

WHO provides specialty pharmacy accreditation?

Multiple organizations now offering accreditations in specialty pharmacy:

- The Utilization Review Accreditation Commission (URAC)
- The Accreditation Commission for Health Care (ACHC)
- The Joint Commission (TJC)
- The Center for Pharmacy Practice Accreditation
- Others...

TREND #4: HOSPITAL AND HEALTH SYSTEM SPECIALTY PHARMACIES
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• Hospitals are increasingly adopting plans to add or expand specialty pharmacy services

“More than 1 in 4 specialty pharmacies are now owned by health systems, and the percentage of health systems that report having a specialty pharmacy has increased sharply in recent years.” – David Twitchell PharmD, MBA, President Cornerstone Health Solutions (Sept 6, 2019)
Specialty Pharmacy Trends and Topics

TREND #4: HOSPITAL AND HEALTH SYSTEM SPECIALTY PHARMACIES

- Hospitals are increasingly adopting plans to add or expand specialty pharmacy services

“Hospitals and health systems are building a major presence in the specialty pharmacy industry.” – Adam Fein, Drug Channels

Drug Channels Article: https://www.drugchannels.net/2020/08/hospitals-continue-their-startling.html


“Almost responding health systems offer specialty pharmacy services, with most health systems (78%) owning their own pharmacy in-house.”

"The hospital-owned specialty pharmacy trend is unambiguous."
-Adam Fein, Drug Channels

Why health systems embrace specialty pharmacy:
Top 4 Reasons¹:
1) Reduction of drug spend on employees and family
2) Improve efficiency of patient access to specialty medications
3) Revenue enhancement
4) Patient adherence and monitoring

¹ Trends in Specialty Pharmacy Among Leading Health Systems

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Specialty Pharmacy Trends and Topics

TREND #4: HOSPITAL AND HEALTH SYSTEM SPECIALTY PHARMACIES

Has your health system’s current specialty pharmacy model improved the most important care metrics?

Benefits of a Health-System Integrated SP

What benefits to YOU, the pharmacist, come from involvement in a health-system integrated specialty pharmacy?
Benefits of a Health-System Integrated SP

What benefits to YOU, the pharmacist, come from involvement in a health-system integrated specialty pharmacy?

• Participating in patient success

™ 1:54 PM
Hey Jason, just a thank you 🙏. You guys saved my sister’s life. (osteosarcoma). Thanks for all you guys do. You have no idea how much your skill and dedication have changed lives. Be safe. All the best,

Benefits of a Health-System Integrated SP

What benefits to YOU, the pharmacist, come from involvement in a health-system integrated specialty pharmacy?

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• Team treatment strategy
Benefits of a Health-System Integrated SP

What benefits to YOU, the pharmacist, come from involvement in a health-system integrated specialty pharmacy?

- Participating in patient success
- Team treatment strategy
- Continuity of Care

“The biggest benefit of a health-system oncology specialty pharmacy is the continuity of care. For example, a patient will have a scan or diagnostic test, receive a diagnosis, discuss treatment options with the provider, and get a prescription sent to the in-house specialty pharmacy.” 1 - Sean Altendorf, PharmD

1. Pharmacy Times “Lessons Learned: Starting a Health System, Oncology-focused Specialty Pharmacy”

A Case Study!
Benefits of a Health-System Integrated SP

A Case Study of Specialty Pharmacy Positive Financial Contribution

VANDERBILT UNIVERSITY MEDICAL CENTER

- Located in Nashville, TN
- Opened in 1874
- Providers see more than 1.6 million patients per year

Intent: To improve patient access to specialty medications
Benefits of a Health-System Integrated SP

A Case Study of Specialty Pharmacy Positive Financial Contribution

**Intent:** To improve patient access to specialty medications

- **Intervention:** Creation of an “ecosystem” to support their patients, providing on-site education through consultations by physicians and pharmacists, as well as ongoing adherence support

- **Result:** Providers felt more engaged with the challenging process of prior authorizations and copay assistance
Benefits of a Health-System Integrated SP

A Case Study of Specialty Pharmacy Positive Financial Contribution

According to consultant Amy Anderson, the project was a financial success as well:

“It was hundreds of millions of dollars in additional revenue that they were able to bring into the organization. More importantly, it closed the care continuum by connecting the pharmacy to the clinics serving these patients.”

“The only difference between success and failure is the ability to take action.” – Alexander Graham Bell

Challenges for Health-System Specialty Pharmacies

While health-system specialty pharmacies are valuable assets, they are not without significant challenges1

Challenge 1: Access to managed care contracts and lockouts from payer networks

Challenges for Health-System Specialty Pharmacies

While health-system specialty pharmacies are valuable assets, they are not without significant challenges\(^1\)

Challenge 1: Access to managed care contracts and lockouts from payer networks

Challenge 2: Access to Limited Distribution Drugs (LDD)

Challenge 3: Data collection requirements for drug access

\(^1\) The Health Care Academy: https://academynet.com/sites/default/files/trendsinspecialtypharmacy.pdf
Challenges for Health-System Specialty Pharmacies

While health-system specialty pharmacies are valuable assets, they are not without significant challenges¹

Challenge 1: Access to managed care contracts and lockouts from payer networks

Challenge 2: Access to Limited Distribution Drugs (LDD)

Challenge 3: Data collection requirements for drug access

Challenge 4: Declining pharmacy margins, DIR fees, audits

Challenge 5: Staffing, talent recruitment and training


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Health-System Specialty Pharmacy Considerations

Before beginning the implementation of a health-system specialty pharmacy, several questions need to be answered:

1. What is the expected financial obligation and return on investment?
Consideration: Look at existing specialists and prescribing data, factoring in appropriate margins and reasonable capture rates.

2. Is sufficient operational space available?
Consideration: Different models can be designed to manage space constraints.
Health-System Specialty Pharmacy Considerations

Before beginning the implementation of a health-system specialty pharmacy, several questions need to be answered:

3. **Who will oversee the project?**
   Consideration: Developing a specialty pharmacy program requires significant experience. Consultants are available.

4. **Do you have the support of your providers and care team?**
   Consideration: Involvement of a multi-disciplinary steering committee will help secure maximum success.
Key Takeaways

• Specialty pharmacy continues to be a growing opportunity from a prescription volume, revenue and health-system perspective

• Implementation of a specialty pharmacy within a health-system provides opportunities for improved patient care and a potentially more efficient model for the dispensing of specialty medications
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• Specialty pharmacy continues to be a growing opportunity from a prescription volume, revenue and health-system perspective
• Implementation of a specialty pharmacy within a health-system provides opportunities for improved patient care and a potentially more efficient model for the dispensing of specialty medications
• Health-systems will encounter a variety of obstacles and challenges related to effectively implementing their own specialty pharmacy

• Various considerations should occur during the planning stages for implementing or expanding a health-system specialty pharmacy
Dear Specialty Pharmacy Team,
I wanted to congratulate all of you on the “soft launch” of the DFCI Specialty Pharmacy at Merrimack Valley this week. I know it has been a huge effort on the part of each of you and I want to thank all of you for your efforts on behalf of our patients. This will be a wonderful service and contribution to their care. I am proud of all of you and deeply appreciative.”

- Dr. Craig Bunnell, CMO, Dana-Farber Cancer Institute