



WHITE PAPER

Breakthrough Strategies for Growth

**How hospital owned specialty
pharmacy can improve patient
outcomes and total healthcare costs**



Over the past decade most health systems have entered into the specialty pharmacy (SP) business — with good reason. SP provides a rare opportunity for provider organizations to advance the Triple Aim¹ of improving health outcomes, improving patient experience, and reducing health care costs. Importantly it also creates a new revenue stream while simultaneously paving the way for population health management.

This white paper describes emerging approaches that enable health systems to break through common barriers to SP growth. Health systems that apply these tactics are able to grow SP revenues while continuing to improve patient care, reduce prescriber workload, and reduce total cost of care.

A recent study quantified this impact, finding that an integrated, hospital owned specialty pharmacy approach led to a 13% reduction in total health care costs for enrolled patients.

13%

1. The Triple Aim framework was developed by the Institute for Healthcare Improvement.



Why specialty pharmacy growth stalls

The SP business is undeniably complex, requiring leaders with both clinical and business expertise. So it's no surprise that there are myriad opportunities for things to go wrong. However, the three largest obstacles to health system-owned SP

OBSTACLE #1

Access to payer networks

Most health systems start their SP business by focusing on Medicare and Medicaid fee-for-service patients who are eligible to fill their prescriptions with Any Willing Provider. Some expand their business by making their SP in-network for health system employees and beneficiaries. In addition, some are able to gain access to smaller payers' networks. Very few have been able to gain a foothold with national payers.

Access to payer networks, specifically limited pharmacy networks, are the largest obstacle to health system SP growth, and as payers look for new opportunities to control pharmaceutical spending, they are becoming more common. According to the Pharmacy Benefit Management Institute, 61% of commercial health plans had limited pharmacy networks in 2018.

Some of the most advanced health system-owned SPs have gained access to networks by earning multiple accreditations and reporting their performance on measures related to cost and outcomes, for example rates of medication adherence. But these data aren't always enough. Payers want evidence that SPs can help them reduce total health care costs, but individual health system SPs don't usually serve a large enough patient population to consistently demonstrate meaningful cost savings.



of health systems' SP opportunity is accessible only by accessing payer networks

OBSTACLE #2

Access to drug manufacturers' limited distribution networks

Another constraint on health system SP growth is the ability to source certain specialty medications. In some instances, drug manufacturers will designate medications for limited distribution, meaning that they will only allow a select set of pharmacies to dispense them. This approach enables the manufacturer to ensure that drugs are handled and dispensed appropriately and facilitates collection of data regarding the drug's efficacy and value.

To gain access to these drugs, SPs must not only meet the drug manufacturer's requirements, but also beat other pharmacies vying for position. The requirements vary, but often manufacturers are looking for SPs that have advanced data tracking and reporting capabilities and a significant share of patients. Without access to these limited distribution networks, health system providers may prescribe a large number of medications which they are unable to fill.



of health systems' SP opportunity is accessible only by accessing limited distribution medications

OBSTACLE #3

Prescriber and patient engagement

Prescribers and their staff are well positioned to educate patients about the benefits of continuity of care and integrated care teams. However, they are often uneasy with encouraging use of a health-system owned pharmacy.

To win over prescribers, SPs must demonstrate that they can help prescribers achieve clinical excellence for their patients. SPs that collaborate closely with clinics to enroll and educate patients and that proactively pursue financial assistance on patients' behalf can prove their value through improved time to therapy and strong medication adherence rates.

Beyond clinical outcomes, health system-owned SPs have an opportunity to gain prescriber loyalty by reducing the administrative burden on clinics. This is not just an issue of convenience, but rather it may impact the sustainability of the practice itself. Prescribers and their staff typically spend 20 hours per week helping patients obtain their medications. Physician leaders attribute time spent on these activities as a key driver of physician burnout. As the clinical workforce faces a growing mental health crisis, finding new ways to support these professionals and relieve them of unnecessary administrative tasks is of paramount importance.



of health systems' SP opportunity is immediately accessible through elevating support for patients and providers

BREAKDOWN OF SP OPPORTUNITY AT A TYPICAL HEALTH SYSTEM¹



Accessing the full opportunity requires robust, data-driven provider engagement and patient enrollment

1. Numbers represent a typical health system with \$1B in net patient service revenue. Actual opportunity for an individual health system will be influenced by the organization-specific factors such as payer mix and specialty disease states served.



Tactics for breakthrough growth

Shields Health Solutions (SHS) has been working with health systems to achieve their unrealized potential in specialty pharmacy. To date, SHS has partnered with over 60 health systems in 43 states.¹ Its integrated specialty pharmacy model has delivered results at all of these organizations, including community and academic facilities, standalone hospitals, and multi-market systems.

SHS's success stems from having developed highly effective strategies for overcoming the obstacles described above. At the same time, they have achieved a Net Promoter Score (NPS)² of 84 from patients, a 92% medication adherence rate, and have reduced the administrative burden on prescribers and their staff.

SHS HAS ACHIEVED³



patient NPS



medication adherence rates



“Integrated specialty pharmacy is one of the most critical drivers of improved quality and economic outcomes for patients and health systems. In partnership with Shields, we have developed a program that delivers market leading medication adherence, which is critical for a specialty hospital and transplant center such as Tampa General. In addition, our program is now a new source of growth for our organization, enabling Tampa General to invest in new initiatives for patient care.”

JOHN COURIS – CEO OF TAMPA GENERAL

1. In January, 2021 SHS acquired Excelera to build the largest integrated health system specialty pharmacy network in the U.S.

2. Net promoter score (NPS) is a metric that helps businesses gauge the experience their customers have with their brand. Possible net promoter scores range from -100 to 100, with a higher score indicating better customer experience. Net Promoter, Net Promoter System, Net Promoter Score, NPS and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

3. Results from SHS partners in 2020, not including Excelera Network members.

TACTIC #1

A compassionate patient care model

At its heart, SHS's integrated SP is a kindness-focused care model. SHS's dedicated team of patient liaisons and clinical pharmacists work with patients throughout their care journey to ensure they have timely access to their medications, the knowledge they need to handle and administer their medications safely, and support to address symptoms and side effects.

The SHS model is structured enough to provide consistently high-quality care and flexible enough to treat each patient as an individual. The team uses a risk-assessment tool that helps them determine the right level of support to provide each patient and proprietary software to ensure no patient falls through the cracks. Importantly, all patients receive this same high level of service, regardless of whether they fill their medication with a SHS-affiliated pharmacy. SHS uses technology to blend in-clinic and centralized support, which allows partnering health systems to broaden their reach to all eligible patients.

SHS CLINICAL PHARMACY MODEL



1. Proportion of days covered.

TACTIC #2
Demonstrated clinical and economic value

Beyond their individualized care for patients, Shields-affiliated SPs have demonstrated their value to stakeholders by documenting their clinical outcomes and ability to lower total costs of care.

The typical, stand-alone health system SP has access to the operational and clinical data needed to demonstrate patient experience and outcomes. However, demonstrating impact on total cost of care requires access to comprehensive claims data, which is out of reach for a health system in isolation. SHS recently leveraged its scale by partnering with Optum Advisory Services to conduct an analysis of claims data. When comparing risk-adjusted data sets, they found a 13% reduction in total health care costs for patients in the SHS model compared to a national cohort.

Shields has found that elevating the right type of evidence to plan sponsors, prescribers, and drug manufacturers removes barriers to network access and aligns the health system-owned specialty pharmacy for breakthrough growth.



reduction in total health care costs for patients in the SHS model compared to a national cohort

Analysis shows that integrated specialty pharmacy model is associated with lower total cost of care¹

HYPOTHESIS

SHS's integrated specialty pharmacy (SP) model reduces total health care costs measured on a per member per month (PMPM) basis.

METHODOLOGY

Optum proprietary de-identified Normative Health Information claims database was used to identify patients enrolled in Medicare Advantage and pharmacy insurance coverage in 2018 and 2019. To be included in the data set, patients had to fill at least one self-administered specialty prescription in 2018. Patients were assigned to groups (as seen in the table to the right.) Total health care costs (including medical and pharmacy spending) were then compared. The authors used Centers for Medicare & Medicaid Services Hierarchical Condition Categories risk scores to adjust for differences in disease states, comorbidities, and demographic factors between patient groups.

— Increasing participation in integrated SP model →

	Control group	Provider integrated group ²	Fully integrated pharmacy care model group
Filled Rx at SHS-affiliated SP	No	No	Yes
Specialty prescriber participated in SHS model	No	Yes	Yes
Risk-adjusted PMPM costs in 2019	\$8,149	\$7,683	\$7,061

RESULTS

In 2019, risk-adjusted PMPM costs were 13% lower for the intervention group as compared to the control group (\$7,061 vs. \$8,149 respectively). Patients whose specialty prescriber participated in the SHS care model but did not fill their prescription at an SHS-affiliated pharmacy had 6% lower risk-adjusted PMPM costs (\$7,683 vs. \$8,149 respectively).

1. Hellemis S, Davidson J, Fasching D, Smith B. Association of Use of the Integrated Specialty Pharmacy Model on Total Cost of Care. Journal of Managed Care & Specialty Pharmacy. 2021;27(4-a):U14.

2. Patients in this group were seen by the same group of prescribers as patients in the integrated group. These patients received the initial benefits investigation, prior authorization support, and financial assistance from the integrated SP, but they did not receive pharmacy care beyond therapy initiation.

Uniquely positioned for growth



Unlike other SPs, Shields-affiliated SPs integrate their technology-enabled care delivery model with unparalleled clinical and economic data. By combining these attributes, SHS-affiliated SPs align with stakeholders to maximize value and overcome common barriers to health system-owned SP growth.

HOW SHIELDS-AFFILIATED SPS OVERCOME OBSTACLES TO GROWTH



ACCESS TO PAYER NETWORKS



PRESCRIBER ENGAGEMENT



ACCESS TO DRUG MANUFACTURERS' LIMITED DISTRIBUTION NETWORKS

Sufficient scale, combined with care model consistency, enables SHS to demonstrate total cost of care improvement.

Technology-enabled workflow coordinates SHS's in-clinic and centralized support resources to maximize provider support and excellent outcomes.

Combining clinical outcomes data from the health system EHR with internal reporting tools allows SHS to provide enhanced measurement and management of drug safety and efficacy. SHS and Excelera, have built industry leading manufacturer relationships.

ABOUT SHIELDS HEALTH SOLUTIONS

Shields Health Solutions is a specialty pharmacy integrator and accelerator for hospital leaders who want to provide a specialty pharmacy program that provides fully integrated, comprehensive on-site care. In doing so, Shields partners with hospital leaders on every aspect of hospital-owned specialty pharmacy creation and growth. As the company that created the specialty pharmacy integration industry in 2012, Shields now provides the fastest, lowest-risk model for Hospitals to eliminate the financial risks, execution risks and organizational risks associated with starting a new business inside a health system. From Limited Distribution Drug (LDD) contracts, payor contracts, pharmacy accreditations, data analytics infrastructure set up and more, Shields Health Solutions handles it all. Most important, the specialty pharmacy belongs to the hospital and as a result, patient care is improved. Shields Health Solutions is one of the fastest growing healthcare companies in America.

ABOUT OPTUM ADVISORY SERVICES

Optum Advisory Services specializes in helping health care leaders address their biggest challenges with insights and strategies to assert control over their organization's future. Within Optum Advisory Services, Optum Pharmacy Actuarial Advisory Services is a data-driven, clinically informed pharmacy strategy group that includes pharmacists, actuaries, and seasoned health care executives. This group uses vast data and actuarial strength to help clients manage risks and quantify the economic value of medications and clinical interventions across health systems.



100 Technology Center Dr,
Stoughton, MA 02072