

Health Systems Working Together Strengthen Their In-House Specialty Pharmacy Capabilities and Optimize Patient Care

Key Concepts

- The ideal care model for complex patients is one in which the entire health care team is made up of experts in the specific disease state being treated. Integrated health care delivery networks (IDNs) and major academic medical centers provide this level of expertise and coordination.
- Lack of access to drugs, specialty pharmacy benefit carve-outs, and other structural issues can disrupt the care of complex patients, with negative consequences for patient outcomes and total cost of care.
- The Excelera Network model offers an efficient, high-quality, patient-centered specialty pharmacy solution, sharing and enabling the mission of care providers to create better patient outcomes above all else.
- The Excelera model increases the value of specialty pharmacy in improving population health by working to maximize effectiveness and reduce total cost of care.
- The Excelera Network can supply the most robust, real-world data to its partners, combining traditional pharmacy and electronic medical record (EMR) data from its aggregate members to create an accurate picture of drug efficacy and outcomes.
- The Excelera model centralizes and supports the business and reporting of specialty pharmacy to deliver efficiencies to its partners, while offering a high level of quality through consistent implementation of world-class care protocols throughout the network.

Introduction

Specialty pharmacy is increasingly a factor in the care, cost, and clinical outcomes of the most vulnerable, complex, and expensive patients. At the same time, with the rise of Accountable Care Organization (ACO) arrangements, integrated delivery networks and academic medical centers are taking on more risk, based on patient outcomes and total cost of care.

The convergence of these trends means that more health systems are recognizing that managing specialty pharmacy in a comprehensive, integrated, patient-centric manner is critical to their ability to impact total cost of care and succeed under ACO arrangements.

Specialty pharmacy also represents a potentially significant source of ancillary profits. A collaborative network model gives health systems the power to combine their expertise and leverage the scale of the group to meet the requirements of payers and drug manufacturers and compete with national, for-profit specialty pharmacies.

Specialty Pharmacy Overview

Innovative specialty pharmacy medications continue to transform patient care and disrupt the prescription drug marketplace. At any given time, hundreds of specialty drugs are in development. The complex and/or chronic conditions they treat include cancer, multiple sclerosis, hepatitis C, HIV/AIDS, inflammatory conditions such as rheumatoid arthritis, and rare or orphan diseases. Nine of the ten top-selling products in the U.S. are specialty drugs.

| Drug | Condition | U.S. Product Sales (\$m), 2022 est. |
|--------------|---------------|-------------------------------------|
| Humira | Inflammatory | \$12,043 |
| Revlimid | Cancer | \$10,147 |
| Eliquis | Blood clots | \$5,105 |
| Keytruda | Cancer | \$4,767 |
| Ibrance | Cancer | \$4,632 |
| Opdivo | Cancer | \$4,421 |
| Imbruvica | Cancer | \$4,368 |
| Eylea | Ophthalmology | \$4,296 |
| Enbrel | Inflammatory | \$3,623 |
| Prolia/Xgeva | Osteoporosis | \$3,609 |

Source: EvaluatePharma World Preview 2017, Outlook to 2022, June 2017.

Specialty Snapshot

- Specialty drugs now account for more than one-third of prescription drug costs.
- By 2021, specialty drugs could account for 42%, or \$240 billion, of pharmacy industry prescription revenues, projected to reach a total of \$572 billion.
- Among hospitals with 600 or more staffed beds, 47.1% have a specialty pharmacy.
- One-fifth of accredited specialty pharmacy locations are owned by healthcare providers.
- Healthcare provider-owned locations constitute the fastest-growing category of accredited specialty pharmacies.

Market share for dispensing specialty drugs is highly concentrated; five for-profit specialty pharmacy companies control more than two-thirds of the \$138 billion specialty market. The Excelera Network is effectively the 8th largest specialty pharmacy in the U.S. which allows health systems to compete on a national scale

Fortunately, within the last decade, visionary health systems and academic medical centers have joined together to create IDN specialty pharmacy networks, offering drug manufacturers a simpler way to engage with this important distribution channel.

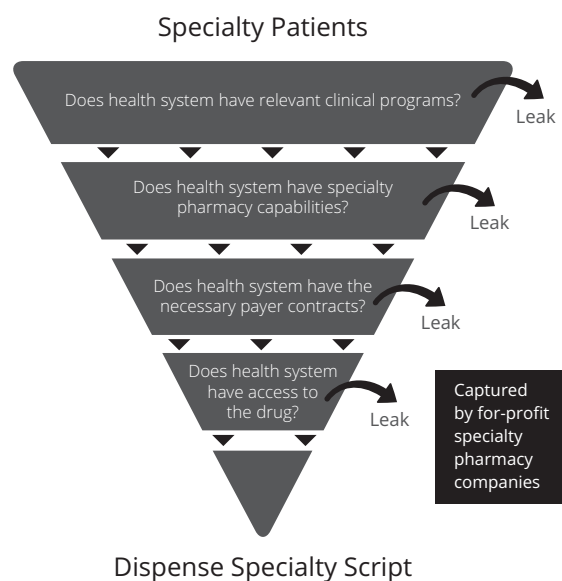
| Company | Market Share |
|--|--------------|
| CVS Specialty | 25% |
| Accredo / Freedom Fertility | 20% |
| Alliance Rx Walgreens Prime / Walgreens stores | 12% |
| BriovaRx | 9% |
| Diplomat Pharmacy | 3% |

The Role of IDNs in Specialty Pharmacy

With their concentration of specialist physicians, marketplace footprint, and local patient touch, IDNs and academic medical centers are ideally positioned to manage complex patient populations and their specialty pharmacy needs. However, the ability to maximize benefit to patients and retain margins on prescription fulfillment is hindered by several factors.

External factors include restrictive payer contracting and drug distribution practices that divert volume to for-profit specialty pharmacies and fragment the care of vulnerable, complex patients, compromising clinical outcomes and increasing the total cost of care. Internally, underdeveloped specialty pharmacy capability can also be due to a lack of internal resources and attention, even if relevant clinical programs are in place. The funnel graphic illustrates these factors and the “leakage” of specialty pharmacy dispensing and dollars.

The Funnel: Underdeveloped specialty pharmacy capability allows profit to leak from health system.



In short, there are three primary constraints on health system specialty pharmacy:

- 1) lack of access to necessary payer contracts,
- 2) lack of access to limited-distribution drugs (LDDs), and
- 3) lack of management focus on the business side of specialty pharmacy.

As the specialty trend has taken root and grown into a fundamental shift in the health care landscape, health systems are addressing these challenges.

- **Payer contracts:** For reasons of administrative ease, pricing leverage, and care coordination, payers often prefer to contract with a limited panel of specialty pharmacies. Non-contracted pharmacies often refer to these arrangements as “payer lockout.” More health systems are addressing this by deliberately building strong relationships with payers, especially at the local level, supported with data on cost and outcomes.

- **Pharmaceutical access:** Given patient training and therapy monitoring requirements, drug companies often limit distribution of their products to a narrow panel of pharmacies and, in some cases, to a single pharmacy. This is especially frustrating to providers and patients when, for example, their health system is a site for clinical trials of a new drug but cannot retain access after it goes to market.
- **Focus on specialty pharmacy:** Some health systems do not have well-established outpatient specialty pharmacy programs or, if they do, have not yet applied the focus and resources to optimize them. Any health system’s resources are finite, and leadership may have other priorities. However, this lack of emphasis on specialty pharmacy from the business side of has diminished in recent years, as the specialty market continues to grow and as more health systems succeed in specialty pharmacy and share their stories

Benefits of Local Specialty Pharmacy Intervention

| Overall Health Outcome |
|---|
| Problem: Health system specialty pharmacy received prescriptions for drug therapy totaling \$100,000 for patient with Hepatitis C. The initial conversation between the patient and the health system pharmacist included odd and inconsistent statements. |
| Intervention: Health system specialty pharmacy accessed the patient’s care team via the EMR. A care plan was developed to address the mental health issues before starting drug therapy. |
| Outcome: Unnecessary drug therapy expense saved due to non-compliance. Patient’s underlying health issues addressed. |

| Care Team Integration and Complex Patients |
|---|
| Problem: A teenaged cystic fibrosis (CF) patient on five inhaled, one injected and 11 oral medications, received medication training from specialty pharmacist prior to discharge after pulmonary exacerbation. Documented dosing plan in EMR. |
| Intervention: Health system specialty pharmacist retained contact with patient/caregivers; reinforced documented discharge plan. Attended weekly meetings with interdisciplinary CF care team to provide progress updates. |
| Outcome: Patient received appropriate care in group home setting. After several months, patient was adopted and pharmacist assisted adoptive parents. |

| Cost Management |
|---|
| Problem: Pharmacy dispenses full month of expensive oncology medication that can cost more than \$10,000 per month. However, some patients discontinue or change therapy after a few days due to side effects. |
| Intervention: Working with health system care team and payers, health system pharmacist applies protocol that mandates a "split fill" (14 to 16 day supply, instead of 30 day supply.) |
| Outcome: Patients and payers avoid unnecessary expense. |

Advantages of an IDN Network: The Excelera Solution

A collaborative network presents the opportunity for health systems to work together to address the challenges and bring the benefits of local, integrated specialty pharmacy to patients. Excelera, a pioneer of the network concept, now has a national membership encompassing about 30% of IDN-based specialty pharmacies. Owned by its members, Excelera focuses on optimizing care for complex patients through specialty pharmacy collaboration. Excelera is grounded in the simple premise that health systems, along with their specialist physicians, are the best equipped to produce optimal health and financial outcomes because they:

- Are the central hub in coordinating and integrating the care needs of complex patients;
- Manage the electronic medical record, and
- Provide a high-touch, local service.

Members are expected to comply with 30 rigorous standards in six areas:

- Compliance and accreditation
- Operational capabilities
- Benefits and assistance
- Clinical and adherence programs
- Performance metrics
- Data reporting

The process of becoming a member includes an opportunity assessment, a readiness assessment, and gap analysis, so that Excelera can provide the assistance necessary to help the organization meet these standards. All Excelera members dispense specialty medications to their patients at the point of care.

Capabilities that Excelera provides include:

- **Care protocols:** Members collaborate to evaluate specialty pharmacy care protocols and determine clinical and financial best practices. The Excelera Network disseminates these among all members for implementation.
- **Sophisticated data management infrastructure:** The Excelera information systems architecture aggregates, consolidates and analyzes member-reported data to provide adherence, therapeutic class, volume, and data quality reporting. This robust, proprietary data platform allows Excelera to provide a clear picture of what is actually happening at the point of care and fulfill the data requirements of manufacturers.

- **Single-point contracting:** Excelera communicates the benefits of integrated, sophisticated data to manufacturers and negotiates access to LDDs by leveraging the existing pharmaceutical access of individual Excelera network members and the combined patient access and purchasing power of the group. The network makes it possible for manufacturers to have a viable national IDN strategy with a single point of contact and assurances that the rigorous standards required by LDD contracts will be met.
- **Payer contracting:** Excelera experts partner with each member’s managed care team and work to secure local and regional payer contracts.
- **Consulting services for members:** Specialty pharmacy consulting services are available to help members address gaps in their specialty pharmacy capabilities and become high-performing specialty pharmacies. Consulting support is available end-to-end, including patient care, operations, and business office functions.
- **Health system support programs:** Turnkey solutions are available to health systems seeking to develop outpatient and specialty pharmacy services to deliver care to their patients. These programs utilize the protocols, standards, contracting, and operational processes established by the Excelera Network.

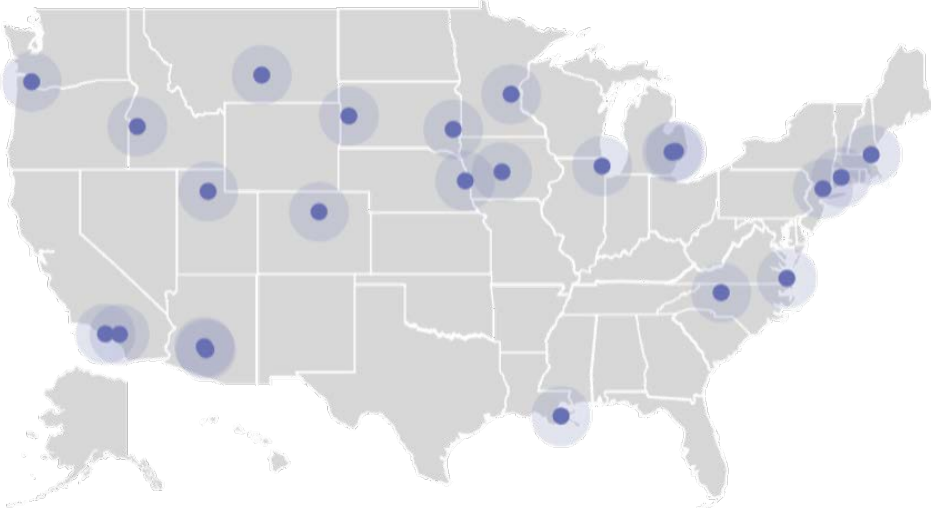
- i Per member per year, according to Express Scripts Drug Trend Report, February 2017.
- ii The 2017 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute.
- iii Pederson, Craig A et al. ASHP national survey of pharmacy practice in hospital settings: Prescribing and transcribing — 2016. Am J Health-Syst Pharm, Volume 74, 2017.
- iv Fein, Adam. Exclusive Update: The State of Specialty Pharmacy Accreditation in 2017. April 13, 2017. Accessed at www.drugchannels.net/2017/04/exclusive-update-state-of-specialty.html
- v Ibid.
- vi The 2018 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute.
- vii Based on those listed as in process or fully accredited by URAC.

TO LEARN MORE, CONTACT: info@excelerax.com

ExceleraRx Corporation
 2100 Summer Street N.E., Suite 260
 Minneapolis, MN 55413
www.excelerax.com
 612.293.0378

Excelera Members

Effective January 2020. For an up-to-date list of members, visit www.excelerax.com/members.



Accension Michigan
 Avera Health
 Banner Health
 Billings Clinic
 Centura Health
 CHI Health
 Fairview Health Services Hackensack
 Meriden
 Henry Ford Health System
 HonorHealth
 Intermountain Healthcare
 Keck Medicine of USC
 Loma Linda University Health
 Northwestern Medicine
 Novant Health
 Ochsner Health System
 Oregon Health & Science University
 Partners HealthCare
 Regional Health
 Sentara Healthcare
 SCL Health System
 St. Luke’s Health System
 UnityPoint Health
 Yale New Haven Health