Administration – “C-Suite Track”

Session 1
Identifying and Reporting Cost Justification and Savings Opportunities
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Disclosure
• I do not have a vested interest in or affiliation with any corporate organization offering financial support or grant monies for this continuing education activity, or any affiliation with an organization whose philosophy could potentially bias my presentation

Objectives
• Upon completion of this activity, the participant should be able to:
  – Identify cost justification and savings opportunities with clinical/operational informatics
  – Identify models for calculating value/cost savings
  – Identify monitoring/tracking tools used to validate savings
  – Define hard versus soft dollar savings
  – Present findings effectively

Positions Approved at LMHS (since October 2010; 34.6 FTEs)
• Medication Reconciliation Pharmacists (9)
• Emergency Department Pharmacists (6)
• Pharmacy Supervisor (1)
• Pharmacy Residents (4)
• Pharmacist - Community Pharmacy (4)
• Pharmacy Technicians Community Pharmacy (4)
• Pharmacy Technician Mail Order Pharmacy (0.6)
• Pharmacy Technician IV Infusion (1)
• Pharmacy Technicians Sterile Products (2)
• Pharmacy Technician Supervisor (1)
• Pharmacy Automation Technicians (2)

Examples To Be Described Today
• Medication Reconciliation Pharmacists (9)
• Pharmacist - Community Pharmacy (4)

Optimizing Pharmacy’s Value Equation
- Safe Medication Use
- Patient Outcome Improvement
- Clinical Quality Improvement
- Revenue Cycle Optimization
- Supply Chain Optimization
- Patient Experience
- Medication Use Optimization
- Revenue Cycle Optimization
- Supply Chain Optimization
- Clinical Quality Improvement
- Patient Experience
- Safe Medication Use

Examples To Be Described Today
• Pharmacy Technicians Community Pharmacy (4)
• Pharmacy Technician IV Infusion (1)
Optimizing Pharmacy's Value Equation

Safe Medication Use

- Safety should not be a second thought, it should be your first thought
- Safe medication use should always be the top priority
- LMHS Pharmacy Mission
  
  *Optimizing Patient Outcomes Through Interdisciplinary Medication Management*

Stewardship of Resources

- 75% of pharmacy expenses are drug costs
  - Control "our pie chart" of expenses
- 20% of pharmacy expenses are personnel costs
  - Leverage your 20% to effectively utilize the 80%
- 5% of pharmacy expenses are automation
  - Leverage the 5% to effectively utilize the 95%
  - Drugs and the people

Supply Chain Optimization

- Purchasing
  - GPO, Facility, Wholesaler, 340B Contracts
- Inventory management
  - Ordering, expiration, obsolescence
- Loss control
  - Returns, IV production waste, expiration
- Waste and Returns

Revenue Cycle Optimization

- Reimbursement
  - Inpatient has almost become irrelevant
- Coding and processing
- Indigent care programs
- Outpatient infusion revenue
- Cancer center revenue
- Home infusion revenue
- Community pharmacy revenue

Clinical Quality Improvement

- Optimizing patient outcomes through interdisciplinary medication management
- “Traditional” clinical pharmacy services
  - Effective medication resource utilization
- Core measure leadership when medications are involved
- Florida HEN medication leadership
Florida Hospital Association (FHA) Hospital Engagement Network (HEN)

Florida hospitals are committed to providing the highest quality of care to our patients and communities.

The Centers for Medicare & Medicaid Services (CMS), through the Partnership for Patients, is funding hospital engagement networks around the country.

Leveraging resources at the national as well as the state level, the Florida Hospital Association has partnered with the American Hospital Association’s Health Research and Educational Trust to provide support and education through the FHA Hospital Engagement Network.

Seventy-three Florida hospitals are actively working on improvement initiatives in ten focus areas through this collaborative.

### Pharmacist Influence on Economic and Morbidity Outcomes in a Tertiary Care Teaching Hospital

**Pharmacist Influence on Economic and Morbidity Outcomes**

**Pharmacy’s Value Chain**

- **Optimizing Rx Stewardship**
  - Medication Reconciliation
  - Value Optimization
  - Revenue Cycle Stewardship

**Medication Reconciliation**

**LMHS Previous Process**

- **Admission**
  - Reviews list of home medications
  - Completes medication reconciliation form
  - Writes admission orders

- **Transfer**
  - Reviews current medications
  - Completes medication reconciliation form
  - Reviews transfer orders

- **Discharge**
  - Enters orders; performs follow-up as needed
  - Notifies nursing of process
  - Reviews post-discharge medications
  - Participates in communication of discharge orders

**New Rx Duties in BOLD**

- **Admission**
  - Reviews prior to admission
  - Completes medication reconciliation form

- **Transfer**
  - Communicates updated medications to patient

- **Discharge**
  - Reviews home medications with prior to admission, current and readmissions

**Case 1 – Medication Reconciliation**

- Pharmacists
  - Ownership of innovation
  - Medication and Hospital

- Physicists
  - Optimizing Pharmacy’s Value Chain

- Pharmacists
  - Patient Outcomes Improvement

- Nurses
  - Clinical Quality Improvement

<table>
<thead>
<tr>
<th>Outcome Variable</th>
<th>Treatment Group</th>
<th>Control Group</th>
<th>Difference Between Groups</th>
<th>p*</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOS per admission (days)</td>
<td>4.4 ± 3.9</td>
<td>5.9 ± 4.1</td>
<td>1.5</td>
<td>&lt;0.0001</td>
</tr>
<tr>
<td>Pharmacy costs per admission ($)</td>
<td>481 ± 192</td>
<td>762 ± 301</td>
<td>281</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Total hospital cost per admission ($)</td>
<td>4,010 ± 1,016</td>
<td>1,654 ± 1,601</td>
<td>2,356</td>
<td>&lt;0.001</td>
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</table>

*p = 0.05 as the mean.


7/25/2013
Proposed Additional Pharmacist Resources for New LMHS Discharge Medication Reconciliation Process

<table>
<thead>
<tr>
<th>Campus</th>
<th>Actual Discharges 6-09 to 5-10</th>
<th>Estimated # Min to complete Discharge Medication Reconciliation</th>
<th>Est. Hours/ year for Disch Med Rec</th>
<th>Calculated PharmD FTEs needed</th>
<th>Rounded PharmD FTEs to hire</th>
<th>Fiscal Year Affected</th>
<th>Date FTEs needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCMC</td>
<td>20,962</td>
<td>15 9240.5</td>
<td>2.52</td>
<td>2.5</td>
<td>FY11 March11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LMH</td>
<td>13,851</td>
<td>15 3462.8</td>
<td>1.66</td>
<td>2.0</td>
<td>FY11 July -11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HP</td>
<td>21,998</td>
<td>15 9499.5</td>
<td>2.64</td>
<td>2.5</td>
<td>FY11 July -11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCH</td>
<td>15,524</td>
<td>15 3881.0</td>
<td>1.87</td>
<td>2.0</td>
<td>FY12 Sept-11</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*GCMC hiring has been completed, 2.5 pharmacist FTEs are in training, targeting implementation of Discharge Medication Reconciliation with Epic Go-Live on 6/1/11. 7.0 FTE required in FY11; 2.0 FTE required in early FY12 (full implementation) Total Number of Pharmacist FTEs to provide Discharge Medication Reconciliation = 9.0 FTEs**

**Pharmacist FTEs need to be hired in time to be adequately trained (90 days) prior to the campus specific EPIC Go-Live date.

Common Hard Savings

- Reduction in unit cost of operations
- Reduction in unit cost of production
- Reduction in transaction cost
- Reduction in overhead cost
- Reduction in manpower
- Increased throughput
- Increased revenue

Common Soft Savings

- Reduction in cash flow
- Reduction in need for working capital
- Avoidance of capacity enhancement
- Conformation to changes in the law
- Increased safety in the workplace
- Increased employee satisfaction
- Increased customer satisfaction
Pharmacy Soft Savings

- Patient safety
- Medication error prevention
- Consultations/Interventions provided
- Saved time (nurses/physicians)
- Patient satisfaction
- Quality enhancements (HCAHPS)

Case 2 – Pharmacists (4) and Pharmacy Technicians for Community Pharmacy (4)

- Goal – to open two Lee Pharmacy locations
  - One at Lee Memorial Hospital
  - One at HealthPark Medical Center
- Target patient populations
  - Discharge patients (“meds to beds”)
  - Emergency Department patients
  - Employee “first fill” prescriptions (in concert with mail order; Health Plan Pharmacy)

Case 2 – Pharmacists (4) and Pharmacy Technicians for Community Pharmacy (4)

<table>
<thead>
<tr>
<th>Pharmacy Payer Mix Assumption</th>
<th>Lee Memorial</th>
<th>HealthPark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Groupings</td>
<td>Estimated Annual Prescription Volume Capture Rate</td>
<td>15%</td>
</tr>
<tr>
<td>Medicaid/ Pending</td>
<td>10.4%</td>
<td>21.2%</td>
</tr>
<tr>
<td>All HMO</td>
<td>66.7%</td>
<td>67.8%</td>
</tr>
<tr>
<td>No Ins/ Charity/ State</td>
<td>7.7%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Self-Pay</td>
<td>13.0%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>
Case 2 – Pharmacists (4) and Pharmacy Technicians for Community Pharmacy (4)

<table>
<thead>
<tr>
<th>Location</th>
<th>Actual Volume</th>
<th>Desired Volume</th>
<th>Percent of 1,000 Rx's/Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lee Memorial</td>
<td>520,000</td>
<td>520,000</td>
<td>100%</td>
</tr>
<tr>
<td>HealthPart</td>
<td>500,000</td>
<td>520,000</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>1,020,000</td>
<td>1,040,000</td>
<td>101%</td>
</tr>
</tbody>
</table>

Case 2 - Lee Pharmacy – Prescriptions Filled

- Lee Pharmacy at HPMC
- Lee Pharmacy at LMH
- Both Lee Pharmacy locations are hovering at 100 Rx’s/weekday

DESIRED - Rx Volume and Profile

- CURRENT - Rx Volume and Profile
  - Employee
  - Discharge
  - Other

- Need to target Emergency Department patients
- Need to target Discharged Patients (including 23 hour observation patients)

Presenting Findings Effectively

- The Strategic Plan
- The Alignment with Mission
- The Elevator Speech
- The Positive Networking
- The Business Plan
- The Numbers

Presenting Findings Effectively

The Strategic Plan

- Is your initiative in line with your organization’s strategic plan?
- Is your initiative in line with your own department’s strategic plan?

Mission Statement

- The opportunities or needs that we exist to address
- The principles and beliefs that guide our work
- Our Values
- Our Business
- Mission
- What we do to address these
Building a Compelling Mission Statement

- Inspire support and commitment
- Motivate
- Be convincing and easy to grasp
- Use proactive verbs to describe what we do
- Be free of jargon
- Be short enough to be easy to repeat

SMART Objective Criteria

<table>
<thead>
<tr>
<th>Specific</th>
<th>Measurable</th>
<th>Achievable</th>
<th>Relevant</th>
<th>Time Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>• State exactly what is to be achieved</td>
<td>• Capable of measurement. Can determine if it is achieved</td>
<td>• Realistic given the circumstances in which it is set and the resources available to the business</td>
<td>• Relevant to the people responsible for achieving them</td>
<td>• Set with a time frame in mind. These deadlines also need to be realistic</td>
</tr>
</tbody>
</table>

Visual Alignment Matrix (VAM)

SMART Objective Criteria

- Specific
- Measurable
- Achievable
- Relevant
- Time Bound

Presenting Findings Effectively

The Alignment with Mission

- Know your organization’s mission
- Be able to verbalize and translate mission
- Be able to align with the mission

Presenting Findings Effectively

The Elevator Speech

- Are you ready to make your speech
- Friendly, concerned and optimistic
- Duration of 30-120 seconds
- Audience centered
  1) Distinct opening statement
  2) Statement of the problem with support
  3) A proposed solution to the problem
  4) A strong close to ensure follow-up action
Point to Ponder

• With an elevator speech, keep in mind that about half the time you are on your way up.

  John Armitstead

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Presenting Findings Effectively
The Positive Networking

• Optimistic
• “Can Do” Approach
• Friendly, greeting
• Outreach, hand shake
• Building bridges..............before the traffic is present and ready to cross the bridge

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Ooooooops!

• Most people don’t plan to fail, ..........but they often fail to plan.
  – John Beckley, Economist

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Key Components of The Business Plan

• Executive Summary
  – Essential, should be able to stand alone
• Table of Contents
• Background
• Proposal of services to be provided
• Benefits of the proposal
• Resource requirements and financial implications
• Action plan
• Summary
• Supporting documentation/references

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Presenting Findings Effectively
The Business Plan

• Identify the stakeholders/business partners
• Vision, objectives, tasks to be undertaken
• Indicate the outcomes
  – Cost, quality, satisfaction
  – Include the data, Return On Investment (ROI), charts
• Design it for your audience and modify it to “speak to the audience”
  – Individualize the message
• Make it your marketing pitch, stressing the positive aspects of the plan

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Do you have a business plan?

“It’s not enough to just show up. You have to have a business plan.”
Presenting Findings Effectively
The Numbers

- Timely feedback
- “Close the loop”
- Address commitments raised in the business plan
- Respond to issues raised by others

Case 3 – Pharmacy Technician IV
Infusion (1)

Optimizing Pharmacy’s Value Equation
Stewardship of Resources
Medication and People
Supply Chain Optimization
Clinical Quality Improvement

Pharmacy Workload – 1st 6 weeks 2013

Case 3 - Pharmacy Technician IV Infusion (1)

LMHS Outpatient Infusion Patient Visits

Infusion Center Monthly Workload 2010-2013

Case 3 - Infusion Center

Workload Increase

- OP Infusion center has seen an increase in the number of patient visits
  - 15% increase from FY 2011 to FY 2012
- January 2013 – closure of IMA infusion
  - 46% increase January 2013 over January 2012
  - Corresponding workload increase for pharmacy = 37%
- Current Infusion Staffing
  - 1.75 Pharmacist FTE
  - 1.25 Technician FTE
- Request Addition of 1 Technician FTE (~$30,000)
In Summary: Optimizing Pharmacy's Value Equation

Seek organizational alignment and:
1) identify cost justification and savings opportunities
2) identify models for calculating value/cost savings
3) identify monitoring/tracking tools used to validate saving
4) present findings effectively

Another Point to Ponder

• Most of the important things in the world have been accomplished by people who have kept on trying when there seemed to be no hope at all.

Dale Carnegie

Business Plan Examples

http://www.ashpadvantage.com/ppmitoolkit/resources.html#managing

- Business Case - Anticoagulation Management Stewardship Program
- Business Case - Decentralized Clinical Pharmacist in the Emergency Room
- Business Case - Investigational Drug Service
- Business Case - Pediatric Operational FTE Justification
- Business Case - Pharmacy Renovation for Bedside Rx Delivery Service
- Business Case - Mail Order Pharmacy Developing a Business Case for Advancing Pharmacy Practice
- Ensuring the Accuracy of the Medication List
- Evaluation of Unit Based Pharmacy
- Implementing a Decentralized Model
- Investing in Pharmacy Residency Programs