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**Managing Necessary Care,
Eliminating Unnecessary
Costs**



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Presenter



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Agenda

- Concept review
- Pharmacy impact on medication PPD expenses
- Five Areas of Focus
- 5-Step clinical management process
- Actual Results achieved

Necessary Care, Unnecessary Costs: Solutions for today and the future

- Revenue Management:
 - MDS 3.0, RUGS IV, RAC, Health Care Reform, Electronic Health Records
 - More creative reimbursement schemes
- Census & Acuity:
 - Admissions management
 - Manage clinically complex short-term stay residents
 - Create market distinctions
- Prescription Expenses Management
 - Medicare A/Managed Care
 - Medicare Part D Non-covered

Necessary Care, Unnecessary Costs

- **Standardized clinical best practice programs drive improved clinical and financial outcomes**
 - Pre-admissions medication reviews
 - Formulary management
 - Unnecessary medication management
 - Manage medication returns/waste
 - Reimbursement strategies

Pharmacy Impact on PPD

- **Today:** Monthly billing statement review
 - Retrospective expense management
 - Lacks clinical focus
 - Significant administrative time
 - It's too late!
- **Tomorrow:** Real-time clinical and expense management
 - Align clinical and expense management interventions
 - Technology to support management initiatives

Pharmacy Impact on PPD

- PPD Example – Med A:

\$15,000 Med A expenses/month

610 Med A days

= \$24.59 PPD Medicare Part A


Five Areas of Focus

- Pre-admission medication reviews
- Formulary management
- Unnecessary medication management
- Manage medication returns/waste
- Reimbursement strategies

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Five Areas of Focus

- Pre-Admissions Medication Reviews




Assess then Admit,
Instead of Admit then Assess

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Five Areas of Focus

- **Pre-Admissions Medication Reviews**
 - Goal is to accept and clinically manage admission, not to deny
 - Automated programs calculating length of stay and daily PPD
 - Coordinate clinical intervention with case mangers, pharmacy and physician services-
PREVENT HOSPITAL READMISSIONS
 - Remote-access will improve response time




Five Areas of Focus

- Pre-Admissions Review Tool

Drug Name	Est 30 Day Cost	Est 21 Day Cost	Est 14 Day Cost	Est 7 Day Cost	Est Avg Daily Cost	Note
Lexapro Oral Tablet 10 MG - 1 Tab(s) QD/HS	\$5.54	\$5.00	\$4.57	\$4.15	\$0.18	Brand
CeleXA (Citalopram) Oral Tablet 10 MG - 1 Tab(s) QD/HS	\$8.75	\$7.24	\$6.07	\$4.90	\$0.29	Generic Substitution
PriLOSEC (Omeprazole) Oral Capsule Delayed Release 10 MG - 1 Cap(s) QD/HS	\$17.18	\$13.14	\$10.01	\$6.87	\$0.57	Generic Substitution
Prevacid (Lansoprazole) Oral Capsule Delayed Release 15 MG - 1 Cap(s) QD/HS	\$145.89	\$103.24	\$70.07	\$36.90	\$4.86	Generic Substitution
CMP Vancomycin 1gm/250ml NSS - 1 QD/HS	\$831.90	\$582.33	\$388.22	\$194.11	\$27.73	IV
Total Cost	\$1,009.26	\$710.95	\$478.94	\$246.93	\$33.63	

** The provided information is intended to assist in approximating costs for preadmission analysis. Costs are subject to change and the patient's drug regimen may be changed by the physician after admission. Legend prescription may not be dispensed without a valid prescription from the physician.*
*** Regardless of Qty Per Administration, the estimated cost for NON IV products dispensed in Grams or Milliliters are calculated based on the full package size of a single Vial, Tube, bottle, etc. . . . If more than one package size will be needed for the estimated period, add that additional cost to the total Price Quote.*



Five Areas of Focus

- Formulary Management
 - Potential to:
 - Ensure quality of care
 - Improve outcomes for long-term care residents
 - Reduce total system costs

Reduce unnecessary costs for necessary medications

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Five Areas of Focus

- **Formulary Management**
 - Therapeutic Interchange programs
 - Chemically different, but therapeutically similar, to the medication prescribed
 - Well-being of resident primary consideration
 - Interdisciplinary approach
 - Consider consistency across payer types
 - Prospective intervention is optimal
 - Real time reporting tools to manage compliance

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Five Areas of Focus

- **Formulary Management**

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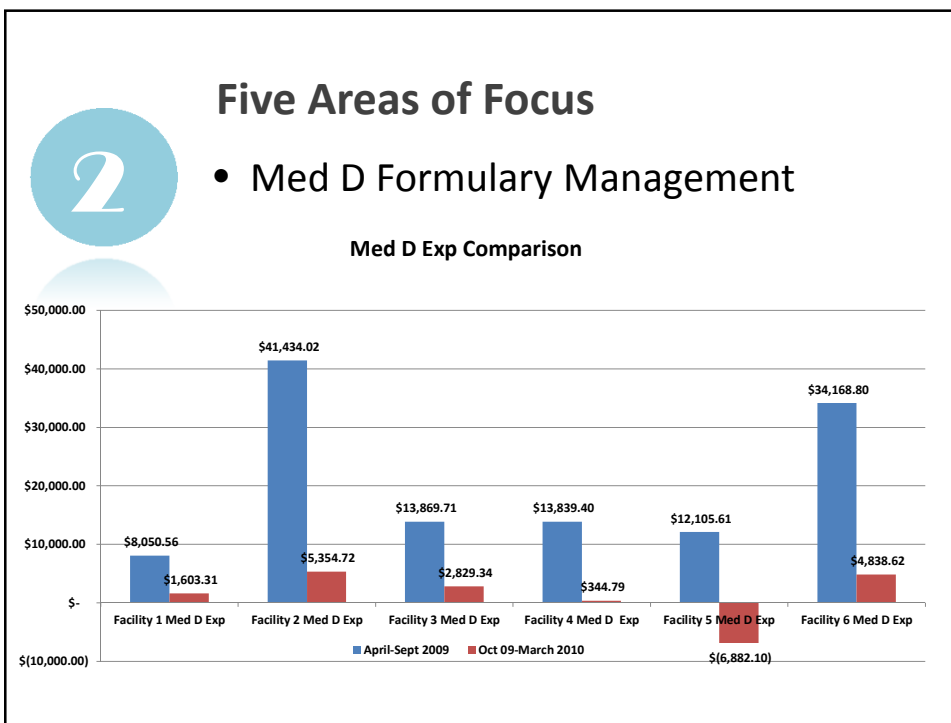
Therapeutic Interchange Opportunity Lost Report

Date Accepted	Patient Name	Staff Name	Order ID	Selected Agent	Suggested Interchange	Override Reason	Selected Price	Suggested Interchange Price	Lost Opportunity
10/2/2009 2:45:26 AM			85341	NexLUM Oral Capsule Delayed Release 40 MG	Omeprazole Oral Capsule Delayed Release 40 MG	current order	15.01	7.70	7.31
10/3/2009 6:43:16 AM			85519	Lexapro Oral Tablet 20 MG	Citalopram Hydrobromide Oral Tablet 40 MG	MD ORDERED	92.52	9.50	83.02
10/7/2009 2:50:55 AM			85853	Lexapro Oral Tablet 20 MG	Citalopram Hydrobromide Oral Tablet 40 MG	MD ORDER	92.52	9.50	83.02
10/10/2009 7:10:09 PM			86373	NexLUM Oral Capsule Delayed Release 40 MG	Omeprazole Oral Capsule Delayed Release 40 MG	no substitution	327.77	108.29	219.48
10/14/2009 7:11:22 AM			86709	Prevacid Oral Capsule Delayed Release 15 MG	Omeprazole Oral Capsule Delayed Release 20 MG	order	168.76	19.49	149.27
10/14/2009 7:17:23 AM			86711	Lexapro Oral Tablet 20 MG	Citalopram Hydrobromide Oral Tablet 40 MG	md order	92.52	9.50	83.02
10/30/2009 2:29:51 AM			88681	Prevacid Oral Capsule Delayed Release 30 MG	Omeprazole Oral Capsule Delayed Release 20 MG	patient and doctors approval	161.68	18.99	142.69
11/4/2009 2:02:55 PM			89227	Prevacid Oral Capsule Delayed Release 15 MG	Omeprazole Oral Capsule Delayed Release 20 MG	MD AWARE AND WANTS CURRENT ORDER	161.68	18.99	142.69
11/16/2009 10:22:54 PM			90234	Lexapro Oral Tablet 20 MG	Citalopram Hydrobromide Oral Tablet 40 MG	per md	88.49	9.00	79.49
11/19/2009 9:26:27 AM			90701	Protonix Oral Tablet Delayed Release 40 MG	Omeprazole Oral Capsule Delayed Release 40 MG	per md order	101.91	55.76	46.15

2

Five Areas of Focus

- Medicare Part D non-covered expense
 - Driven by physician and facility compliance with reimbursement requirements as defined by prescription drug plans
 - Prior authorization denials and/or clinically inappropriate medications will cause unnecessary Medicaid Rx expenses
 - Identify opportunities for pharmacy support



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Five Areas of Focus

- Unnecessary Drugs
 - F329: Each resident's drug regimen must be free from unnecessary drugs. An unnecessary drug is any drug when used:
 - In excessive dose (including duplicate therapy); or
 - For excessive duration; or
 - Without adequate monitoring; or
 - Without adequate indications for its use; or
 - In the presence of adverse consequences which indicate the dose should be reduced or discontinued; or
 - Any combinations of the reasons above

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5-Step Process

- Medical Director Involvement
 - F501: Medical Director involvement is critical as clinical acuity of resident population changes:
 - Provide physician performance guidance
 - Create systems to monitor practitioner performance
 - Facilitate practitioner feedback on performance and practice in accordance with practice standards

3

Five Areas of Focus

- Unnecessary Drugs
 - Therapeutic classes of focus
 - Proton pump inhibitors
 - ESAs
 - LMWHs
 - Antibiotics
 - Respiratory Agents

“...half of my residents were on Proton Pump Inhibitors (PPI). I was able to reduce usage by more than 80%. Not one of my residents has gone back on the medication.”

- DON, Millennium Customer

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5-Step Process

- 24-Hours Post-Admission:
 - Thorough clinical assesement to ensure appropriate care is ordered
 - Acute care admission H & P medications compared to current medication orders
 - PPI's
 - Respiratory Agents (Spiriva/Advair)
 - Medication orders to treat acute conditions evaluated for appropriateness and duration
 - Antibiotics, ESA's, LMWH's
 - Clinical monitoring, assessments and consults

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5-Step Process

- Daily “Medicare” Meetings
 - Incorporate revenue reporting initiatives with clinical and expense reporting
 - PPD by payor type
 - Unnecessary Drug reviews
 - New admission interdisciplinary clinical reviews
 - Engage all disciplines in clinical management initiatives

3

Five Areas of Focus

- Unnecessary Drugs

20 excessive doses of Lovenox (4 residents)	\$1,000.00
2 residents receiving Procrit	\$1,500.00
10 residents receiving omeprazole	<u>\$ 200.00</u>
Total monthly expense	\$2,700.00
20 MCA/MGD residents/day=610 patient days per month Eliminating unnecessary expense of \$2700.00	PPD Savings \$4.42

Five Areas of Focus: Unnecessary Drugs: Financial Management

Expense PPD		3 Month Prior	2 Month Prior	1 Month Prior	Current	Avg/ Month	Per Diem Rate	Variance to Per Diem Rate
Sample Home NC	MGD	\$138.95	\$218.13	\$124.91	\$89.62	\$142.90	\$33.99	(\$55.63)
Sample Facility NC	MGD	\$93.43	\$96.91	\$57.93	\$24.34	\$68.15	\$31.70	\$7.36
Sample Center NC	MGD	\$208.25	\$213.07	\$43.68	\$34.51	\$124.88	\$24.01	(\$10.50)
east Total	MGD	\$440.62	\$528.12	\$226.53	\$148.47	\$335.93	\$29.90	(\$19.59)
Sample Nursing NC	MGD	\$36.35	\$67.59	\$5.63			\$18.31	\$18.31
west Total	MGD	\$36.35	\$67.59	\$5.63			\$18.31	\$18.31
corp1 Total	MGD	\$476.97	\$595.70	\$232.16	\$148.47	\$335.93	\$27.00	(\$10.11)
Sample Home NC	MCA	\$31.53	\$35.83	\$35.26	\$34.79	\$34.35	\$33.99	(\$0.80)
Sample Facility NC	MCA	\$44.55	\$39.47	\$40.26	\$40.15	\$41.11	\$31.70	(\$8.45)
Sample Center NC	MCA	\$97.83	\$67.22	\$41.14	\$42.21	\$62.10	\$24.01	(\$18.20)
east Total	MCA	\$173.92	\$142.52	\$116.66	\$117.16	\$137.57	\$29.90	(\$9.15)
Sample Nursing NC	MCA	\$38.50	\$36.36	\$20.77	\$22.53	\$29.54	\$18.31	(\$4.22)
west Total	MCA	\$38.50	\$36.36	\$20.77	\$22.53	\$29.54	\$18.31	(\$4.22)
corp1 Total	MCA	\$212.42	\$178.89	\$137.43	\$139.69	\$167.11	\$27.00	(\$7.92)

Five Areas of Focus: Unnecessary Drugs: Clinical Management

Care Dashboard: Drug Utilization		Order Information					Active Res...		
Facility	Order Type	3 Month Prior	2 Month Prior	1 Month Prior	Current	Avg/ Month	3 Month Prior	2 Month Prior	1 Mo Pri
Sample Home NC	Antibiotics Orders	237	221	235	100	198.25	66	66	
Sample Facility NC	Antibiotics Orders	286	325	341	138	272.50	88	84	
Sample Center NC	Antibiotics Orders	151	149	163	74	134.25	46	49	
east Total	Antibiotics Orders	674	695	739	312	605.00	200	199	
Sample Nursing NC	Antibiotics Orders	107	111	115	52	96.25	32	42	
west Total	Antibiotics Orders	107	111	115	52	96.25	32	42	
corp1 Total	Antibiotics Orders	781	806	854	364	701.25	232	241	
Sample Home NC	Anticoagulation Orders	70	85	47	26	57.00	24	32	
Sample Facility NC	Anticoagulation Orders	116	98	111	41	91.50	22	23	
Sample Center NC	Anticoagulation Orders	64	60	92	43	64.75	25	19	
east Total	Anticoagulation Orders	250	243	250	110	213.25	71	74	
Sample Nursing NC	Anticoagulation Orders	141	137	131	49	114.50	27	39	

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Five Areas of Focus

- Medication Waste/Returns
 - The Patient Protection and Affordable Care Act
 - Signed into law in March 2010
 - Sec. 3310 requires “reducing wasteful dispensing of outpatient prescription drugs in long-term care facilities.”
 - Effective January 1, 2012
 - Will require uniform dispensing methods to residents taking Part D drugs; waste-reducing dispensing methods of daily, weekly or automated doses of medication to Part D enrollees in long-term care facilities

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Five Areas of Focus

- Medication Waste/Returns
 - Return States
 - Elimination of the need to manage returns for reimbursement
 - Non-return states
 - Reduction of disposal costs and time to manage disposal process
 - Less cost for all payor’s
 - Critical to coordinate with pharmacy provider consistent packaging for nursing



Five Focus Initiatives

- **Reimbursement Strategies**
 - Manage average daily PPD
 - Opportunity to increase census mix of higher acuity residents
 - Attract managed care providers and hospital referrals
 - Standardized clinical programs
 - Meet financial per-diem goals
 - Improve clinical outcomes
 - Reduce hospital readmissions

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Real-World Impact

- LTC corporation with over 100 facilities nationwide
- Wanted to continue a mission centered squarely on care
- Understood that focusing pharmacy services on care, financial performance should follow

Real-World Impact

- Implemented:
 - Just-in-time dispensing methodology
 - Computerized prescription ordering
 - Bedside medication and treatment administration
 - Electronic medical records and reporting
 - Formulary management
 - Clinical Management Programs

Real-World Impact

- Results:
 - Improved system for caregivers
 - Less medications in the buildings > \$14,000 per year savings in dispensing fees
 - Elimination of unnecessary drugs estimated > \$240,000 saving for just one class of medications (PPIs)
 - Focused on Medicare Part D reimbursement and reduction of non-covered meds > \$120,000 per year in non-covered claims

Healthcare is Changing

- Position your organization as a premier provider
- Prepare to care for more clinically complex residents
- Lead the industry in standardization of practice and proper management of healthcare system costs
- Provide a work environment that promotes employee satisfaction
- Create competitive market distinction