

HOW ONE HOSPITALS REDUCED EMPLOYEE BENEFIT COSTS WITH EMPLOYEE PHARMACY

Crisp Regional Health Services oversees a 200-bed hospital and its level 3 trauma center, and also offers a comprehensive network of health and social service facilities, including a home health program, a 143-bed nursing home, a retirement home, a hospice program, a dialysis facility, and rural health clinics

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Background

Crisp Regional Health's (CRH) CFO, Jessica Carter, attended a Q Consulting Services' webinar on Outpatient Pharmacy and saw some ways to better leverage the small outpatient pharmacy that CRH operated. After a call with Jessica, and the Director of Pharmacy, Whitney Brown, Q Consulting was engaged to evaluate a range of pharmacy opportunities, with the goal of finding new revenue streams, improving patient care and lowering pharmacy-related expenditures. In the interest of keeping this case study short, this case study focuses on the employee PBM analysis that was completed as part of the broader scope.

CRH's outpatient pharmacy had faced multiple years of losses; with much of it due to the structure of the employee pharmacy benefits program, employee pharmacy co-pay provisions, and inefficiencies in leveraging Crisp's 340B platform.

Management determined that they needed to turn this around while still providing a pharmacy with the ability to meet the healthcare needs of its employees. However, the health system lacked the internal expertise to drive the needed level of change.

Q Consulting found that a cost-effective model to deliver pharmacy benefits was achievable.

Challenges

- CRH had many elements in place to realize employee PBM savings via the outpatient pharmacy, but not all savings were being captured due to a lack of incentive for employees with their current deductible
- CRH was a 340B eligible hospital, but not many of the employees, or their dependents, had the required visits in place to have patient eligibility
- Determining if the savings found should be entirely passed along to employees, kept within the system or shared between employees and system

Solution

Q Consulting Services analyzed approximately 8,000 pharmacy benefit claims from the prior 12 months and recommended that the prescription benefit plan be restructured in a way that:

- Would save over 50% on existing employee drug costs
- Realize significant savings by incentivizing individuals to qualify and utilize CRH 340B qualified physicians



Crisp Regional Hospital's Pharmacy Team, led by Whitney Brown, Director of Pharmacy (3rd from right)

- Augment hospital savings by creating a mandate that specialty medications be purchased through the hospital pharmacy

Steps for Success

The biggest saving that was achieved was via the mandate that employees and dependents who utilize high cost prescriptions utilize the employee pharmacy. Further, where 340B savings would be substantial, then incentivize employees to undertake the necessary visits at eligible sites so that their prescriptions could be filled at 340B prices. This primarily included patients who were on specialty medications, as well as diabetes drugs.

In order to maximize savings, the HR Department began by marketing the 340B pharmacy benefit savings to CRH employees and provided educational materials on how the program would require things like referral agreements be put in place between the CRH clinician and non-affiliated specialists. Q Consulting also worked with CRH to ensure that their 340B policies and procedures accurately reflected the referral agreement arrangement.

The pharmacy team also wanted to emphasize how continuity of care would improve with a centralized CRH clinician overseeing their employee's medication needs and was a critical step to ensuring that physicians were comfortable with a CRH clinician coordinating employee's medications.

Co-Pay Structure

- A qualifying 340B prescription would have a \$5 copay, regardless of medication cost
- Prescriptions over \$25, that are not 340B, have a 10% markup
- Prescriptions under \$25, that are not 340B have a \$5 copay

Results

CRH Administration elected to pass most of the savings along to their employees, as the hospital had been forced to reduce several other benefits, due to cost pressures, and felt that this was a way to help balance these cuts. Fortunately, they were able to do this, while also keeping the employee pharmacy at break-even, thereby turning around the losses they had been experiencing