

Pharmacy Cost Containment Strategies

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Finance 101: Take Inventory

- Know where you are
 - Bench mark Cost P+L
 - Cost per Pt Inpatient/Outpatient
 - Special Areas
 - CMI
 - Top FIVE Therapeutic areas

Basic Step #1...

- Procurement
 - Prime vendor
 - Contracts
 - Formulary-Market Share opportunities
 - GPO/340
 - Rebates
 - Penny Buys
 - Patient Assistant Program

Basics Step # 2...

- Audit
 - Procurement
 - Contracts
 - Service
 - Are you **Optimizines**
 - Assessment
 - Continuous assessment

Next three slides topics

- Example (use picture, and example)
- Perform Higher (state what this means in ROI)
- Antibiotic Cost (give graph showing contrasting expenses)

Antibiotic Perils

- Why is the issue of antibiotic important to you and your organization (resistance)
- Prevent Infections
- Diagnose & treat infections effectively
- Use Antimicrobials wisely
- Prevent Transmission

Challenges and Pitfalls... “Tales from the Dark Side”

- How many patient died last year as a result of infection, Length of Stay
-
- Challenges faced by Organizational Leadership
-
- Financial impact of Antibiotic Resistance

Antibiotic stewardship

- Insert Description of this concept and primer

Benchmarking By DRG

- Make graph

2008 CMS Claims

DRG 871Septicemia w/o MV 96h+

DRG 870 Seticemia w MV
96H+

Challenges on the Path to Higher Performance

- Benchmarks
- Budget
- Outcome Measures
- Regulatory Compliance
- Payor variability and restrictions

Therapeutic Conversion

	Annualized Savings
<u>Standardization of Therapeutic Equivalence Savings</u>	
Generic Adenosine, dipyridamole vs. Lexiscan	\$ 626,000
Cervidil – use ¼ tablet of Cytotec	\$ 461,000
Spiriva vs. Artrovent	\$ 344,000
Celexa vs. Lexapro	\$ 264,000
Use IV Vancocin for oral use vs Vancosin capsule	\$ 184,000
Anesthesia Gases – Standardize to Sevoflurane (80% market share)	<u>\$ 184,000</u>
Total Standardization of Therapeutic Equivalence Savings	\$ 2,063,000

Inpatient Bench mark

Inpatient Cardinal spend by Rx/Pt/Day							
HHC- Cardinal spend	FY July-Feb 10 Average Daily cost per bed						
July-Feb 2010 Inpatient Data ONLY Facility	Feb 2010 ONLY All Meds /bed/day	ALL Med/bed/ day (includes Antibiotic, Psych,)	Anti Infective	Psych	Biotec Reds+W hite	LMWh	Monthly Inpatient spend Feb-10
Inpatient Over-all	\$37.52	\$39.78	\$10.92	\$3.95	\$1.00	\$3.56	\$4,139,804
Hospital 1	\$39.27	\$35.30	\$8.38	\$4.78	\$0.02	\$2.73	\$733,334
Hospital 2	\$32.08	\$39.70	\$10.32	\$4.10	\$0.68	\$1.71	\$445,499
Hospital 3	\$52.82	\$60.34	\$21.34	\$2.44	\$2.23	\$6.74	\$498,377
Hospital 4	\$49.32	\$49.03	\$14.76	\$3.75	\$0.97	\$6.60	\$310,707
Hospital 5	\$21.74	\$39.94	\$11.49	\$2.41	\$1.89	\$4.96	\$238,609
Hospital 6	\$39.52	\$38.08	\$8.98	\$5.47	\$0.81	\$5.32	\$586,520
Hospital 7	\$48.08	\$39.79	\$10.42	\$2.06	\$0.59	\$3.71	\$387,749
Hospital 8	\$39.80	\$30.73	\$7.23	\$5.16	\$0.75	\$0.70	\$283,059
Hospital 9	\$22.81	\$31.71	\$8.23	\$3.85	\$2.03	\$2.11	\$97,717
Hospital 10	\$31.74	\$38.02	\$8.24	\$4.06	\$0.55	\$2.80	\$233,719
Hospital 11	\$34.49	\$36.28	\$12.81	\$3.71	\$1.84	\$1.67	\$324,513
Other Inpatient	\$23.11	\$23.27	\$8.75	\$2.14	\$1.39	\$1.62	\$1,759,232
LTC 1	\$19.46	\$19.08	\$10.70	\$2.49	\$0.89	\$0.47	\$540,976.11
Ltc 2	\$35.86	\$31.25	\$13.61	\$1.37	\$2.55	\$3.13	\$910,619.57
LTC 3	\$7.80	\$36.70	\$2.53	\$5.46	\$0.26	\$0.15	\$44,979.27
LTC 4	\$18.33	\$16.31	\$0.59	\$0.62	\$1.16	\$3.16	\$161,653.92
LTC 5	\$12.10	\$10.93	\$0.49	\$2.58	\$0.55	\$0.18	\$101,003.02

Outpatient

Outpatient CARDINAL spend by Visits

	Feb Cost Rx/visit	July-Feb 10 Cost/Visit	Cardinal spend FEB	Cardinal spend July-FEB	Vi sits Feb	Visits July-FEB 2010
Over-all Acute	\$11.01	\$11.75	\$4,628,314.86	\$43,271,388.42	400,894	3,496,362
Hospital 1	\$21.73	\$19.23	\$958,784	\$7,703,781	44,123	400,627
Hospital 2	\$8.98	\$10.69	\$467,403	\$4,862,630	52,078	454,910
Hospital 3	\$14.23	\$14.71	\$372,264	\$3,420,503	26,167	232,487
Hospital 4	\$8.28	\$9.61	\$193,093	\$2,137,405	23,330	222,526
Hospital 5	\$6.10	\$9.36	\$212,364	\$2,958,847	34,836	316,025
Hospital 6	\$13.66	\$15.07	\$766,438	\$7,250,570	56,128	481,053
Hospital 7	\$9.48	\$9.55	\$388,124	\$3,429,232	40,953	359,038
Hospital 8	\$11.35	\$10.94	\$360,189	\$2,995,601	31,733	273,785
Hospital 9	\$1.50	\$2.35	\$33,581	\$379,179	22,455	161,060
Hospital 10	\$17.30	\$17.95	\$564,718	\$5,102,544	32,634	284,318
Hospital 11	\$8.54	\$9.76	\$311,357	\$3,031,096	36,457	310,533
Over-all D+Tc	\$7.44	\$6.81	\$356,719.54	\$2,397,148.60	50,698	447,474
D&T	\$4.24	\$5.47	\$28,684.42	\$333,501.76	6,763	61,019
D&T	\$7.88	\$8.19	\$49,374.08	\$473,945.70	6,266	57,855
D&T	\$8.19	\$6.56	\$41,626.34	\$284,087.13	5,085	43,292
D&T	\$9.43	\$7.01	\$77,797.71	\$505,328.18	8,246	72,116
D&T	\$6.54	\$3.75	\$159,236.99	\$800,285.83	24,338	213,192

Missed Opportunities

Review Period: Jan 2010 - Mar 2010								
CIN	Generic Name	Trade Name	Vendor	Contract	Contract Group	Units	Dollars	Missed Opportunity
3705555	PIPERACILLIN/AZOBACTAM	ZOSYN 3-0.375GM	WYT	Y	WYETH ZOSYN A80643-1	670	\$93,371	
4036984		ZOSYN 3-0.375GM	ATX	Y	PREM ACUTE/NON-RETAIL		\$81,050	\$12,321
2998813	SEVOFLURANE	ULTANE PEN BTL	ABB	Y	PREM ABBOTT-ULTANE 06074067	210	\$27,096	
3975554		ULTANE PEN BTL	RXG	Y	PREM ACUTE/NON-RETAIL		\$22,050	\$5,046
3708989	CHLOROTHIAZIDE SODIUM	DIURIL SODIUM	OVA	N	N/A	65	\$22,693	
4261186		DIURIL SODIUM	APP	Y	PREM ACUTE/NON-RETAIL		\$18,366	\$4,328
3705548	PIPERACILLIN/AZOBACTAM	ZOSYN 2-0.25GM	WYT	Y	WYETH ZOSYN A80643-1	200	\$19,870	
4036976		ZOSYN 2-0.25GM	ATX	Y	PREM ACUTE/NON-RETAIL		\$16,130	\$3,740
3708955	BENZTROPINE MESYLATE	COGENTIN	OVA	N	N/A	18	\$7,378	
4266953		COGENTIN	WIN	Y	PREM ACUTE/NON-RETAIL		\$4,140	\$3,238
3705563	PIPERACILLIN/AZOBACTAM	ZOSYN 4-0.5GM	WYT	Y	WYETH ZOSYN A80643-1	139	\$23,816	
4036992		ZOSYN 4-0.5GM	ATX	Y	PREM ACUTE/NON-RETAIL		\$21,293	\$2,522
4063400	PROPOFOL	DIPRIVAN DSHP	APP	Y	PREM-DSH INPATIENT	88	\$3,704	
3990405		DIPRIVAN DSHP	TSI	Y	MINNESOTA MULTISTATE		\$2,475	\$1,228
4064051	PROPOFOL	DIPRIVAN DSHP	APP	Y	PREM-DSH INPATIENT	30	\$2,534	
3726338		DIPRIVAN DSHP	HWI	Y	MINNESOTA MULTISTATE		\$1,539	\$995
3990397		DIPRIVAN DSHP	TSI	Y	PREM ACUTE/NON-RETAIL		\$1,688	
4282919		DIPRIVAN DSHP	APP	Y	PREM ACUTE/NON-RETAIL		\$2,070	
2502540	CEFEPIME HCL	MAXIPIME	ELN	Y	NYCHHC IN-PATIENT	6	\$1,270	
3962834		MAXIPIME	ATX	Y	PREM ACUTE/NON-RETAIL		\$510	
4061693		MAXIPIME	APP	Y	PREM ACUTE/NON-RETAIL		\$492	
4067427		MAXIPIME	SGT	Y	PREM-DSH INPATIENT		\$421	\$849
4212767	NOREPINEPHRINE BITARTRATE	LEVOPHED BITART	HWI	N	N/A	45	\$1,115	
3474061		LEVOPHED BITART	TSI	Y	PREM ACUTE/NON-RETAIL		\$638	\$477
3532843		LEVOPHED BITART	BFL	Y	PREM-DSH INPATIENT		\$932	
Totals:						1471	\$202,847	\$34,745