

# Clinical Pharmacy – Business Innovation

Ideas for a better bottom line



# Financial Pressures

- Accountable Care
- Value Based Purchasing
- Competitive Markets
- Shrinking Margins
- Payor Initiatives
- Health System Specific Goals



# Accountable Care (ish)

- An accountable care organization (ACO) is a type of payment and delivery reform model that starts to tie provider reimbursements to quality metrics and reductions in the total cost of care for an assigned population of patients. A group of coordinated health care providers form an ACO, which then provides care to a group of patients.

**Federal officials believe they (ACO's) could save Medicare up to **\$960 million over three years****





# Value Based Purchasing

- Many hospitals may be in for a rude awakening **on Oct. 1, 2012**, when Medicare institutes the national hospital value-based purchasing (VBP) program mandated by the Patient Protection and Affordable Care Act (PPACA). In a national analysis of hospital performance, Irving, Texas-based VHA Inc. recently calculated a national median VBP score of 53, when hospitals likely will need scores higher than 70 to maximize their Medicare reimbursements.

Fierce – Healthcare Finance 2011

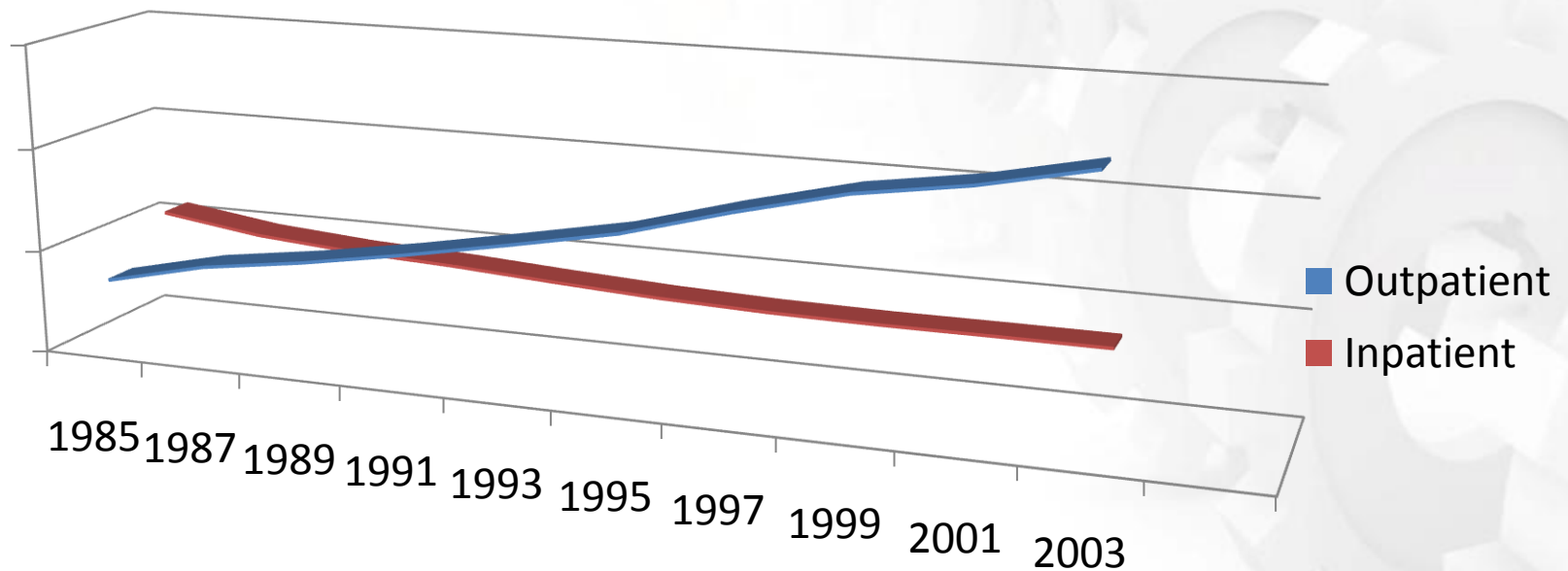
- Under reform, "everybody loses," said Andrews, who was a co-author of the study. "Seventy-five percent of hospitals face losses." He offered some sobering financial projections for Medicare's VBP program. **Hospitals face an average VBP revenue risk of \$888,812 in 2012 and \$6.67 million over five years.** The median VBP risk is \$250,415 for 2012 and \$1.88 million over five years.

Hal Andrews – Total Innovation Group

**75% of Hospitals Face LOSSES !!!!!**

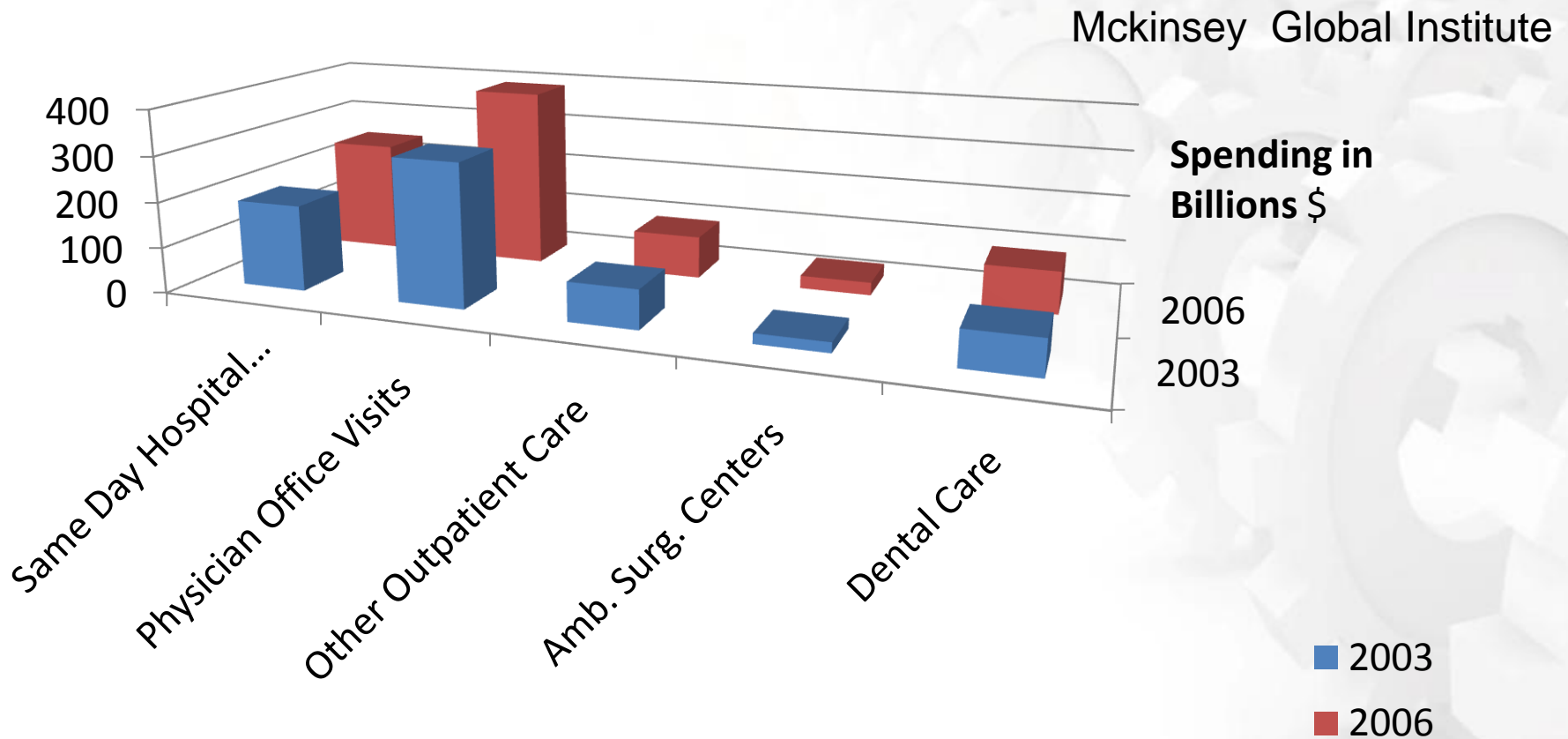
# Paradigm Shift

## Healthcare Procedure Rates Per 1000 Patients

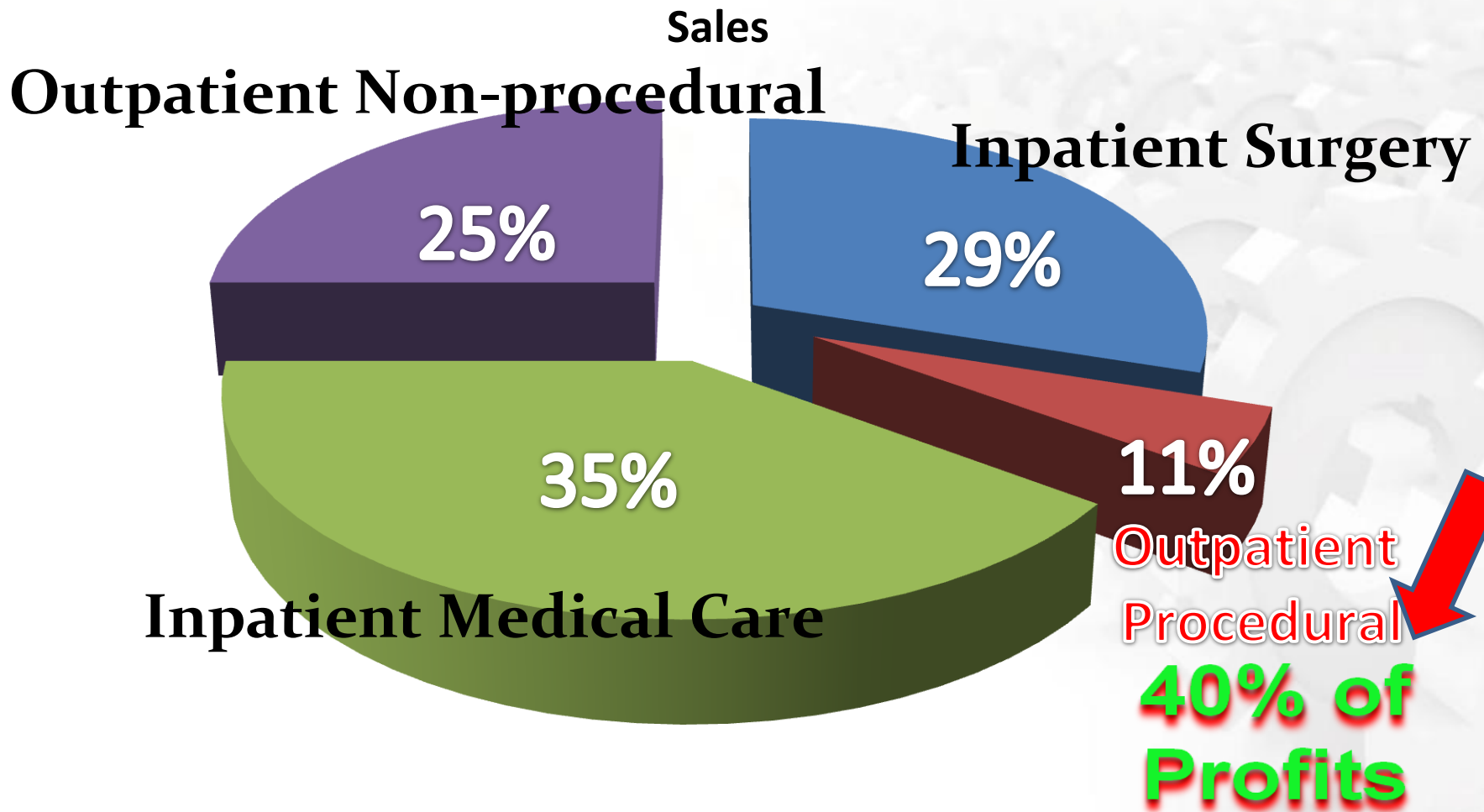


# Healthcare Procedure Rates Per 1000 Patients

- Same-day hospital care and physician office visits are driving overall growth in outpatient spending

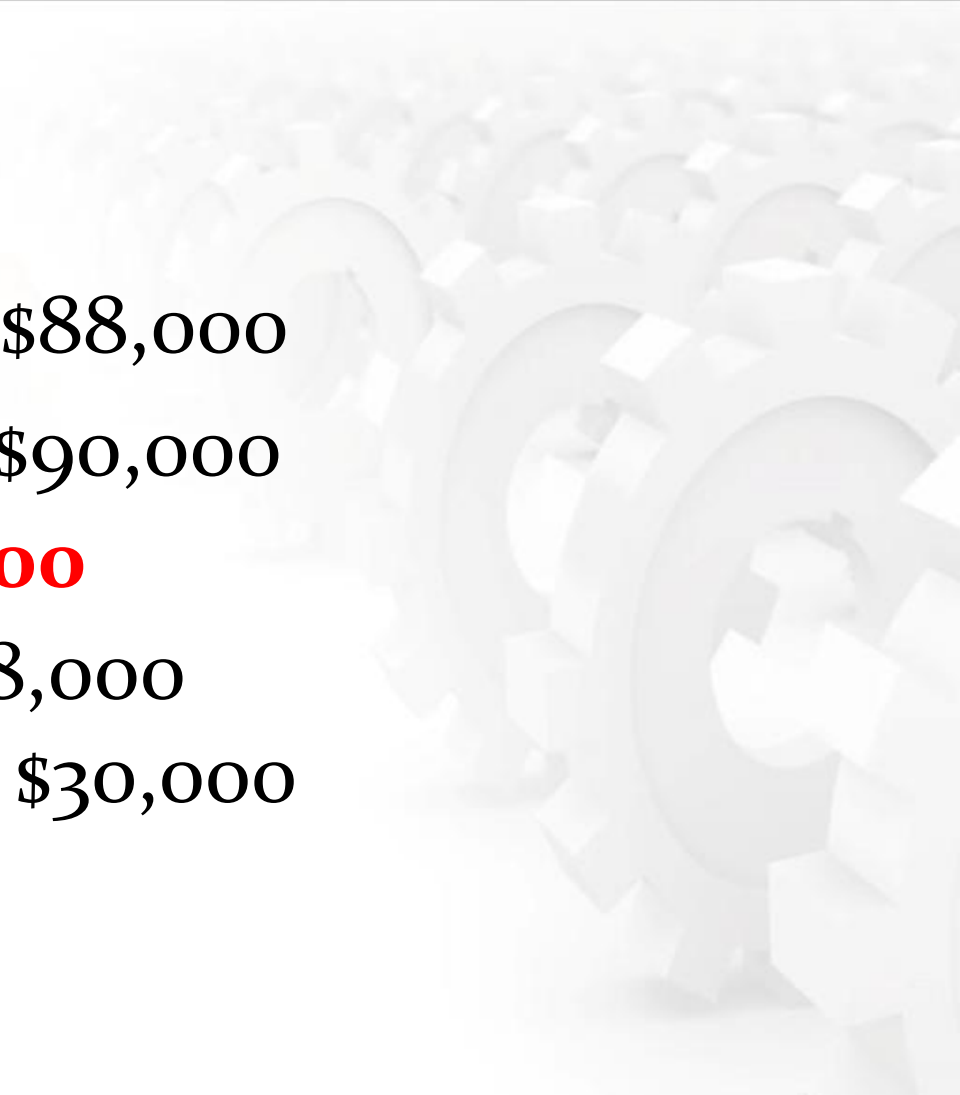


# Percentage of Hospital Contribution to Profits






# Pharmacist Salaries

- Physicians - \$186,044
  - Physician's Assistant- \$88,000
  - Nurse Practitioners – \$90,000
  - Pharmacists - **\$100,000**
  - Physical Therapist - \$88,000
  - Pharmacy Technician - \$30,000
- 



# Rethinking Pharmacy

- Completely Embrace Technology
  - Pharmacist as Practitioner
  - Collaborative Practice Mindset
  - Refocused Manpower
  - Pharmacist as a Corporate Resource
  - Redefined Roles and Partnerships
- 

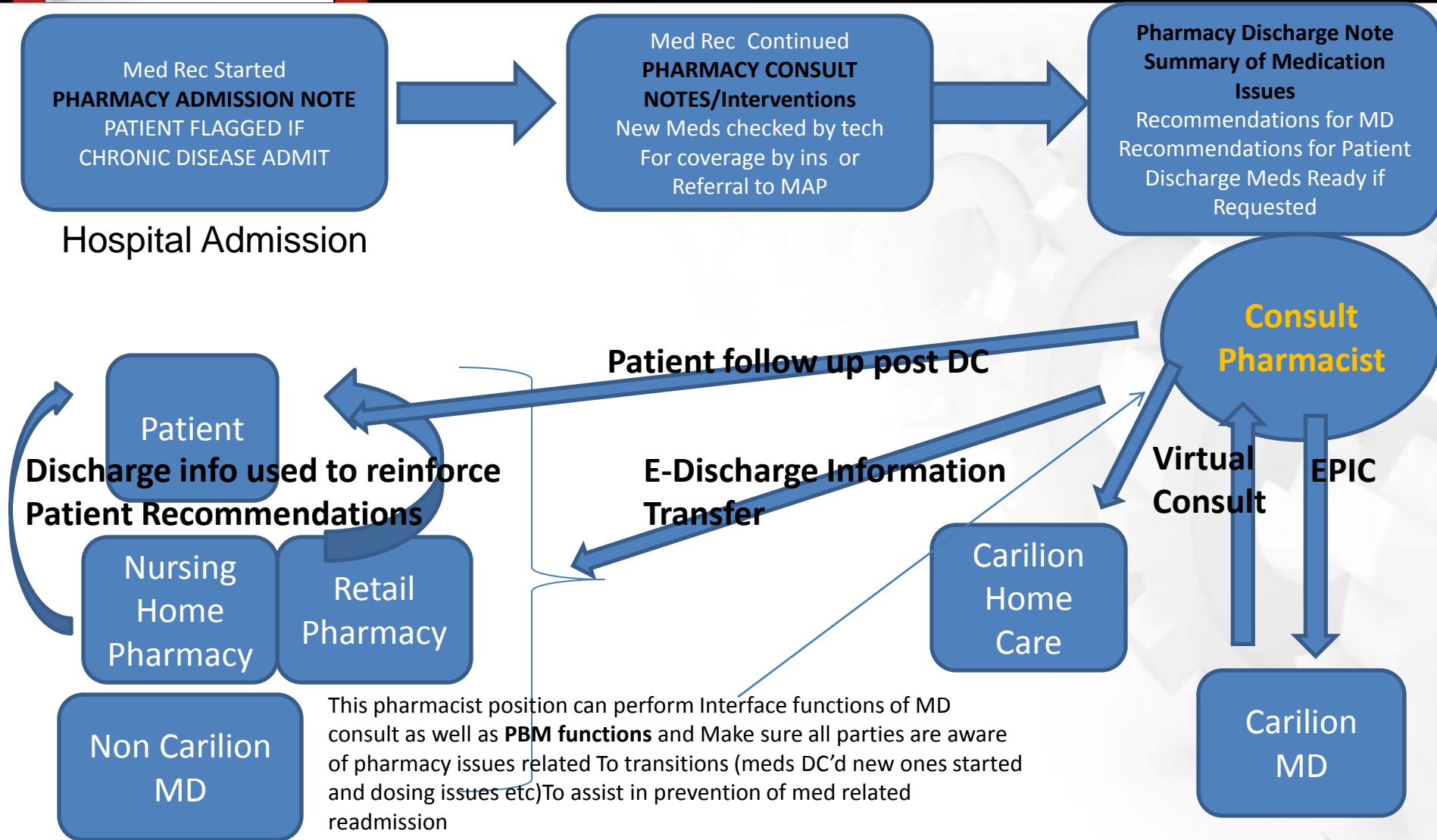


# Closed Loop Pharmacy





# Retooled Workflows





# Reallocation of Resources?

- The biggest cost savings in future reimbursement models comes from keeping patients out of hospitals, and that reduces the hospitals' revenue

What will this mean to traditional staffing levels and models?

- Constant or shrinking percentages of resources utilized for Inpatient Care (as a percentage)
- Increase Focus on Outpatient Services
- Changing/Evolving Clinical Business Model
- Difficult Decisions





# The Bottom Line

- The current and future economic environment will require pharmacists to participate in direct patient care and impact outcomes across the continuum of care or face shrinking percentages of FTE's per patient census

**Think Beyond The Walls**





# Pharmacy's Role in Cost

- 1. Minimize Cost of Products – Formulary?\***
- 2. Minimize Cost of Doing Business – People**
- 3. Help Maximize Outcomes\***
- 4. Help Maximize Patient Throughput**





# Profound Impact

- In 2000, approximately 125 million Americans (**45% of the population**) had chronic conditions and 61 million (**21% of the population**) had multiple chronic conditions.



**78%**

of health spending  
is devoted to people with  
chronic conditions

There is **NO BETTER PLACE** for  
a good clinical pharmacist than working  
with patient's with chronic disease  
who's primary Treatment is a DRUG



# HOW MUCH?????!!!!

In 2008 The United States Spent **2.8**

**Trillion Dollars**

For Healthcare

**80%**

Was for issues related to  
Chronic Disease

What if Pharmacist could make just a 5%  
Impact on that figure?

**\$ 100 BILLION**



# The Future is NOW

# Thank You



He is so full of it!

He might have a point!

For This I shaved?

I have Questions!

Let's Do THIS!!

When's Break?