

Is Your Hospital a Good Fit for Specialty Pharmacy?

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INTRODUCTION

As pharmaceutical companies continue their laser focus on developing specialty medications for complex chronic diseases, hospitals and health systems are under increasing pressure to provide these life-saving medications to their patients. It is estimated that specialty medications will represent more than half of all pharmacy plan spend by 2020. With traditional and generic drug spend trend essentially flat, hospitals are looking to establish or expand specialty pharmacy services in order to tap into new sources of revenue, maintain better cost controls and improve clinical quality. But how do you know if your hospital is a good fit for specialty pharmacy services?

SPECIALTY PHARMACY CHALLENGES

While evaluating the opportunity to expand or establish specialty pharmacy services, hospital executives first need to be aware of the unique challenges that come with specialty pharmacy:

- *While specialty medications to treat cancer and autoimmune diseases are expected to continue to dominate the market, these medications come at a high price, most over \$2,000 per fill.ⁱ*
- *Fewer than 2 percent of the patient population requires specialty medication.*
- *Specialty medications bring with them complex administration and compliance responsibilities.*
- *With more medications being approved for smaller patient populations, pharma continues moving toward limited distribution, often making it difficult for hospital pharmacies to provide these life-saving medications for their patients.ⁱⁱ*

ⁱ Toich, Laurie. "Drug Pricing Concerns for Specialty Pharmacy." Specialty Pharmacy Times, January 26, 2018. <https://www.specialtypharmacytimes.com/publications/specialty-pharmacy-times/2017/assembly-2017/drug-pricing-concerns-for-specialty-pharmacy>. Accessed 3.12.18

ⁱⁱ Steiber, Dan, RPh. "Top Trends for 2018 in Specialty." Specialty Pharmacy Times, January 26, 2018. <https://www.specialtypharmacytimes.com/publications/specialty-pharmacy-times/2018/january-2018/top-trends-for-2018-in-specialty->

HOSPITAL PATIENT POPULATION

Hospitals are well aligned to serve specialty patients by providing a continuity of care that supports medication adherence and reduced readmission rates. Ideal hospital candidates for establishing or expanding specialty pharmacy services should have a critical mass of specialty patients already in place.

Your facility may be a strong candidate for success in specialty pharmacy services if you:

- Currently serve outpatients with chronic, complex diseases;
- Have an onsite chemotherapy infusion center; and
- Have specialty physicians on contract with the hospital.

340B COVERED ENTITIES

Hospitals participating in the 340B Drug Pricing Program may have access to specialty medications at discounted prices for underserved patients requiring specialty medications. Savings from the 340B program can help leverage hospital resources to reduce per-patient costs, making 340B eligibility an important part of an effective specialty pharmacy strategy.

Note that 340B hospitals must identify and manage complex compliance and regulatory issues and be prepared for a HRSA audit at any time. Though 340B eligibility requires continual administrative effort, when it comes to specialty pharmacy, the benefits of 340B eligibility to the hospital's bottom line and patient population are significant.

ONSITE RETAIL PHARMACY

To be well positioned for specialty pharmacy services, hospitals and health systems should have a retail pharmacy in place. If one does not currently exist, it can be created in order to set the hospital on the right path for delivering specialty pharmacy services.

Hospitals looking to provide specialty medications without an onsite retail pharmacy are reliant on third party pharmacies to provide specialty medications to their patients. This scenario creates fragmentation in patient care resulting in higher readmissions and lower medication adherence.

A hospital-owned retail pharmacy creates the infrastructure necessary to provide services for specialty pharmacy patients. Some specialty medications have special handling and storage requirements that can be controlled by an onsite retail pharmacy.

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SUMMARY

In order to stay viable, hospital and health system executives are recognizing the critical economic benefits of specialty pharmacy services to the bottom line. Though the issue of specialty pharmacy is complicated, the return on investment can be significant for the right organization and the patients they serve. Be sure to choose a strong specialty pharmacy partner to help guide you through best practices and a specialty pharmacy presence that the hospital owns and benefits from financially, clinically and operationally.

For more information on how the CPS SPARX Team can help your organization, visit: cpssparx.com