Investing in specialty pharmacy is a win for health systems

Integrated specialty pharmacy services can be an all-around winning strategy for health systems. Health system-owned specialty pharmacies (SPs) have an unique advantage over external SPs in that they can closely coordinate care with physicians through the health system's EHR. This provides a more coordinated care experience, leading to improved provider and patient satisfaction, lower total costs of care for highcost patients, and verified clinical value. System-owned SPs also typically yield robust financial margins. However, success requires investing in the right SP team, which may include dedicated staff or external partners.

Improved provider satisfaction

- Gives providers confidence that they will be notified of clinical concerns related to patient treatment
- Enhances clinic workflow and increases capacity when pharmacists manage patient follow-up visits during treatment
- · Lessens burden on clinic staff to manage prior authorizations and help patients navigate specialty pharmacy hurdles

• Reduces burden on patients to coordinate between provider clinic and pharmacy

Improved patient satisfaction

 Enables patients to start life-saving medications sooner, because pharmacy staff have direct EHR access and specialized expertise to quickly process prior authorization requests

52 days

reduction in time to medication approval for hepatitis C patients using Vanderbilt University Medical Center's SP (average of 67 days for patients with external SPs reduced to 15 days for patients with Vanderbilt's SP)1

Lower costs for patients on high-cost medications

- Cuts spending on ineffective or unnecessary medications due to patient adherence challenges, suboptimal prescribing, or uncoordinated therapy changes
- Lowers patient out-of-pocket costs by incentivizing specialty pharmacy staff to actively monitor sources of financial assistance

\$0.38

average specialty drug copay for patients of Southern Ohio Medical Center's SP in April 2019 (compared with the national average copay of \$99 for specialty medications)²

94.1%

of referring providers to UW Health's SP said that the service either met or exceeded their expectations

Robust financial

margin contribution

- Decreases employee pharmacy benefit costs by leveraging the health system's preferred pricing and eliminating intermediaries
- · Generates a reliable revenue stream for most institutions, though actual profit margin varies based on payer mix, patient populations served, and availability of preferred pricing opportunities
- Subsidizes additional pharmacy services such as population health management, clinical pharmacy services, and medication discount programs

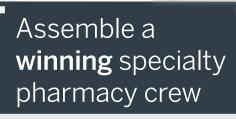
35%

typical contribution margin per specialty pharmacy prescription with 340B pricing (5% margin without access to 340B pricing)

Verified clinical value

- Supports strong clinical outcomes, often mimicking—or even beating outcomes seen under "ideal" conditions in clinical trials
- Reduces ED visits and inpatient admissions due to poorly managed patient side effects and treatment delays

lower emergency department utilization among Cleveland Clinic employee health plan members using Cleveland Clinic's SP than an outside SP³





Data analysts

Ensure the program meets reporting requirements, and innovate on ways to collaborate with payers and manufacturers around outcomes





Collaborate with providers to integrate specialty pharmacy into patient care pathways, provide patient education, manage side effects, and support adherence



IT staff

Support integrated communication and workflows between pharmacy and clinics; build data collection capabilities to meet needs of accrediting bodies, manufacturers, and payers



Contract manager

Supports payer contract negotiations and annual recredentialing; a dedicated pharmacy role ensures efficient processes



Executive sponsor

Understands the SP business and serves as an advocate with both the C-suite and providers



Pharmacy technicians

Process prior authorizations and medication assistance requests; communicate regularly with patients; alert pharmacists to any issues or concerns; dispense medications



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- Bagwell, et al., "Advancing Patient Care Through Specialty Pharmacy Services in an Academic Health System," J Manag Care Spec Pharm, 2017 Aug;23(8):815-820, https://doi.org/10.18553/jmcp.2017.23.8.815).
 Kaiser Family Foundation, 2018 Employer Health Benefits Survey, https://www.kff.org/health-costs/report/2018-employer-health-benefits-survey/.

 Knoer S, Rough S, "Specialty Pharmacy: A Key to Organizational Success in Population Health Management," Becker Hospital Review, https://www.beckershospitalreview.com/pdfs/conferences/3_Wednesday_November_9th/wed_405pm_F_Knoer_Rough_Specialty%20Pharmacy.pdf.