



REGIONAL HEALTH SYSTEM

A non-profit health system of 17 hospitals, 100 physician practices, a network of community health centers, mountain clinics, and urgent and emergency care facilities in Colorado and western Kansas.



CASE STUDY

A PROVEN SYSTEM TO DRIVE RESULTS

THE CHALLENGE

As a regional health system picked up more entities and patients, the product-service mix was unstable and resources varied greatly across the 17 locations. Each entity functioned under separate systems creating inconsistency throughout the entire health system. The system was missing out on substantial opportunities to capitalize on revenue and reduce costs, as it lacked the infrastructure to identify them. Without integrating a cohesive corporate structure to regulate pharmacy operations, the system would continue to experience instability and financial losses. It was paramount to create a new approach to pharmacy that would unify the health system with a focus on value, care delivery processes, and the health of populations.

THE APPROACH

Leading with the Patient

Establishing a unique patient-centered approach to pharmacy enabled the system to focus on achieving cost reduction, improving quality metrics and operating with greater integration and productivity. Instead of buying individually, the system leveraged its purchasing power and coordinated efforts across the 17 facilities and associated entities.

Key stakeholders from the health system and pharmacy department provided valuable insight that helped create a strategy which maximized efficiency and met the needs of site personnel. Cost analysis was performed to determine the best in-class vendors based on the size of the facility, patient population, and local pharmacy marketplace.

An analysis of pharmacy billing practices showed that the use of numerous billing methods led to inordinate and inconsistent charges across multiple facilities, disparately impacting patients, particularly the uninsured. Contract renegotiations resulted in standardized billing methods across sites, increased transparency, reduced costs and increased revenue. Transparent and standardized billing across the system also increased patient satisfaction. Through coordination of efforts across sites and a focus on patient satisfaction, the system was able to get insurers to lower prices. Ultimately, the system was better able to consistently deliver patient-focused and high-quality care.

THE RESULTS

Optimizing Pharmacy

- Developed a comprehensive 340B program to optimize compliance, costs, and revenue. Successful implementation in collaboration with all sites generated \$10M in savings and \$2M in revenue.
- Increased pharmacy site 340B program participation from 1 site to 10 facilities.
- Created a central self-distribution center that engaged new health system decision makers and reduced costs by \$2M.
- Implemented a PBM strategy, which saved 12.5% on \$30M book of business.
- Achieved a master redesign across specialty Rx and infusion systems that capitalized on an opportunity of \$650M with net margin of 11.5%.
- Successfully integrated a standardized EHR platform and pharmacy charge master dictionary (CMD) to help with real time billing and charging. The redesign improved efficiency through automation of processes.

