

CONSIDERATIONS FOR RETAIL LTC COMBO SHOPS



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COURSE DESCRIPTION / LEARNING OBJECTIVES

- Course will cover aspects of the business that will need to be considered when considering Retail LTC Combo for your pharmacy.
- We will outline the differences between Retail LTC Combo Shop Pharmacy and Closed LTC door Pharmacy.
- What types of services you will be required to provide.
- What are the differences between Buying Groups and Group Purchasing Organizations (GPOs)?
- Financial opportunities and risks.
- How to evaluate your financial opportunities in servicing LTC patients and how to mitigate the potential risks.

WHAT IS THE DEFINITION OF A RETAIL COMBO PHARMACY ?

Retail “Open Door” Pharmacy that is servicing eligible patients that are in Long-Term-Care facilities.

- Services only a limited amount of patients in these settings

Operates under one SBOP/DEA license

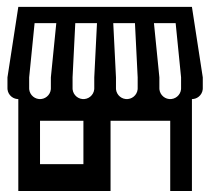
Isn't ready or interested in incurring the additional costs of going fully “Closed Door”

- Additional pharmacy location
- Separate staffing model
- Pharmacy system & other operational costs
- Automation
- Marketing costs

LTC MARKETPLACE OVERVIEW

The Long-Term Care Customer

Closed-door pharmacy



Nursing Homes, Skilled Nursing Facilities, Assisted Living Facilities, Mental Health/Mental Retardation, Developmentally Disabled Facilities, Hospice, Correctional Facilities



In 2018, there were around 1,500 LTC pharmacy locations.



In 2018, the average LTC pharmacy servicing 1500 to 3000 beds had \$5 to \$15M prescription revenue and filled around 11 to 13 prescriptions per patient per month. NCPA estimates the cost to dispense for LTC pharmacies is 25% more than retail pharmacies (*Retail independents dispensed 59,746 prescriptions*).



LTC Pharmacy spending has increased over the last four years. In 2014, it was a little over \$4.8M and in 2018, the average total annual spend per pharmacy is around \$6.2M, this increase is primarily due to emerging brand products in categories such as Multiple Sclerosis and typical market brand inflation.

Therapeutic Categories Representing Top Sales



Resources: MHA, Drug Channels Institute

AAP
AMERICAN ASSOCIATED PHARMACIES

AAP
Virtual CEs

LTC CLOSED DOOR VERSUS COMBO-SHOP PHARMACY

What are the differences between a true closed door LTC pharmacy and a retail combo-shop pharmacy?



LTC CLOSED DOOR VERSUS COMBO SHOP PHARMACY

Closed-door LTC

Little to no signage outside

Not open to walk-in traffic

Often a warehouse type of setting

Secure or locked entrance

Service long-term-care facilities only

- Skilled Nursing Facilities
- Assisted Living Facilities
- Mental Health Facilities
- Hospice
- Correctional Facilities

High adoption of automation technology

NCPDP taxonomy of Long-term Care pharmacy

Retail combo shop

Traditional retail pharmacy with signage outside

Accept walk-in traffic

Service traditional retail prescriptions along with some long-term care facilities or patients

Low to medium automation technology

NCPDP taxonomy of Community retail pharmacy



WHAT ARE THE OPPORTUNITIES FOR RETAIL COMBO ?

Expanded customer access

- Aging population moving to LTC settings
- Nontraditional care settings – Mental Health, Correctional
- Emergence of the “at-Home” model

Increased Reimbursement

- Access to LTC Rates for Medicare Plan D Plans
 - Increase dispensing fee
- Reduced DIR Fees – LTC claims

Improved Cost of Goods

- Branded Rx Manufacturer Contracts – Off Invoice
- Branded Rx Manufacturer Rebates - Quarterly

WHAT IS REQUIRED TO GAIN ACCESS TO COMBO PROGRAMS

Retail pharmacy that services patients that medically unable come to the pharmacy and that are in the following care settings:

- Assisted Living Facilities (ALF)
- Skilled Nursing Facilities (SNF)
- Group/Personal Care Homes
- Correctional Facilities
- Intermediate Care Facilities – ICF-IID
- Hospice
- Independent Living/Medical at home
- Developmentally Disabled Group Homes
- Chronic Psychiatric Facilities

WHAT ARE THE REQUIREMENTS TO GAIN ACCESS TO LTC COMBO PROGRAMS

CMS Guidelines

Comprehensive Inventory and Inventory Capacity

- Formulary drugs commonly used in the LTC setting

Pharmacy Operations and Prescription Orders

- Drug Utilization Review (DUR)
- Procedure manuals & Training LTC Facility staff

Special Packaging

- i.e. Compliance packaging

IV Medications

- Capacity to provide IV medications

Compounding/Alternate Forms of Drug Composition

Pharmacist On-call Service

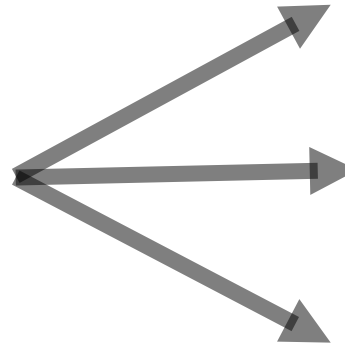
- 24 hours a day / 7 days a week

Emergency Boxes & Emergency Logbooks

Miscellaneous Reporting, forms & Prescription ordering supplies



WHO ARE THE RETAIL LTC COMBO GPO'S ?



WHAT IS THE DIFFERENCE BETWEEN A GPO VERSUS BUYING GROUP

Group Purchasing Organization (GPO)

- Negotiate prices with drug manufacturers
- Portfolio of contracted prices passed onto members
- Include contract prices for both brand and generic products
- Pharmacy still negotiates deal / agreement with wholesaler
- Services such as PSAO, reconciliation, reporting, etc. for alternate care pharmacies

Buying Groups

- Negotiates buy plan with **wholesalers** on behalf of members
- Utilize wholesaler's generic portfolio (i.e. AAP SOURCE, etc.)
- Structured deal for individual pharmacy and pharmacy group (common ownership)
- Services such as PSAO, reconciliation, reporting for retail pharmacies



GROUP PURCHASING ORGANIZATIONS – (GPO'S)

Who are the Long-Term Care GPO's ?

- GeriMed
- Managed Health Care Associates (MHA)
- Premier (Innovatix)

What are the services that they provide ?

- Industry Expertise
- Manufacturer Contracts
- PSAO support
- Marketing information
- Sample contracting
- Reimbursement services



WHAT ARE THE 3RD PARTY CONTRACTING OPTIONS FOR COMBO?

Retail PSAO's

Additional contracting for LTC services – attestation required

- LeaderNET/MSInterNET
- Arete
- PPOK

Long-Term Care GPO PSAO's

- Requires separate NPI/NCPDP credentialing
- Pharmacy should evaluate PSAO contracting
- Pharmacy system partition needed

MEDICARE PART D LTC COMBO SHOP – LEADERNET / MSINTERNET

By the numbers

14

PBMs in LeaderNET/MSInterNet contracts have Med D LTC networks

10

CMS requirements pharmacies must attest to

2

months for PBMs to recognize LTC affiliation

MEDICARE PART D LTC COMBO SHOP – LEADERNET / MSINTERNET

By the numbers

45%

of pharmacists provide LTC services to their patients

457

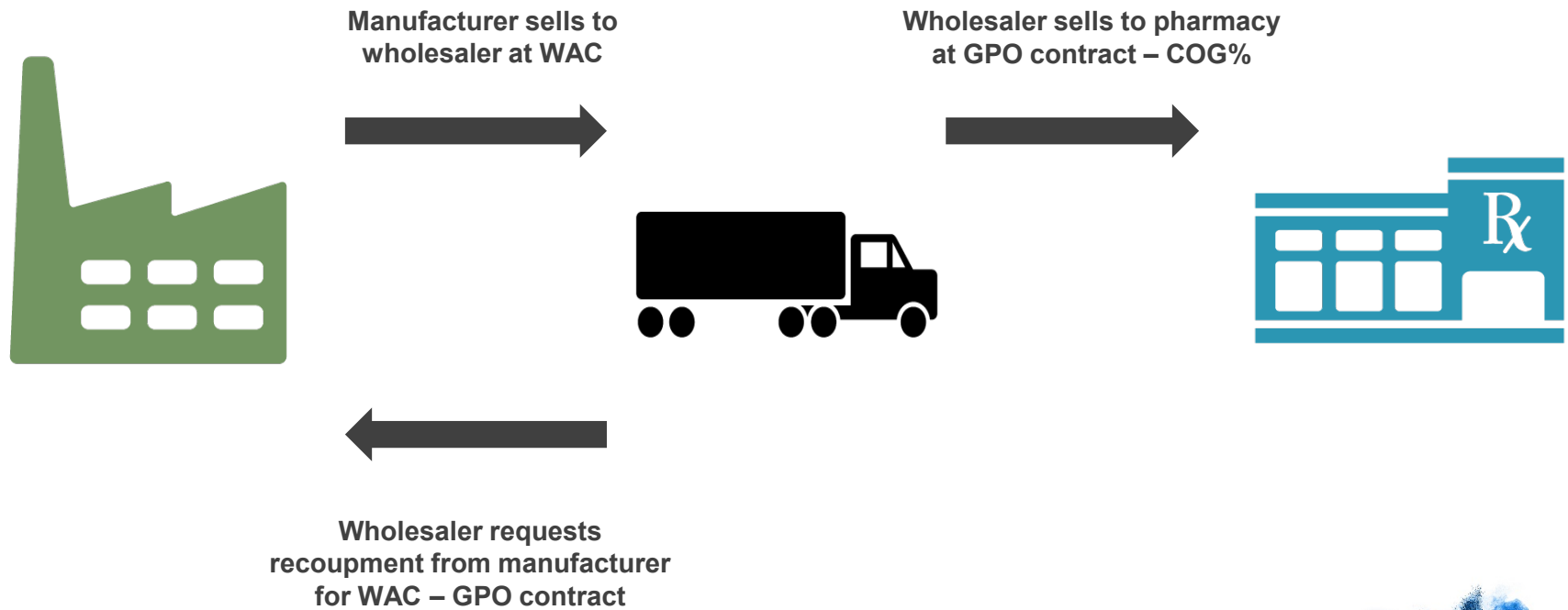
LeaderNET / MSInterNet pharmacies utilize Medicare Part D LTC combo shop solution

15,000

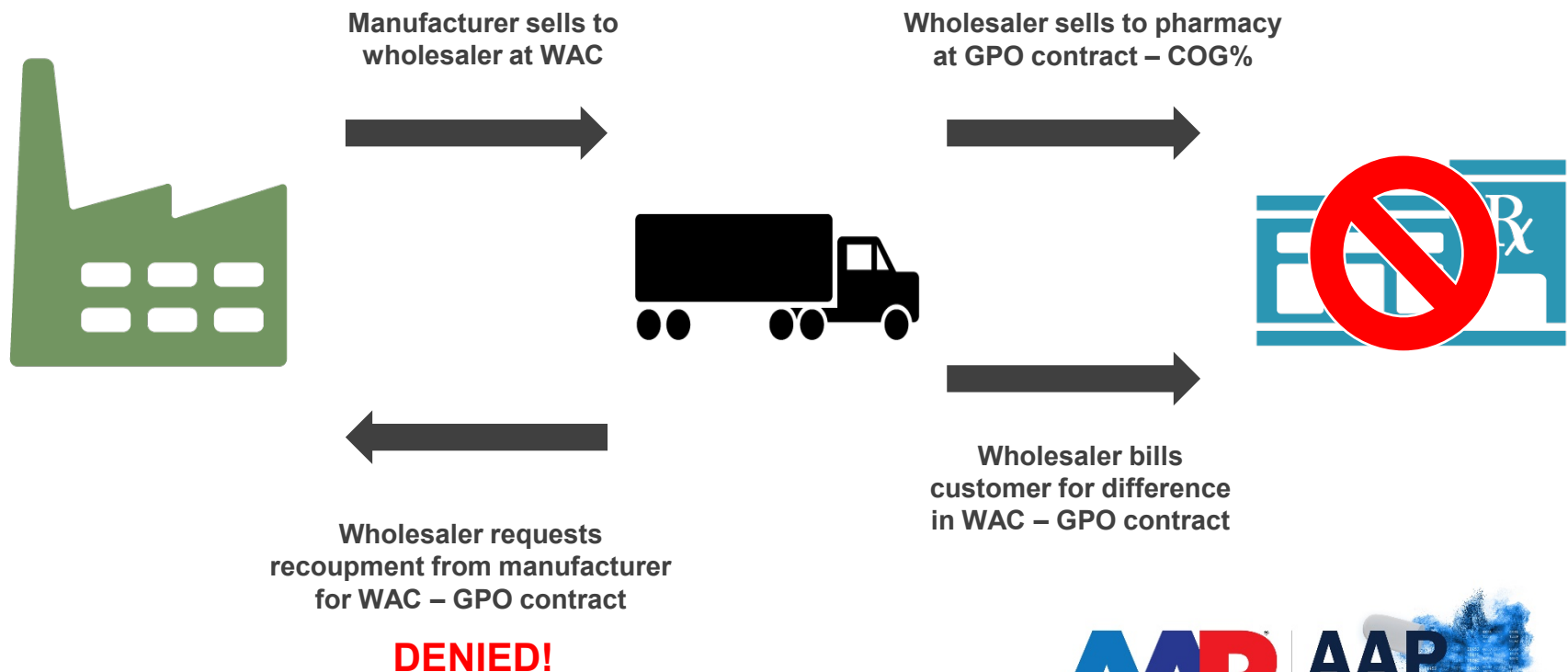
Skilled nursing facilities (SNFs) serviced Medicare Part D covered stays in 2018



MANUFACTURER CONTRACTING - CHARGE BACK



MANUFACTURER CONTRACT - CHARGE BACK DENIAL



RECAP & REVIEW

Customer considerations

Is your pharmacy servicing patients that reside LTC settings?

- ALF, SNF, or other eligible location

Is your pharmacy capable to fulfill the 10 CMS requirements?

GPO program fees - Is there a fee to join a GPO combo program?

What are the specific \$\$ savings for the GPO manufacturer contracts?

Does the pharmacy have space for separate inventory?

Customer risks

Manufacturer chargebacks

PBM / payor audit risk

ADDITIONAL INDUSTRY RESOURCES

NCPA – LTC

<https://ncpa.org/ltc>



Senior Care Pharmacy Coalition (SCPC)

<https://seniorcarepharmacies.org/>

