Developing a Business Plan to Expand Pharmacy Services

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I have no conflicts of interest or financial disclosures

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Following this presentation participants will be able to:

- Identify opportunities to expand pharmacy services

- Describe key components of a well-designed business plan

- Identify measures of success that will produce a positive return on investment

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Identify Opportunity

"It is not the strongest of the species that survive, nor the most intelligent that survives, but the one most responsive to change." 　　　　　- Charles Darwin

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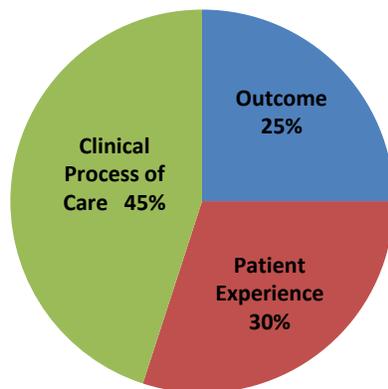## Identify opportunities to expand pharmacy services

Change is a certainty – We must be positioned to capitalize on opportunities as they emerge.

- Quality & Safety
  – 1999 IOM Report: *To Err is Human: Building a Safer Health System*
- Regulatory changes
  – TJC NPSGs: Reduce harm associated with anticoagulants, Med Rec
- Financial climate
  – Payment shifted from quantity to quality
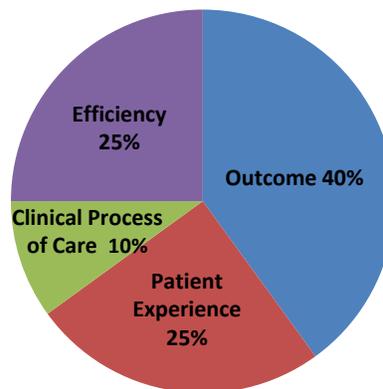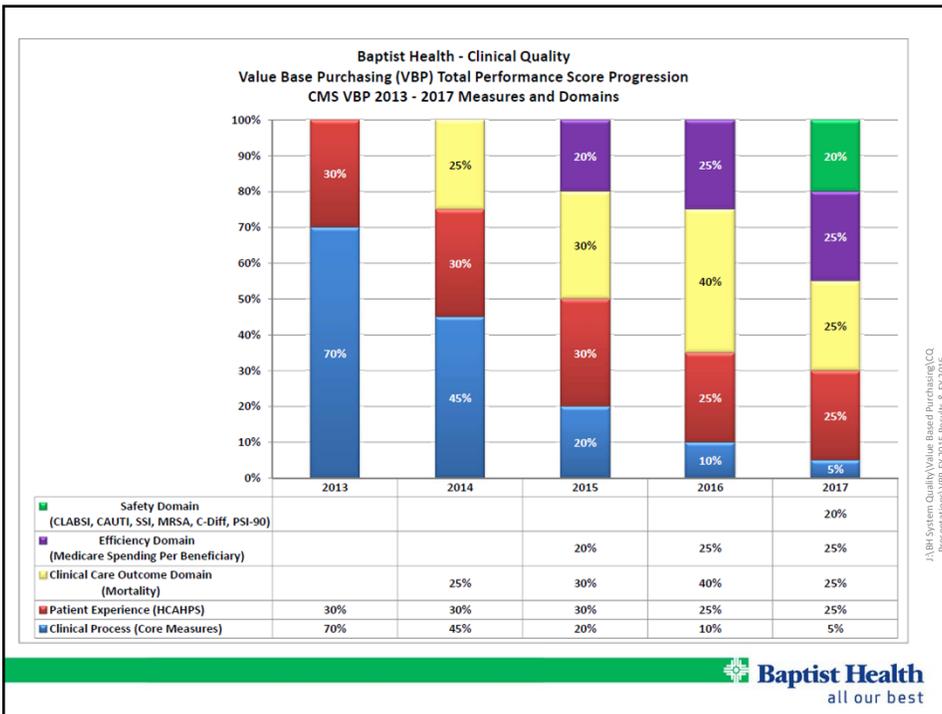 – VBP metrics shifting from process to outcomes

- **Anticipate change**

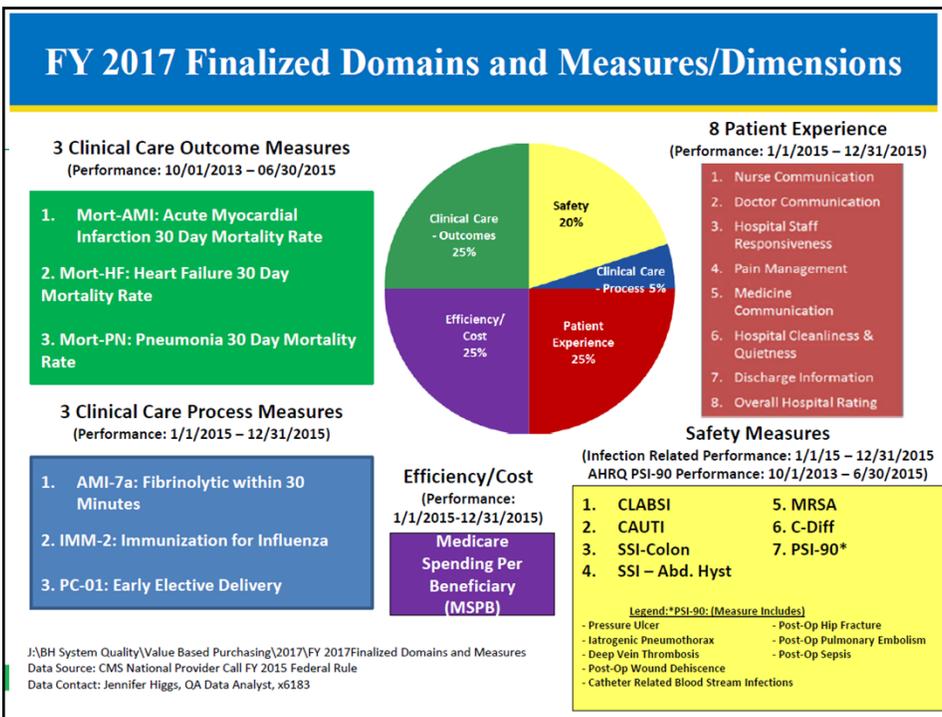**Baptist Health**
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Evolution of Value Based Purchasing

FY 2014 Measures & Domains   **FY 2016 Measures & Domains**

FY 2014: Outcome 25%, Clinical Process of Care 45%, Patient Experience 30%

FY 2016: Efficiency 25%, Outcome 40%, Clinical Process of Care 10%, Patient Experience 25%
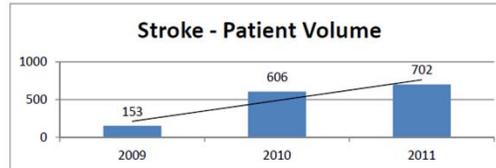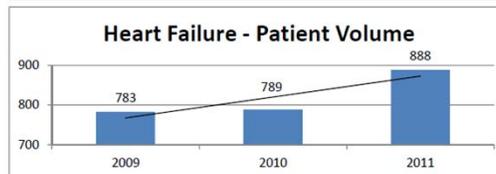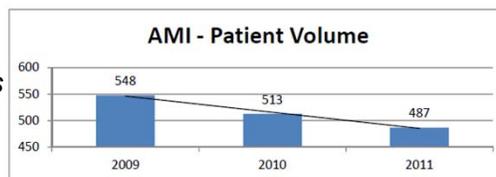
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Identify opportunities to expand pharmacy services

- **Areas for possible expansion / business plan development**
  - New pharmacy service
  - Expansion of existing services
  - Justification to continue established services or staffing levels
- **Conduct a needs assessment** (GAP analysis, SWOT, etc.)
  - Describe current state vs ideal state
  - Identify and describe the gap
  - List factors responsible for the gap
  - Outline all possible remedies for bridging the gap
- **Align with organization's strategic plan**
- **Align with national health care and professional directives**

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Identify opportunities to expand pharmacy services

Align with your organization's strategic plan and needs

AMI - Patient Volume

548	513	487
2009	2010	2011

Heart Failure - Patient Volume

783	789	888
2009	2010	2011

Stroke - Patient Volume

153	606	702
2009	2010	2011

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Identify opportunities to expand pharmacy services

Align with national health care and professional directives

- Affordable Care Act, Accountable Care and Value Based Purchasing
  - Bundled payment and cost containment
  - Quality = Outcomes and wellness
- ASHP PPMI[1]
  - Drug Therapy Management Complexity Score Index
- ASHP Pharmacy Forecast [2]
  - An environmental scan of trends that are likely to have a major impact on the future of health-system pharmacy practice
- ACCP Guideline[3] – Standards of Practice for Clinical Pharmacists
  - Eight standards outlining expectations for clinical pharmacists
  - Define what the public, policy-makers, and administrators should expect of clinical pharmacists

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[1] AJHP Volume 68, 2011
[2] www.ashpfoundation.org/pharmacyforecast
[3] Pharmacotherapy Volume 34, Number 8, 2014

HCAHPS Patient Experience Survey = **Opportunity**

- Composed of 8 Domains
  - Nurse Communication
  - Doctor Communication
  - Hospital staff responsiveness
  - Pain Management
  - **Communication About Medicines (Q16 & Q17)**
  - Hospital Cleanliness & Quietness
  - **Discharge Information (Q25)**
  - Overall Hospital Rating
- Inclusion Criteria: $\geq$ 18 yo who had at least 1 overnight stay
- Exclusion Criteria: DC to Hospice, NH, SNF, prisoners

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Identify Opportunity

- Medication Questions Domain

16. **Before giving you any new medicine, how often did hospital staff tell you what the medicine was for?**
   [1] ☐ Never
   [2] ☐ Sometimes
   [3] ☐ Usually
   [4] ☐ Always

17. **Before giving you any new medicine, how often did hospital staff describe possible side effects in a way you could understand?**
   [1] ☐ Never
   [2] ☐ Sometimes
   [3] ☐ Usually
   [4] ☐ Always

25. **When I left the hospital, I clearly understood the purpose for taking each of my medications.**
   [1] 0 Strongly disagree
   [2] 0 Disagree
   [3] 0 Agree
   [4] 0 Strongly agree
   [5] 0 I was not given any medication when I left the hospital

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BHMC-LR Pharmacy Expands HCAHPS DC Medication Counseling to 9A, 7B, & 5A Starting June 1st

Medication Communication Domain Scores and Percentile Rankings

	5A Neurology	7B Pulmonary	9A Cardiac
1Q14	58.3 (19th)	52.3 (4th)	55.7 (10th)
2Q14	63.9 (80th)	64.3 (54th)	60.6 (28th)

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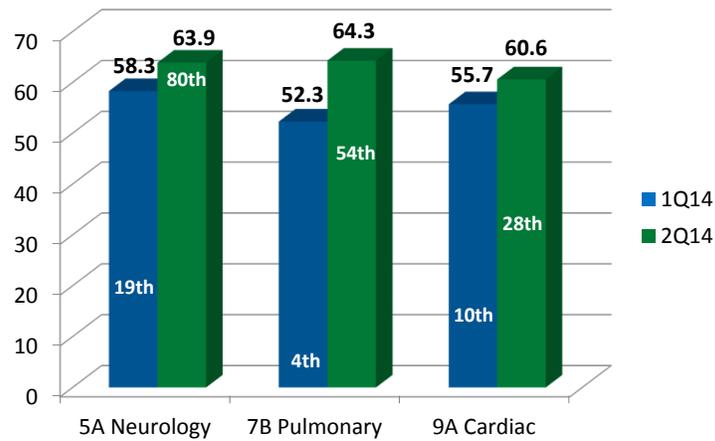
Look for Opportunity to Impact Bottom Line

CMS Hospital Readmissions Reduction Program

Goal = lower 30-day hospital readmissions

FY 2013 penalty max 1%
held per Medicare claim
• Heart Failure, Pneumonia, AMI

FY 2014 penalty max 2%

FY 2015 penalty max 3%!

http://cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html/

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Is a Written Business Plan Necessary?

- Improve your odds of success
- An often overlooked preparatory step
- A detailed outline of your idea
- Defines current practice and articulates future vision
- Acts as a communication tool, management tool, and planning tool
- Engages the C-suite in language they understand

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Who should write the business plan?

- Ideally a team based approach
- Benefits of a planning team
  - Creates more momentum
  - Better overall design (more well thought out, well rounded)
- Composition
  - Key stakeholders
  - Subject matter expert in the specific clinical area
  - Someone with a strong financial background
  - End users (those who will practice in the final program)

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Components of a Well-Designed Business Plan

"Give me six hours to chop down a tree and I will spend the first four sharpening the axe." - Abraham Lincoln

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Preparing to write a business plan

- **Start with a good idea**
  - Create a unique service that stands out in the marketplace
  - Model your plan after another with proven success
  - Determine what services are compensated by third-party payers
- **Develop a Mission or Purpose Statement**
  - Describe the new service, what you intend to accomplish, and for whom it will be provided
- **Gather supporting literature and data**
  - Resources for writing a business plan
  - Data to support your idea

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Key components of a business plan

- Cover and title page
- Executive summary
- Background
- Proposal of services
- Benefits
- Financial analysis
- Measures of Success
- Summary

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Executive Summary

- The first thing that is read – *and sometimes the last*

- Succinct overview of present status and future direction
- Highlights key points in the plan
- Summarizes the main objectives and purpose
- Explains financial and professional targets

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Executive Summary - Example

PROPOSAL: Expansion of Postgraduate Year One (PGY1) Pharmacy Residency Program
EXECUTIVE SUMMARY

PURPOSE:
RESIDENT'S PERSPECTIVE
PGY1 residency programs provide an opportunity for accelerated professional growth and learning beyond entry-level professional competence (through interdisciplinary supervised practice) in patient centered care and in pharmacy operational services, and to further the development of leadership skills that can be applied in any position and in any practice setting.

ORGANIZATION'S PERSPECTIVE
PGY1 residency programs ensure the development of highly qualified pharmacists. In addition, the sponsoring organization benefits through the contributions of the resident's projects improving the quality of patient care, decreasing overall costs, and increasing compliance with CMS Core Measures.

BENEFITS:
- Advancement in professionalism for all disciplines (e.g., pharmacy, nursing, physicians, etc.)
- Increase number and quality of patient care initiatives/services
  * Medication protocols
  * Restrictive formulary
  * Antimicrobial stewardship
  * CMS Core Measure compliance
  * Achieving VBP quality metrics
- Advance the pharmacy staff's clinical skills and level of engagement
- Recognition (national and local) for advancing the quality of patient care
- Staffing of distributive and clinical pharmacy shifts (required component of program)
- Community outreach – staffing an indigent care clinic (required component of program)

FINANCIALS:
Resident's salary, benefits, memberships, travel and office supplies   COST: $53,970/year
Medicare: Pass through graduate medical education   REIMBURSEMENT: $103,981/year

TIMELINE:
November 2011
- Discussion with appropriate representative from Patient Accounts Department
- Assemble Pharmacy Residency Work Group, comprised of selected pharmacists
July 2012
- Begin residency program with the first BHMC-NLR PGY-1 pharmacy resident
- Apply for candidate status (accreditation) with ASHP and begin document preparation for on-site survey
January 2013
- BHMC-LR applies for pre-candidate status (accreditation) with ASHP
February 2013
- Conduct interviews of qualified residency candidates
March 2013
- Participate in post-Match scramble
- Extend an offer for the residency position to a highly-qualified candidate
July 2013
- Begin residency program with one pharmacy resident per central AR BH campus
April 2013
- BHMC-LR undergoes two-day on-site ASHP survey for full residency program accreditation
- BHMC-NLR receives official notice of full accreditation status for 6 year cycle
June 2014
- Proposal to Senior Administration to expand to two PGY-1 residents per central AR BH campus

ADDITIONAL RESOURCES:
http://www.ashp.org/menu/Accreditation/ResidencyAccreditation.aspx

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Background

- Describe why the program is needed
- Define the service to be provided
- Cite examples of similar programs if available
- Provide background information about the population served, disease states, treatments, compliance rates, and effect of intervention as applicable

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Background

Purpose: *To expand the existing ASHP-accredited PGY1 residency program from 2 to 4 positions.*

BH benefits through the residents' contributions of residency projects improving quality of care, decreasing overall costs and increasing regulatory compliance while being fully funded via Medicare pass-through funding.

Investment in the program's development and accreditation will yield greater return with the addition of a second resident at LR and NLR.

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Proposal

- Format
  - Written with the audience (stakeholder) in mind
  - Business-professional style vs scientific paper
  - Include bullet points, figures, tables
- Outline proposed service
  - Services to be provided
  - Hours of coverage
- Emphasize the program's uniqueness and the positive outcomes projected

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Benefits

- Highlight benefits based on organizational goals
  - Patient safety
  - Patient satisfaction
  - Quality improvement
  - Regulatory compliance
  - Improved efficiency
  - Reduced readmission rates
  - Reduced length of stay
  - Better transitions of care
  - Cost savings / avoidance

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Financial analysis

- Proposal will ultimately be judged on its financial viability
- Consider the financial risk and opportunity cost
- Outline the costs or investments required
- Project the financial benefits
- Estimate realistic payback time
- Calculate ROI = Net Income / Amount Invested

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Financial analysis

- Identify program costs
  - Salary and benefits
  - Need for capital equipment, IT, office space, etc
- Project program benefits
  - *Cost avoidance "Soft" dollars*
  - Cost savings *"Hard" dollars*
  - Pay for performance
  - Revenue generation
- Improve the odds by minimizing the investment while highlighting the potential benefits **(Pilot Project)**

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Emergency Medicine Pharmacy Services Pilot Project

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Proposal

- Pilot project – Implement ED pharmacy services

- *An ED pharmacist and technician would be uniquely positioned to improved medication therapy oversight and transitions of care, improve drug information access, reduced costs and improved patient satisfaction and therapeutic outcomes.*

- Resources - PGY-1 Pharmacy Resident and IPPE students
- Timeline
  – February 2014: Meet with ED Physician and Nurse leaders
  – March – April 2014: Outline scope of duties and outcomes to measure
  – May-June 2014: Implement pilot and document outcomes
- Financial Investment in Pilot = Zero

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Benefits:
ED Pharmacist & Med Rec Technician

- Reduced medication errors, Improved patient safety and therapeutic outcomes
- Focused medication counseling and improved customer satisfaction
- Reduced unnecessary readmission rates
- Improved patient flow through the ED / avoid unnecessary admissions
- More timely and safe medication prescribing and administration
- More timely initiation of evidence-based treatment orders (eg Severe Sepsis, CAP, Stroke)
- Ready source of drug information for ED physicians and nurses
- Reduced drug costs through more cost effective utilization
- Prescriber education and cost awareness

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Measures of Success

"In God we trust, all others bring data."
— W. Edwards Deming

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Measures of Success

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Measures of Success

- Must align with benchmarks important to stakeholders
- Must translate the clinical value of pharmacist services into economic value

Valued by Pharmacist	Valued by CEO / CFO
Number of Interventions	Reducing total pharmacy costs
Number of recommendations accepted	Reducing total hospital costs
Number of ADEs prevented	Reducing costs *beyond* the cost of the service provided

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Measures of Success

- What indicators will be used
  - Process measures
  - Outcome data
- Who will be responsible for data and reporting
  - Pharmacist providing the service
  - Pharmacy manager
- How often will you measure and report
  - Monthly, Quarterly, etc.
- How will the outcomes be shared
  - Formal report, Dashboard, etc.

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ED Pharmacist & Med Rec Technician
Services Provided - Associated Benefits:

- **Medication Reconciliation – Quality and Safety**
  - More accurate prior to admission medication and drug allergy history
  - Reduction in med rec errors, decreasing risk for adverse drug events

- **Drug information / Evidence based medicine – Quality and Satisfaction**
  - PharmD as ready and reliable source of drug info for ED Physicians
  - Ongoing continuing education on new therapies and/or treatment protocols
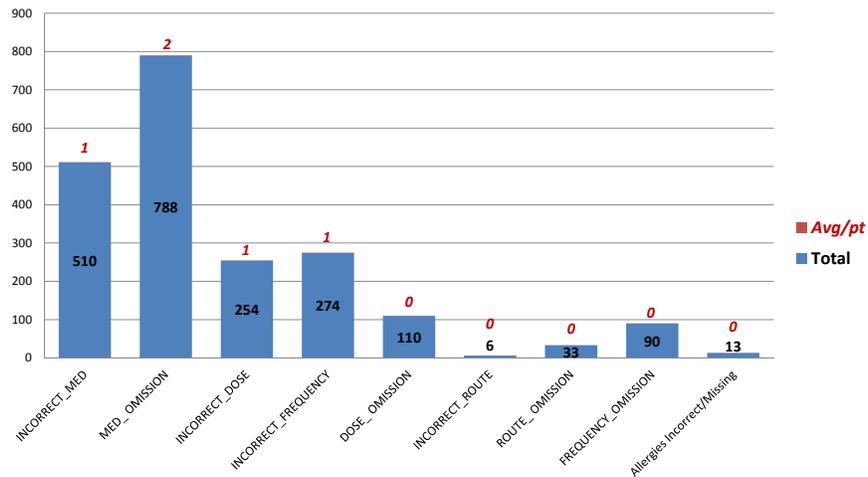 - Earlier initiation of evidence based treatment orders

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ED Pharmacist & Med Rec Technician
Services Provided - Associated Benefits:

- **Medication Counseling – Quality and Satisfaction**
  - Prevent unnecessary readmissions by educating patients presenting due to medication related issue
  - Improve HCAHPS Patient Satisfaction scores (Medication Domain)

- **Drug Cost Containment - Stewardship**
  - Prescriber education and cost awareness
  - More cost effective drug utilization

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ED Pharmacist & Med Rec Technician
Measures of Success: Reduced Medication Errors

ED Pharmacist Med Rec Errors Corrected May 1st-27th = 5613 (Avg 14/patient)
3412 Time last dose taken omissions corrected (Avg 9/patient)
123 Med errors avoided involving High Risk/High Alert Medications

Category	Total	Avg/pt
INCORRECT_MED	510	1
MED_OMISSION	788	2
INCORRECT_DOSE	254	1
INCORRECT_FREQUENCY	274	1
DOSE_OMISSION	110	0
INCORRECT_ROUTE	6	0
ROUTE_OMISSION	33	0
FREQUENCY_OMISSION	90	0
Allergies Incorrect/Missing	13	0

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Measures of Success: Patient Experience / HCAHPS Medication Domain

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Value Based Purchasing FY 2016

Patient Experience (25%) (Baseline: January 1, 2012 - December 31, 2012) (Performance: January 1, 2014 - December 31, 2014)	Threshold (50th Percentile)	Achievement (90th Percentile)	Baseline FY 2014	Performance Dec 13-Feb 14 (1043)
Nurse Communication	77.67%	86.07%	79.58%	77.10%
Doctor Communication	80.40%	88.56%	82.08%	81.30%
Hospital Staff Responsiveness	64.71%	79.76%	64.48%	61.30%
Pain Management	70.18%	78.16%	72.88%	70.90%
Medicine Communication	62.33%	72.77%	64.85%	58.50%
Hospital Cleanliness & Quietness	64.95%	79.10%	70.39%	65.90%
Discharge Information	84.70%	90.39%	80.51%	83.10%
Overall Hospital Rating	69.32%	83.97%	73.11%	72.60%

HCAHPS Medicine communication is currently our lowest scores
Based on wording of Medication Questions, it is important to start patient education early and often
An ED Pharmacy Team would positively impact this important VBP initiative

Q15 – Before giving you any new medicine, how often did hospital staff tell you what the medicine was for?
Q16 – Before giving you any new medicine, how often did hospital staff describe possible side effects in a way you could understand?

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Impact of Pharmacy Managed Discharge Medication Counseling – 5A Pilot Results

Piloted September through November 2013
Comparator Group Sept – Nov 2012

Bar chart — Percent Score on Question:
- Comm Med Domain: 2012 = 54% (N=84), 2013 = 70% (N=76)
- Purpose of Medication: 2012 = 69% (N=42), 2013 = 74% (N=38)
- Side Effects of Medication: 2012 = 38% (N=42), 2013 = 66% (N=38)
- At Discharge Importance of Medication: 2013 = 86% (N=50)

■ 2012 ■ 2013

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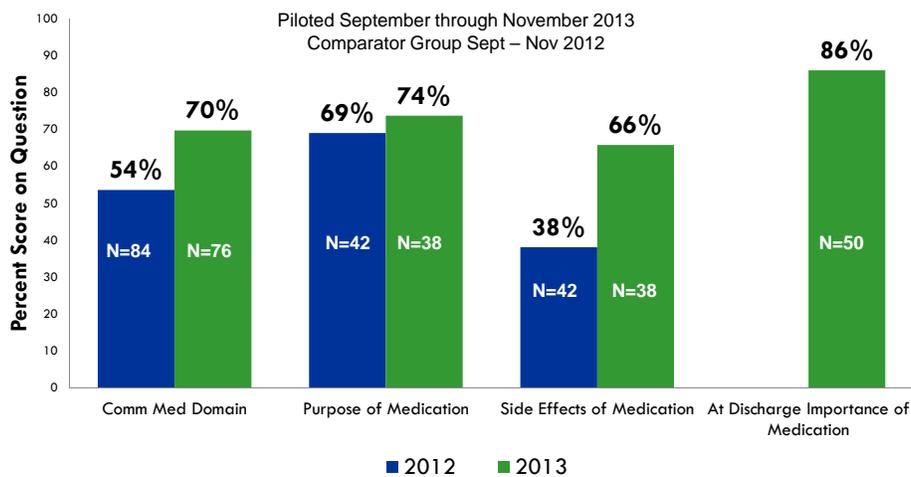
Measures of Success: VBP Quality Metrics

- **Medication Related CMS Quality Measures – TIME SENSITIVE**
  - AMI-1 ASA at arrival or contraindication documented
  - PN-3b Blood cultures in ED prior to antibiotics
  - PN-6 Initial antibiotic selection for CAP*
  - SCIP-Card-2 Perioperative beta-blocker continuation or contraindication documented

- **Medication Related CMS Quality Measure – PRIOR TO DISCHARGE**
  - VTE-3 Venous thromboembolism patients with anticoagulation overlap
  - VTE-5 Warfarin therapy discharge instructions
  - TOB-1 Tobacco use screening
  - TOB-2 Tobacco use treatment provided or offered

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Other Measures of Success

- **Reduced Drug Expense in the Emergency Department**
  - More cost effective drug selection
  - More appropriate dosing of high cost, weight based meds
  - Avoidance of unnecessary admissions (e.g. outpatient treatment of DVT)

- **Increased utilization of evidence based order sets**
  - For example: Severe Sepsis/Septic Shock; Ischemic Stroke; etc.
  - Improved standardization following best practice and quality measures

- **Reduced Adverse Drug Events**
  - Reduced medication errors decreases ADE risk
  - Increased prospective review of medication orders prior to administration

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Potential Cost Savings/Avoidance Associated with
Pharmacists' Interventions in the Emergency Department

Type of Intervention	Est No. Interventions /Year	Avg Cost Avoidance / Intervention*	Average Probability of Harm*	Anticipated Cost Avoidance/Year
Drug-Drug or Drug-Disease Interaction Identified	40	$1,647	0.54	$35,575
Therapeutic recommendation	202	$1,188	0.44	$105,590
Adverse drug event prevented	40	$1,098	0.44	$19,325
Medication error prevented	2480	$1,375	0.65	$2,216,214
Total	2197	---	---	$2,376,704

*Am J Health Syst Pharm – Vol 64 Jan 2007

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Summary:
ED Pharmacist & Med Rec Technician

- **Benefits**
  - Improved medication reconciliation
  - Reduction in medication errors
  - Improved patient safety
  - Improved patient satisfaction
  - More cost effective drug utilization
  - Enhanced Quality of Care

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In Closing, I hope you are now able to:

- Identify opportunities to expand pharmacy services

- Develop a well-designed business plan

- Produce a positive return on investment through identified measures of success

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