

CSRO

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Business of Rheumatology: In-Office Dispensing

March 23, 2023

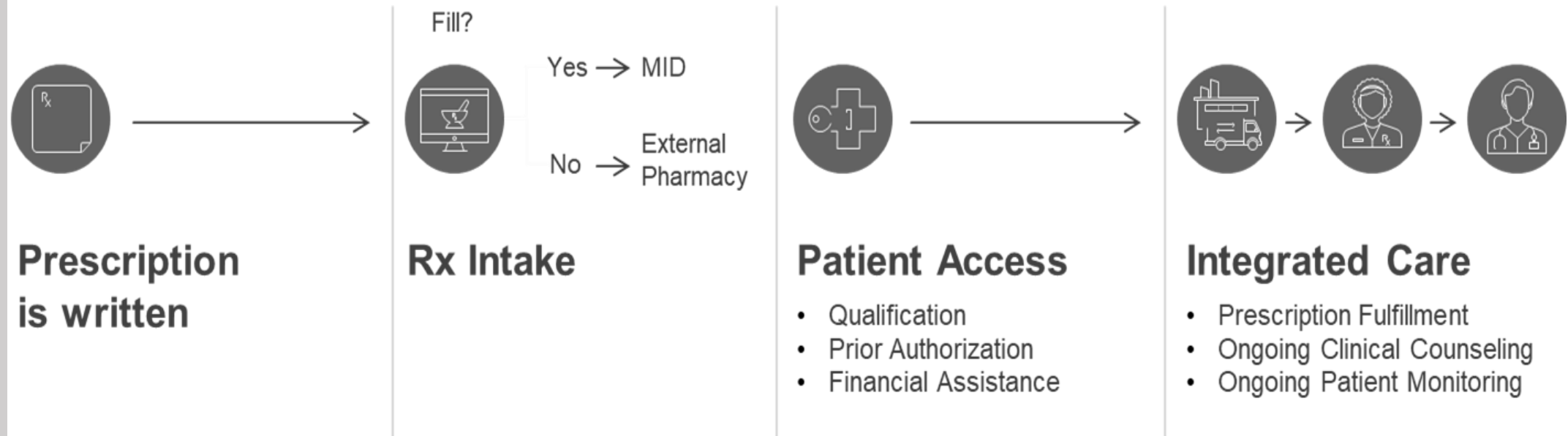
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In Office Dispensing Process



In Office Dispensing Models



Pharmacy

- Subject to all state board of pharmacy requirements
- Recognized by all PBMs for reimbursement
- Full-time pharmacist required



Dispensary

- Fewer licensing requirements (including staffing)
- PBM reimbursement contracts may be limited
- Limitations on inventory and dispensing processes

Considerations when selecting a model:

- Payer Market
- Desired Inventory
- State Board of Pharmacy and Board of Medicine Regulations
- Desired Workflow and Operations
- Prescription Volume

In Office Dispensing is Regulated by States

- Most states permit physicians to dispense under their medical license and are not regulated by the pharmacy board.
- 7 states have significant barriers to in office dispensing: Arkansas, Massachusetts, New York, New Jersey, Texas, Utah and Wyoming.
- Most states have labelling and record keeping requirements and limit dispensing to the physician's own patients.
- Regulations vary, review your state's regulations and consider consulting with an attorney before considering IOD in your practice.

Advantages for the Patient

- Convenience of receiving medication in the office
- Confidence of receiving correct medication and dosage
- Decreased out of pocket costs
- Simplified process of receiving medication without hassles

Advantages for the Provider

- Accelerate initiation of Rx and avoid gaps in Rx
- Ability to adjust dosing at point of distribution
- Improved patient compliance and adherence
- Improved tracking and monitoring of patient receiving Rx
- Improved disease control and outcomes

Advantages for the Practice

- Potential source of revenue
- Potential to increase offering for value care
- Increased service to retain and attracts more patients to practice

Advantages to the Health System

- Streamlines the process of delivering care to patients
- Reduced wastage and unused prescriptions
- Eliminate delays
- Overall savings on healthcare costs

Barriers to Entry and Setup Challenges

- Coordinating in office dispensing requires dedicated office space, staff, increased workloads and new personnel skills
- Picking and contracting a vendor to establish and support IOD
- Understanding and adhering to specific state regulations
- Time and effort required to join PBM networks
- Commitment of providers and staff to participate and support process

Credentialing Timeline Example: Varies by Vendor



- Humana — Enrollment time delayed due to an internal process change; currently 10-24 weeks.
- Medicare Part B — Requires \$50K surety bond. Rates may vary.
- Express Scripts — Requires PSAO affiliation letter and 4-5 full pages of invoices.
- CVS Caremark, Medicare Part B, and ESI require site visits (may be virtual dependent on network).
- \$1M liability insurance policy required. Rates may vary.

Elements to Ongoing Success of IOD

- Dedicated staff role(s) running, monitoring and supervising IOD
- Coordination and collaboration with vendor and software
- Continuing analysis, monitoring and improvement of operation
- Responding and adjusting to notifications and requests from PBM's/payers
- Maintaining adequate volume to sustain IOD in practice
- Commitment of providers and staff to participate and support process

Medicare D Plans

- Medicare Part D statute: “any” pharmacy that is willing and able to meet a Part D Plan sponsor’s (PDP’s) standard terms and conditions must be allowed to access the PDP’s pharmacy network.

Commercial Networks

- Commercial plans are not required to include any willing provider and instead use exclusive pharmacy networks.
- PBM's steer patients with profitable prescriptions to PBM-owned specialty pharmacies.
- Joining PBM networks provides access to more patients.

Pharmacy Benefit Manager (PBM) Networks

Open

- Patient and drug access limits for pharmacies
- Higher pharmacy margin
- Patient costs the same regardless of pharmacy

Narrow

- Broad patient and drug access for pharmacies
- Lower pharmacy margin
- Accreditation (Quality) Requirements

Preferred Pharmacy

- Includes preferred and non-preferred pharmacies
- Incentivizes patients to use preferred pharmacies

Limited Pharmacy

- Most restrictive model
- Only specific pharmacies available
- Highest degree of PBM economic control

Source: Adam J. Fein, "[The Big Squeeze](http://www.pembrokeconsulting.com/pdfs/The_Big_Squeeze_PharmaExec_May2013.pdf)," Pharmaceutical Executive, Pharmacy Benefit Networks, May 2013.
www.pembrokeconsulting.com/pdfs/The_Big_Squeeze_PharmaExec_May2013.pdf

Financial Concerns of IOD

- Margin between acquisition and sales price adequate to cover overhead of IOD
- Ability to participate in networks
- Volume and mix of prescriptions viability for IOD
- Risk of losses due to audits, DIR fees and claw backs/true ups

DIR Fees

- Direct and Indirect Remuneration (DIR) fees are charged to payers by CMS in order to make up for perceived overpayments by Medicare and Medicaid.
- Payers in turn pass some of these costs on to pharmacies.
- The amount paid by a pharmacy in DIR is determined by performance according to certain quality metrics based on the CMS star ratings.
- Improving in quality metrics results in a smaller fee.
- PBM's may implement more pay for performance programs based on CMS quality metrics.

Claw Backs/True Ups

- Throughout the year, PBM reimbursements can vary widely. At the end of the year, these total reimbursements are calculated and the PBM will “true-up” or rectify the difference the stipulated reimbursement rate and the reimbursements paid throughout the year.
- This will result either in a payment from the PBM in the event of underpayment, or a claw back in the event of overpayment.
- Proper accounting of reimbursements is necessary to anticipate possible claw backs at the end of the year.

Audits

- PBM's conduct audits to ensure pharmacies are correctly filling prescriptions and charging appropriate prices.
- 3 types of audits
 - Prescription Validation
 - Desktop
 - On-Site (strictest type)
- Failure to comply with audits can result in full recoupment or a 25% penalty.

Upcoming CSRO Events

- Regional Town Halls
 - Mondays in April and May
 - Details & registration at www.csro.info/conferences/upcoming-events/regional-town-halls
- Annual Hill Day
 - July 13 via Zoom
 - Stay tuned for more details & registration
- Advocacy Conference
 - August 25-27 in Austin, Texas
 - Details & registration at www.csro.info/conferences/upcoming-events/advocacy-conference

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WEBSITE

www.csro.info

EMAIL

info@csro.info

PHONE

414.918.9825