Strategic Pharmacy Services Integration

Pharmacy Enterprise to Support the System Mission

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Vice-President Pharmacy Services
Banner Health

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Banner Health

Banner Health is a large, integrated healthcare delivery system that is based in Phoenix, Arizona and maintains operations in seven states (Arizona, California, Colorado, Nevada, Nebraska, and Wyoming). Banner Health includes:

- Twenty-eight acute care facilities
- Behavioral Health Hospital
- Approximately 1500 employed physicians, representing a broad spectrum of healthcare specialties
- 44 Urgent Care sites
- Homecare and home infusion services
- 18 Retail pharmacies associated with large hospitals and health centers
- Specialty pharmacy services
- Ambulatory clinical pharmacy services
- 49,000 employees

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Banner Health Executive Leadership

Peter S. Fine, FACHE
Chief Executive Officer

Becky Kuhn
Chief Operating Officer

Marjorie Bessel, MD
Chief Clinical Officer

Dennis Laraway
Chief Financial Officer

Naomi Cramer, Ed.D.
Chief Human Resources Officer

Scott Nordlund
Chief Strategy Officer

David Bixby
Chief Legal Officer/General Counsel

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Banner Pharmacy Services – Senior Operations Team

Tina Aramaki
CEO (interim)

Tina Aramaki
Vice President

Jason Brown
CMO

Ramona Seabaugh
CFO

TBD
HR Bus Partner

Missy Duke
Sr. Director
Specialty, Home Delivery, and Ambulatory

Denise Erickson
Sr. Director
Clinical Services

Kevin Roche
Sr. Director
Prep & Dispensing

Mike Young
Sr. Director
Retail

TBD
Sr. Director
Acute Care

Kendra Karagozian
Sr. Director
Managed Pharmacy Solutions

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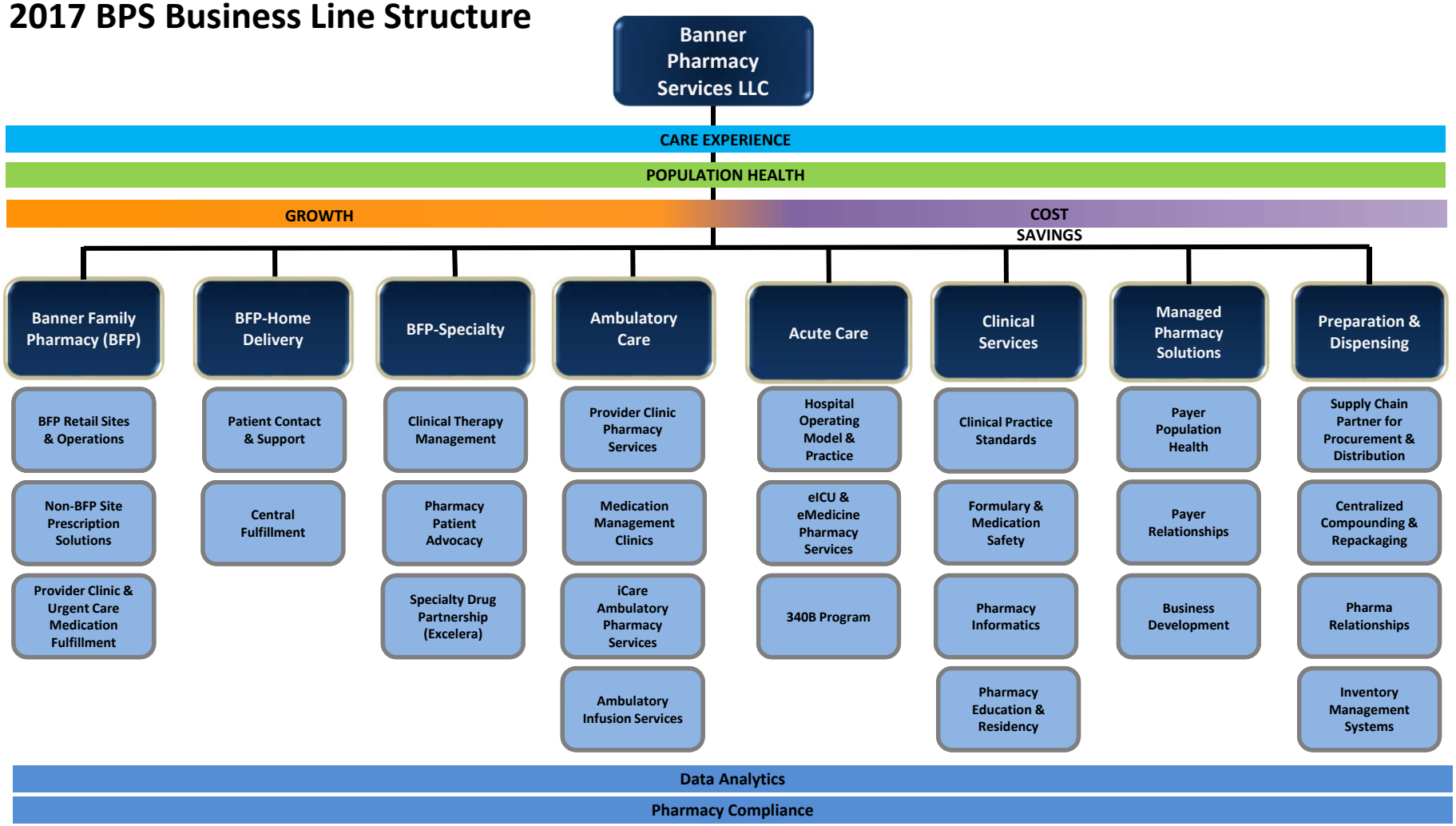
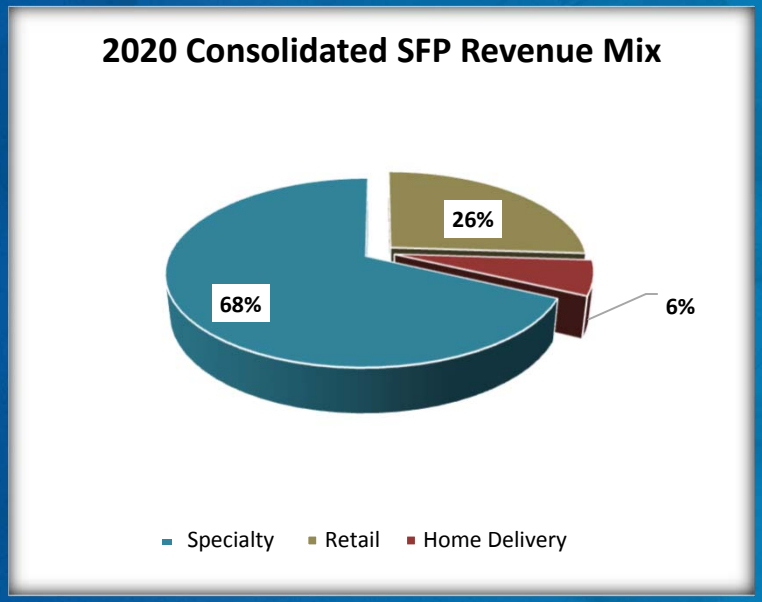
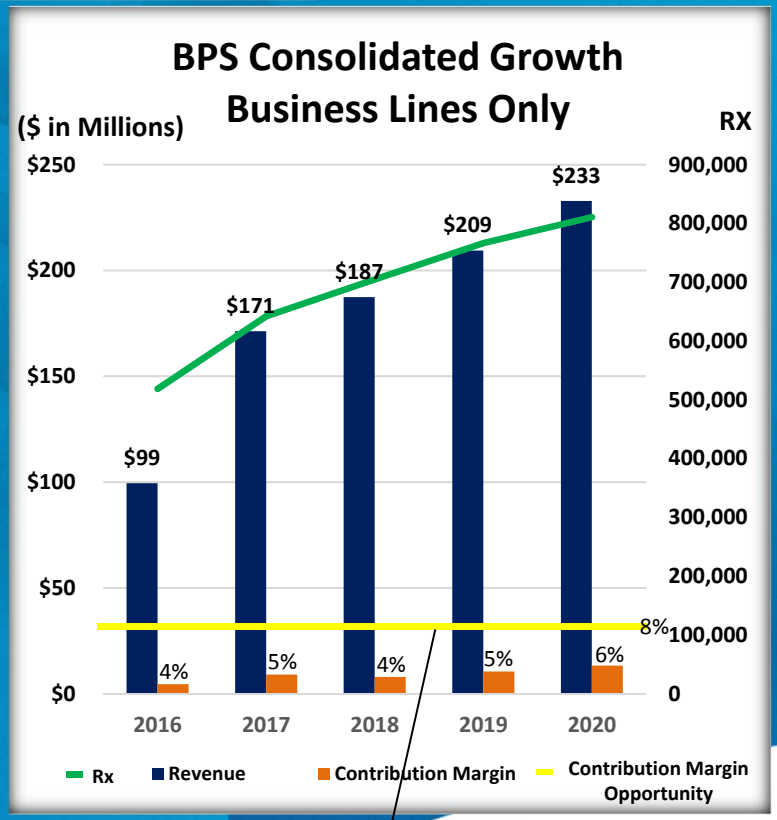
2017 BPS Business Line Structure



Banner Family Pharmacy – Consolidated Growth Business Lines Only





CM opportunity is based incremental growth of

- **$4M in Retail**
- **$0.8M in Home Delivery**
- **$8M in Specialty**

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Banner Family Pharmacy

Benefits to Banner

- New revenue generation and integrated care for Banner service sites
- Convenience, access and keeping employee spend inside Banner

Current Operations

- 17 BFP franchise models in both hospitals and medical group clinics
- Increase Prescription Capture Rates (ICR) program

Startup to Current: Lessons Learned

- Drug margins are slim and revenue is highly dependent on volume

Strategic Direction

- Future Growth and Renovation of BFP Locations
- Non-BFP Facility Prescription Solutions
- Discharge Medication Delivery Program
- Immunization Capability to Complete Gaps in Care
- Increase Prescription Capture Rates (ICR) Program Enhancements

Banner Family Pharmacy - Specialty

Benefits to Banner

- An important aspect of the integrated delivery continuum
- High-touch clinical care and robust patient advocacy program

Current Operations

- Converted outsourced CommCare (an entity of Premier GPO) 1/1/15 to Banner Specialty Pharmacy for 1000 employees; licensed in 6 states
- In Blue Advantage specialty network effective 5/1/15 (100% at risk for pharmacy spend)
- Investor/Owner in a national specialty pharmacy consortium, Excelera, for limited-distribution drug (LDD) access
- $2.5M in savings for patient advocacy

Startup to Current: Lessons Learned

- Growing trend of importance of specialty drugs – 1-2% of the population comprises 50% of the pharmacy spend

Strategic Direction

- Hemophilia Service Line
- Ambulatory Infusion Services
- BFP-Specialty Network Payer Plan
- Specialty Pharmacy Operations
- Specialty Pharmacy Provider Support

Excellence in Specialty Pharmacy

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Making healthcare easier so life can be better!

Utilization Management

Plan Design

- Drive standardization to formulary
- Review utilization criteria
- Leverage manufacturer dollars where possible

Intracase UM

- Duration of therapy
- Dose de-escalation
- Adjust dispenses based on adherence

Consultative Partnership

- Recommend formulary exceptions that result in overall savings
- Address market trends and recommend formulary or benefit adjustments

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Patient Centered Care

Introduction	Patient advocate contacts patient by phone upon receipt of prescription .
Onboarding Assessment	Patient advocate reviews benefit information and obtains patient preferences for communication and delivery methods.
Initial Counseling	Clinical pharmacist establishes goals of therapy, reviews baseline clinical data and medication history, provides medication counseling and administration instructions.
Initial Follow-Up	Clinical pharmacist screens for signs of toxicity/intolerance, clinical efficacy (symptom management or clinical data), and reinforces counseling points.
Ongoing Assessment	Clinical pharmacist and patient advocate follow patients throughout treatment to identify areas to improve clinical outcomes.
Termination	Clinical pharmacist reviews therapeutic goals, reasons for discontinuation, and next steps with patient.

- ✓ Balance high-touch specialty pharmacy model with patient preference.
- ✓ Rapid turn-around times
  - Patient contacted within two hours of receipt of prescription
  - Medications shipped within one business day of PA being completed

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Patient Advocacy

Coordination of Benefits

- Research eligibility and coverage
- Coordinate with multiple payers
- Facilitate and expedite prior authorization

Leverage Financial Assistance

- Manufacturer copay assistance
- Manufacturer drug replacement
- Foundation resources

Collaborative Benefit Design

- Review specialty pharmacy benefit
- Design benefit/advocacy activities to optimize all sources of support

Large, Self-Insured Employer	
Financial Assistance Per Rx	$125/Rx
Financial Assistance Per Member	$1.04/PMPM

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Banner Family Pharmacy-Home Delivery

Benefits to Banner

- New revenue generation and integrated care for Banner service sites
- Convenience, access and keeping employee spend inside Banner

Current Operations

- Home delivery capture is 20% of employee prescriptions
- High-tech robotic operation and comprehensive fulfillment, shipping and logistics infrastructure

Startup to Current: Lessons Learned

- PBM controls Home Delivery for external payers; no opportunity to transition BHN patients without a contract

Strategic Direction

- Home Delivery Service Expansion

Managed Pharmacy Solutions (MPS) – Business Line Strategy

Manage drug spend/trend, member utilization and outcomes for plans where Banner provides pharmacy managed care

PBM Oversight and Management
- Clinical and operational program review
- Audits, Market Check and Market Bid

Payer Population Health
- Clinical intervention through Population Health and embedded clinic pharmacist strategies
- Provider outreach and education

Payer Relationships with Financial Risk
- Collaboration on cost/quality programs
- Plan design (clinical and operational) collaboration

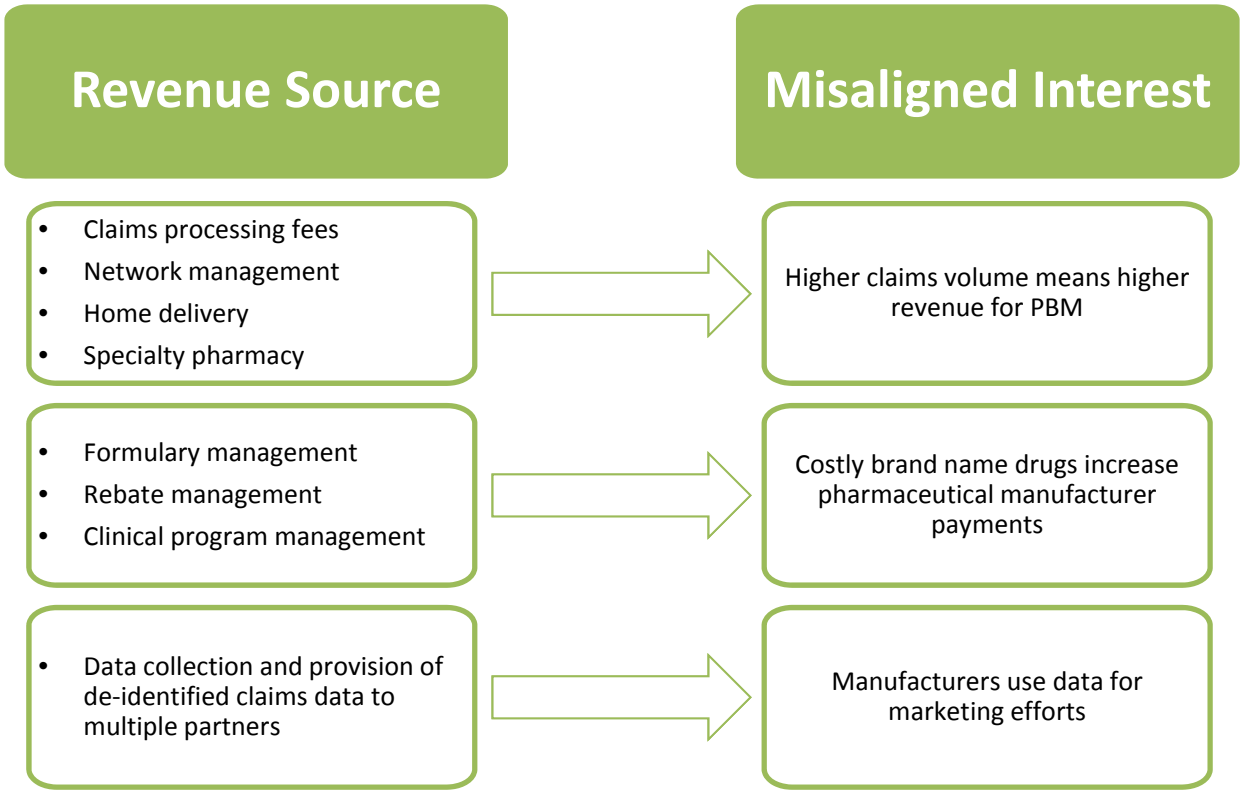
Business Development
- Provide PBM services within risk model

Data Analytics
- Consistent collection of pharmacy data
- Actionable reporting and measuring outcomes

Current PBM Market

PBM Inherent Misalignment with Payer Interests

Fee for service model – misaligned with payer goals of pharmacy cost management



Traditional PBM vs. Integrated PBM

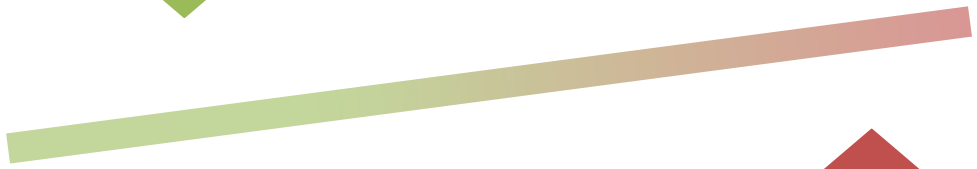
Why an Integrated PBM Approach?

Fast Fact:

- *A traditional PBM does **NOT** take financial risk*

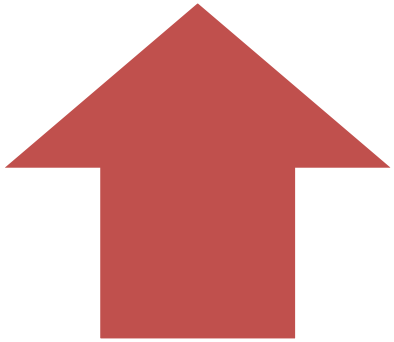
Traditional PBM (ESI, CVS) Goals

- Increase claim volume
- Increase home delivery margin
- Increase specialty margin
- Increase rebate margin
  - Push to higher cost products



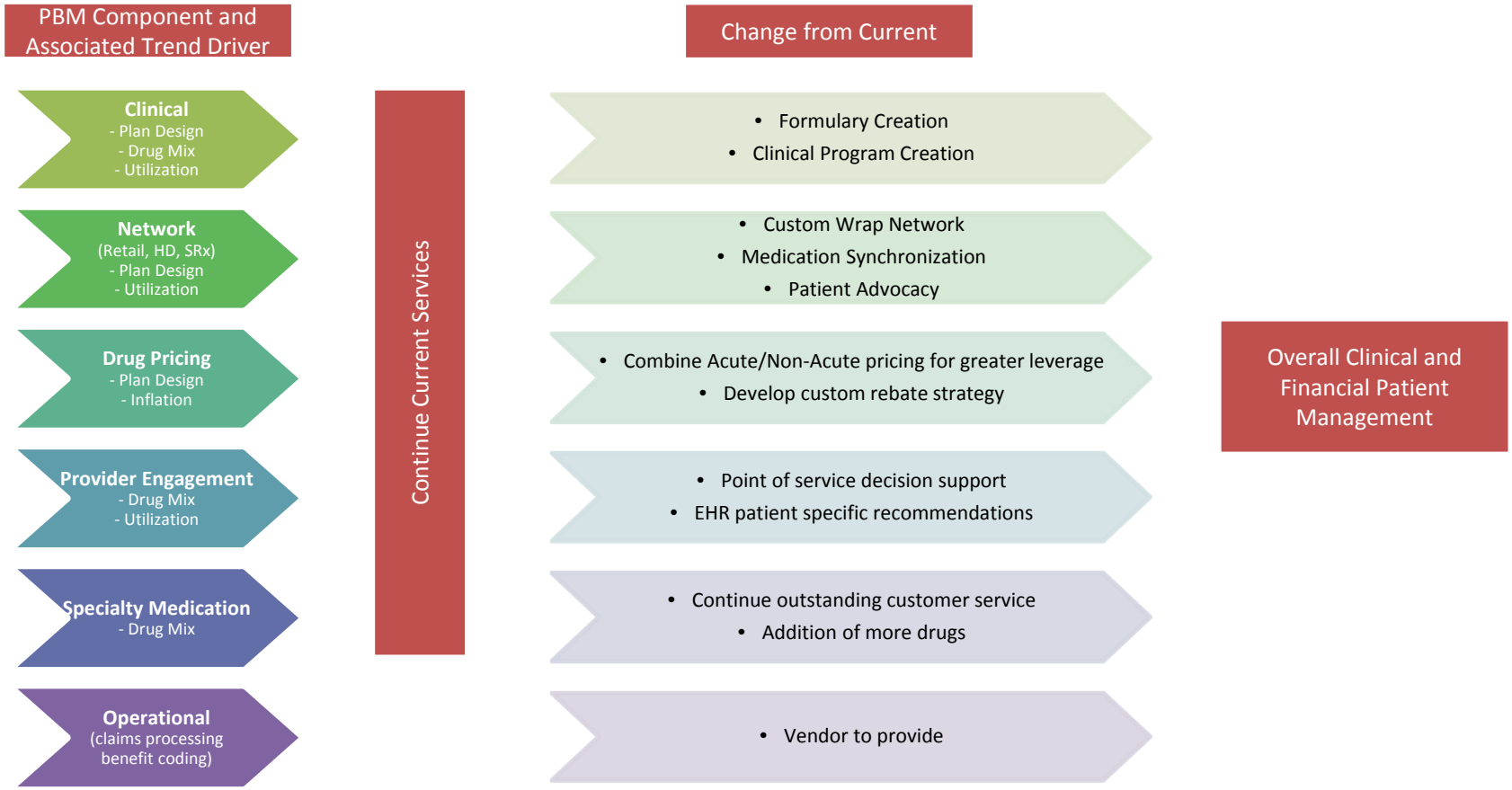
Integrated PBM Goals

- Low unit cost
  - Desirable in the marketplace
  - Lower out of pocket costs for members
- Flatten cost increase trend line
  - Improves profitability
- Improve patient outcomes through quality care



Vision for Managed Care Pharmacy

Take control of current PBM functions where Banner can better manage financial and patient management



Infusion Services System Oversight Strategy

System Infusion Services Oversight Committee

- Enterprise approach
- Guide decision-making
- Review scorecard and recommend follow-up
- Review external pressures and recommend actions

Analysis of Current State

- Patient Benefit investigation and prior authorization
- Patient financial assistance
- Medication charge practices
- Payment reconciliation

Develop Performance Standards

- Financial performance
- Operational performance
- Clinical / patient safety metrics

Site of Service Strategy

- Triage patient to appropriate site of care
- Payer contracting strategy
- Workflow optimization within and between each site of care

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Impact of New Patient Intake Workflow

BANNER THUNDERBIRD MEDICAL CENTER													
BANNER THUNDERBIRD MEDICAL CENTER	2016 Average	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Number of Accounts	340	136	325	401	377	377	369	344	380	349	363	338	544
Total Billed Charges	$ 3,861,376	$1,589,250	$3,862,421	$3,927,740	$3,953,087	$3,877,478	$4,046,044	$3,585,545	$4,068,566	$3,975,524	$3,583,542	$4,035,158	$5,622,786
Billed Charges/Account	$ 11,450	$11,686	$11,884	$9,795	$10,486	$10,285	$10,965	$10,423	$10,707	$11,391	$9,872	$11,938	$10,336
Average Collection Time in Days	103	78	76	55	55	50	47	37	38	34	32	24	4
Proportion of Accounts > 100 day Collection Time	32%	25%	16%	15%	14%	13%	11%	5%	6%	1%	0%	0%	0%
Total Reimbursement	$ 1,502,226	$781,525	$1,389,976	$1,497,182	$1,501,714	$1,532,104	$1,536,508	$1,424,689	$1,666,530	$1,626,612	$1,213,956	$1,554,153	$647,229
Net Reimbursement Percentage	39%	49%	36%	38%	38%	40%	38%	40%	41%	41%	34%	39%	12%
Infusion (non-drug) billed charges	$ 534,111	$151,084	$510,413	$558,749	$475,715	$469,954	$536,634	$481,372	$498,319	$482,729	$476,930	$483,893	$728,793
Pharmacy Infusion (drug) billed Charges	$ 2,233,651	$1,240,638	$3,007,624	$2,942,982	$3,079,866	$3,041,429	$3,115,117	$2,700,679	$3,140,134	$3,140,982	$2,737,296	$3,174,692	$4,301,258
Pharmacy infusion (drug) billed charges/account	$ 6,479	$9,122.34	$9,254.23	$7,339.11	$8,169.41	$8,067.45	$8,442.05	$7,850.81	$8,263.51	$8,999.95	$7,540.76	$9,392.58	$7,906.73
Number of Write-Off/Denials	23	7	25	28	30	25	25	22	11	3	3	0	0
Proportion of Write-Off/Denials	7%	5%	8%	7%	8%	7%	7%	6%	3%	1%	1%	0%	0%
$ of Lost Reimbursement due to Write-Offs/Denials	$ 34,203	$19,820	$6,664	$17,730	$11,219	$8,169	$5,399	$4,357	$6,941	$365	$361	$0	$0
Percent of Lost Reimbursement to Total	2%	2%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Number of Charges Referred for Denials Mgmt	4	5	8	16	12	11	9	7	9	7	3	0	0
Proportion of Charges Referred for Denials Mgmt	1%	4%	2%	4%	3%	3%	2%	2%	2%	2%	1%	0%	0%
Number of Open Claims	12	14	33	39	46	46	46	50	52	69	95	102	434
Number of Closed - Denial Accepted	4	3	3	10	7	5	7	4	3	3	1	0	0
Open NCD/LCD denials	1	2	3	9	7	6	7	5	4	3	1	0	0
greater than 120 days from Detailed Bill date to 12/1/17													
0%-10%	48	27	32	41	36	44	34	37	52	10	0	0	0
11%-20%	26	14	30	44	35	36	32	31	42	12	0	0	1
Accounts in Bad Debt Flag (Y)	16	5	19	13	12	16	12	13	6	2	0	0	0
								*Process change					

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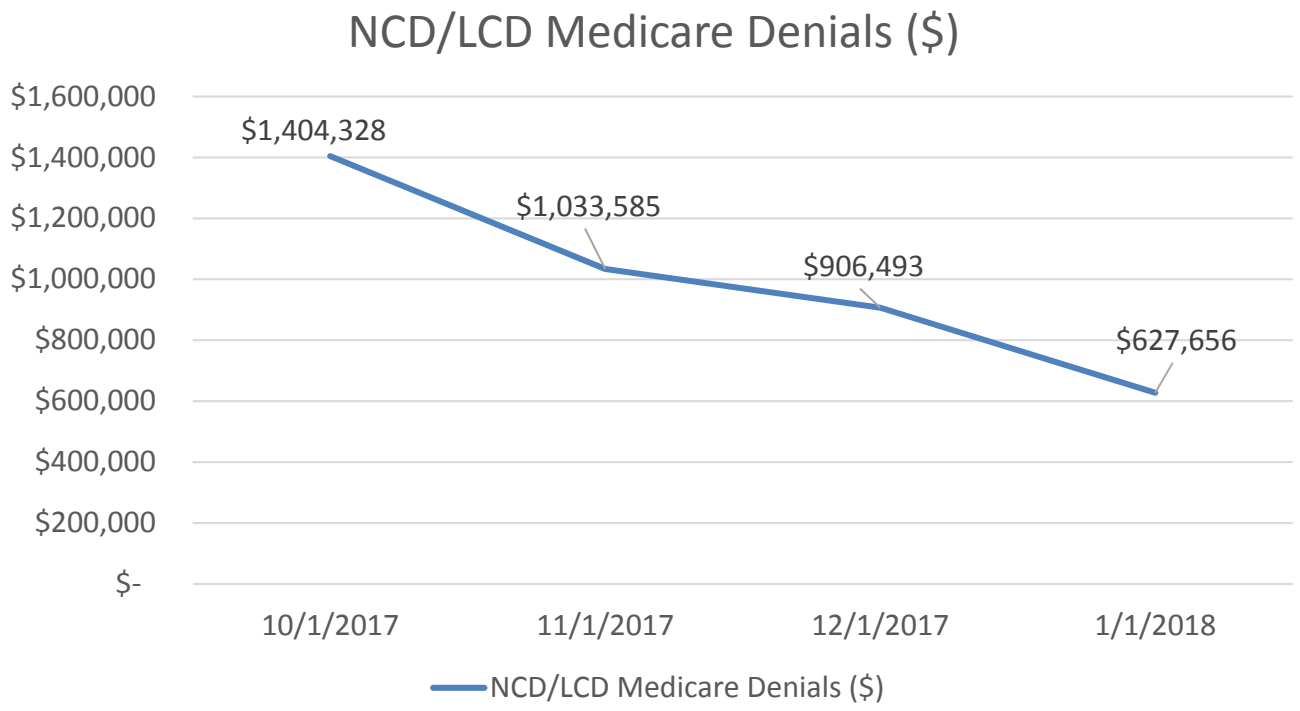
Ambulatory Infusion Services Performance



Drivers:

- Multidisciplinary denial management team
- Individual review of each denial with resolution prior to next infusion
- Learning leveraged to avoid future denials

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Ambulatory Infusion Services Performance

Success in decreasing NCD/LCD denials at BTMC ATU

- Organized monthly standing meeting
- Attended by Nursing, PFS, pharmacy and scheduling
- Pilot showed great success at BTMC
- Implemented across infusion centers in 1/2018

BTMC Outstanding NCD/LCD denials		
	10/27/17	12/31/17
Total # Accounts	18	3
Billed Charges	$203k	$12K

NCD/LCD denials are commonly fixed by asking referring physician for a more specific diagnosis (e.g. moderate persistent asthma, uncomplicated vs. asthma)

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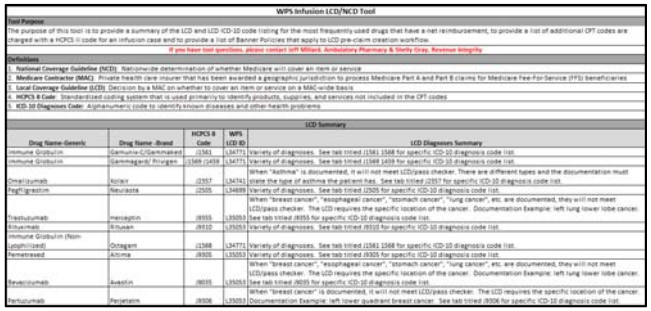
Ambulatory Infusion Services Performance

A Reshaped Patient Intake Process

- ✓ Identified patient intake team
- ✓ PFS “specialists” working all infusion claims
- ✓ Improved reports to more accurately identify daily work queue
- ✓ Developed and trained staff on multiple tools and tip sheets addressing common questions
- ✓ Resource identified (Pharmacy Patient Advocates) to assist where patients are unable to pay



WPS Infusion LCD/NCD Tool

Tool Purpose

The purpose of this tool is to provide a summary of the LCD and LCD ICD-10 code listing for the most frequently used drugs that have a net reimbursement, to provide a list of additional CPT codes are charged with a HCPCS II code for an infusion case and to provide a list of Banner Policies that apply to LCD pre-claim creation workflow.

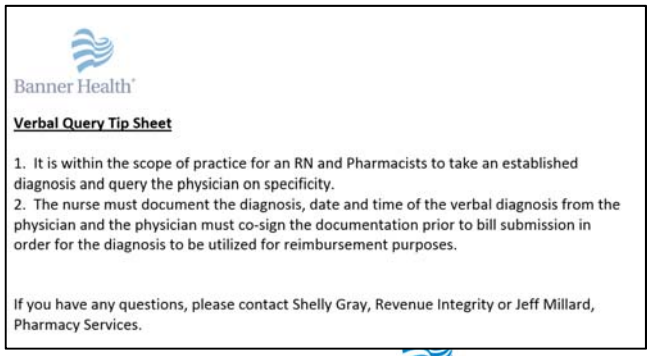
If you have tool questions, please contact Jeff Millard, Ambulatory Pharmacy & Shelly Gray, Revenue Integrity

Definitions

1. **National Coverage Guideline (NCD)**: Nationwide determination of whether Medicare will cover an item or service
2. **Medicare Contractor (MAC)**: Private health care insurer that has been awarded a geographic jurisdiction to process Medicare Part A and Part B claims for Medicare Fee-For-Service (FFS) beneficiaries
3. **Local Coverage Guideline (LCD)**: Decision by a MAC on whether to cover an item or service on a MAC-wide basis
4. **HCPCS II Code**: Standardized coding system that is used primarily to identify products, supplies, and services not included in the CPT codes
5. **ICD-10 Diagnoses Code**: Alphanumeric code to identify known diseases and other health problems

LCD Summary

Drug Name-Generic	Drug Name -Brand	HCPCS II Code	WPS LCD ID	LCD Diagnoses Summary
Immune Globulin	Gamunex-C/Gammaked	J1561	L34771	Variety of diagnoses. See tab titled J1561 1566 for specific ICD-10 diagnosis code list.
Immune Globulin	Gammagard/ Privigen	J1569 J1459	L34771	Variety of diagnoses. See tab titled J1569 1459 for specific ICD-10 diagnosis code list.
Omalizumab	Xolair	J2357	L34741	When "Asthma" is documented, it will not meet LCD/pass checker. There are different types and the documentation must state the type of asthma the patient has. See tab titled J2357 for specific ICD-10 diagnosis code list.
Pegfilgrastim	Neulasta	J2505	L34899	Variety of diagnoses. See tab titled J2505 for specific ICD-10 diagnosis code list.
Trastuzumab	Herceptin	J9355	L35053	When "breast cancer", "esophageal cancer", "stomach cancer", "lung cancer", etc. are documented, they will not meet LCD/pass checker. The LCD requires the specific location of the cancer. Documentation Example: left lung lower lobe cancer. See tab titled J9355 for specific ICD-10 diagnosis code list.
Rituximab	Rituxan	J9310	L35053	Variety of diagnoses. See tab titled J9310 for specific ICD-10 diagnosis code list.
Immune Globulin (Non-Lyophilized)	Octagam	J1568	L34771	Variety of diagnoses. See tab titled J1561 1566 for specific ICD-10 diagnosis code list.
Pemetrexed	Alimta	J9305	L35053	Variety of diagnoses. See tab titled J9305 for specific ICD-10 diagnosis code list.
Bevacizumab	Avastin	J9035	L35053	When "breast cancer", "esophageal cancer", "stomach cancer", "lung cancer", etc. are documented, they will not meet LCD/pass checker. The LCD requires the specific location of the cancer. Documentation Example: left lung lower lobe cancer. See tab titled J9035 for specific ICD-10 diagnosis code list.
Pertuzumab	Perjeta	J9306	L35053	When "breast cancer" is documented, it will not meet LCD/pass checker. The LCD requires the specific location of the cancer. Documentation Example: left lower quadrant breast cancer. See tab titled J9306 for specific ICD-10 diagnosis code list.



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Verbal Query Tip Sheet

1. It is within the scope of practice for an RN and Pharmacists to take an established diagnosis and query the physician on specificity.
2. The nurse must document the diagnosis, date and time of the verbal diagnosis from the physician and the physician must co-sign the documentation prior to bill submission in order for the diagnosis to be utilized for reimbursement purposes.

If you have any questions, please contact Shelly Gray, Revenue Integrity or Jeff Millard, Pharmacy Services.

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The Road Ahead

Specialists performing benefit verification

- Site of service requirements are demonstrating the need for more “clinical” claim reviews
- Other health-systems have seen success through a centralized team performing benefit investigation

Develop relationship with managed care department

- Provide feedback on low paid claims to ensure contracts are adjusted as needed
- Collaborate to guide formulary decisions at the facility level

Produce operational scorecard

- Infusion drug cost updated monthly for each facility
- Include meaningful metrics to gauge business health and guide growth (infusion volume, top 10 infusion drugs, open chair time)

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Business Operations

Benefits to Banner

- Clear alignment with Community Delivery strategy
- Develop a standard, scalable business operating model
- Partner with dedicated Corporate infrastructure resources
- Documentation of value-based performance

Current Operations

- Integrated division with centralized reporting and system-wide leadership
- Comprehensive pharmacy compliance program
- Pharmacy-specific member experience survey
- Pharmacy data mart in the EDW
- BPS Scorecard

Startup to Current: Lessons Learned

- Startup company to profitability necessary in 3 years

Strategic Direction

- Business Development Strategy
- Medication Safety Structure
- Risk Assessment Process with Internal Audit/Compliance
- Financial Reporting by Business Line
- Positions and Compensation Model

Thank You!

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