

Thank you for joining

Lilypad Webinar #8

340B Drug Program

Monday, August 24, 2020 3:00 EST

We will record this 30-minute webinar and post a link to the recording as well as the slides after the webinar on our website

All participants will be muted



Join us for our free monthly webinars.

Whether you're a practice manager, provider or rural clinic staff member we cover the concepts and strategies that matter most.



Lilypad® Webinars Are Free to Register, View or Download

Date	Webinar Topic	Registration	Video	Slides
October 16	Provider Productivity and Compensation		Watch	Download
November 21	Clinic Designations and Strategies		Watch	Download
December 16	Practice Management Best Practices		Watch	Download
January 20	Practice Alignment - Specialty Care		Watch	Download
February 17	National and State RHC Rankings		Watch	Download
March 23	Postponed due to COVID-19			
April 20	Postponed due to COVID-19			
May 18	Postponed due to COVID-19			
June 22	Optimizing Cost Reports for RHCs	Register		
July 20	Provider Contracting/Compliance	Register		
August 24	340B Drug Program	Register		
September 21	Clinic Spotlight B	Register		
October 19	Process and Outcomes Quality Measurement	Register		

What We'll Cover Today

340B Drug Program
2020 RHC Telemedicine Survey



340B

THE BOTTOM LINE'S LIFE JACKET



[This Photo](#) by Unknown Author

340B



Objectives

- ❖ Understand the nuts and bolts of 340B
- ❖ Definitions for common terms for mixed-use and contract pharmacy
- ❖ Case Studies for your consideration



340B NUTS AND BOLTS

What is 340B Purpose?

“To stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services.”

What is 340B?

Not-for-profit organizations ONLY

Designate an Authorizing Official (AO) and Primary Contact (PC) **considerations**

Allows purchase of drugs for eligible outpatients at a discounted rate

What entities may qualify?

- ❖ DSH, Children's Hospitals (PED), Free Standing Cancer Centers (CAN)
- ❖ CAH, RRC, CAH
- ❖ CH, CHC, FQHC
- ❖ Multiple others (Ryan White, Hemophilia Treatment Centers)

WHAT IS THE VALUE?

340B Health said 2019 median savings for disproportionate share (DSH) hospitals, which account for about 80 percent of all spending on 340B drugs, were \$8.9 million. Other median 340B savings were \$12.6 million for children's hospitals, \$2.4 million for rural referral centers, \$1.7 million for sole community hospitals, and \$564,000 for critical access hospitals.

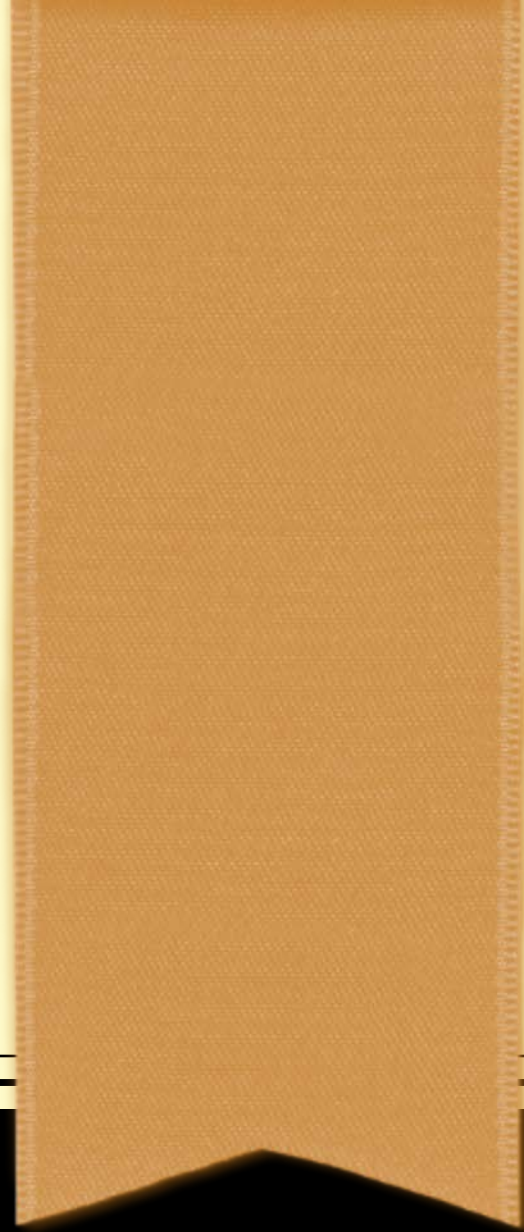


Define Eligible Patient

- ❖ Responsibility of care is with the Covered Entity
- ❖ For grantees (in scope)
- ❖ Eligible provider
- ❖ Eligible location
- ❖ Outpatient status
- ❖ Insurance coverage (Medicaid Carve-in/Carve-out)



<https://www.stockfreeimages.com/p1/patient-hospital-bed.html>



DEFINITIONS

Definitions

WAC (\$\$\$)

- ❖ Wholesale Acquisition Cost

GPO (\$\$)

- ❖ Group Purchasing Organization

340B (\$)

- ❖ Created in 1992 by Congress

Covered Entity

- ❖ The Parent registered as the eligible 340B entity

TPA

- ❖ Third Party Administrator (340B software)

Entity-Owned Retail Pharmacy

- ❖ Outpatient pharmacy owned by Covered Entity

Definitions cont.

Associated /Child Sites

- ❖ Clinics outside four walls of main
- ❖ Any outpatient services outside four walls or with different address

Mixed-Use setting

- ❖ Within four walls
- ❖ may mean both 340B eligible and ineligible patients. If you carve-out Medicaid, could have ineligible patients

Definitions cont.

Contract Pharmacy

- ❖ Retail pharmacy wishing to provide services on behalf of CE
- ❖ Paid a dispensing fee to serve CE patients



[This Photo](#) by Unknown Author

Pharmacy Account Types

For those entities with GPO Prohibition

WAC

Wholesale Acquisition Cost
(\$\$\$)

GPO

Group Purchasing Organization
(\$\$)

340B

340B Pricing
(\$)

Example: Common vial of insulin

WAC Price \$274

GPO Price \$86.70

340B Price \$0.10

Example: bottle of capsules #1000 count

WAC Price \$100

GPO Price \$70

340B Price \$30

Pharmacy Account Types

For those entities without GPO Prohibition

GPO

Group Purchasing Organization
(\$\$)

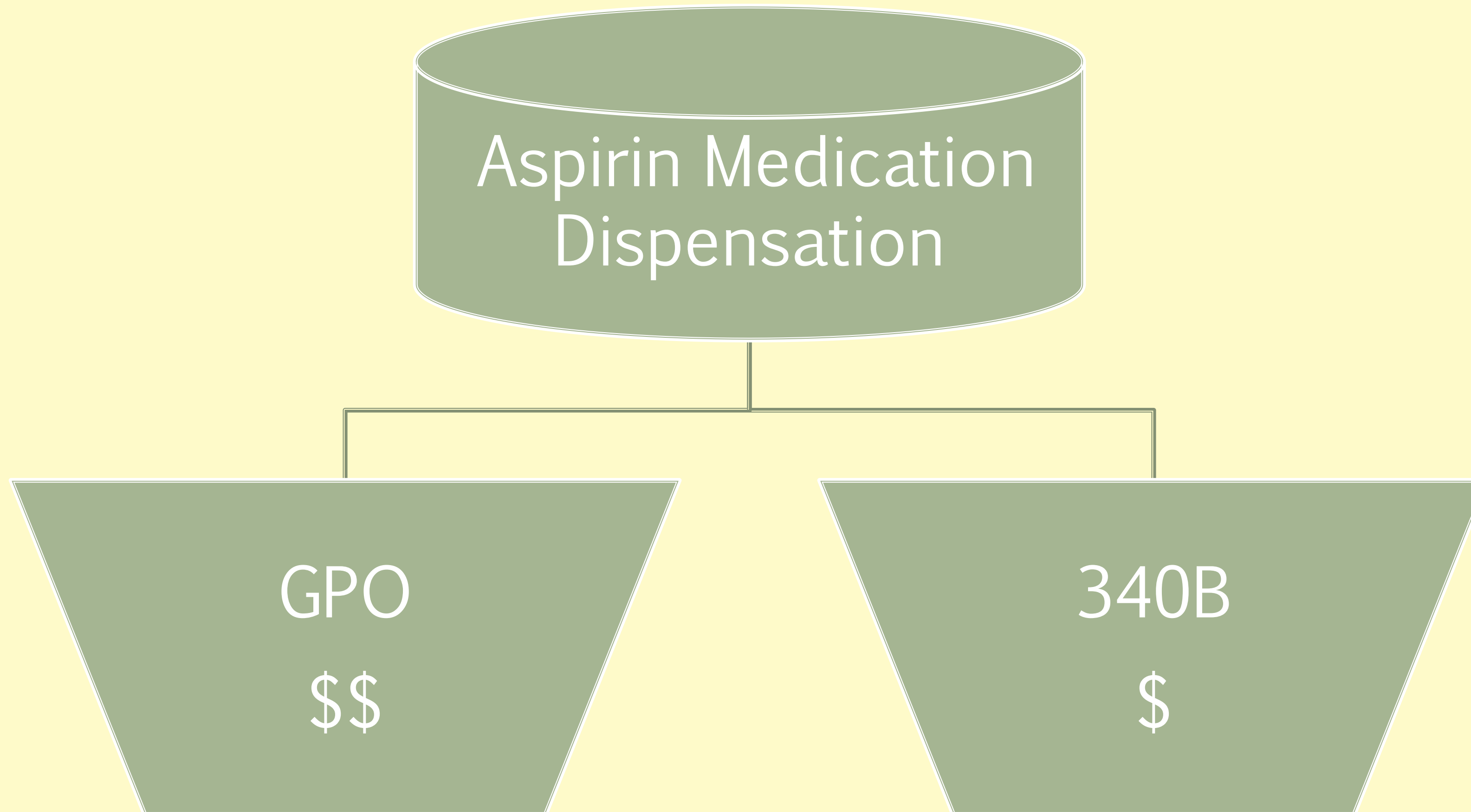
340B

340B Pricing
(\$)

EXAMPLE of REPLENISHMENT

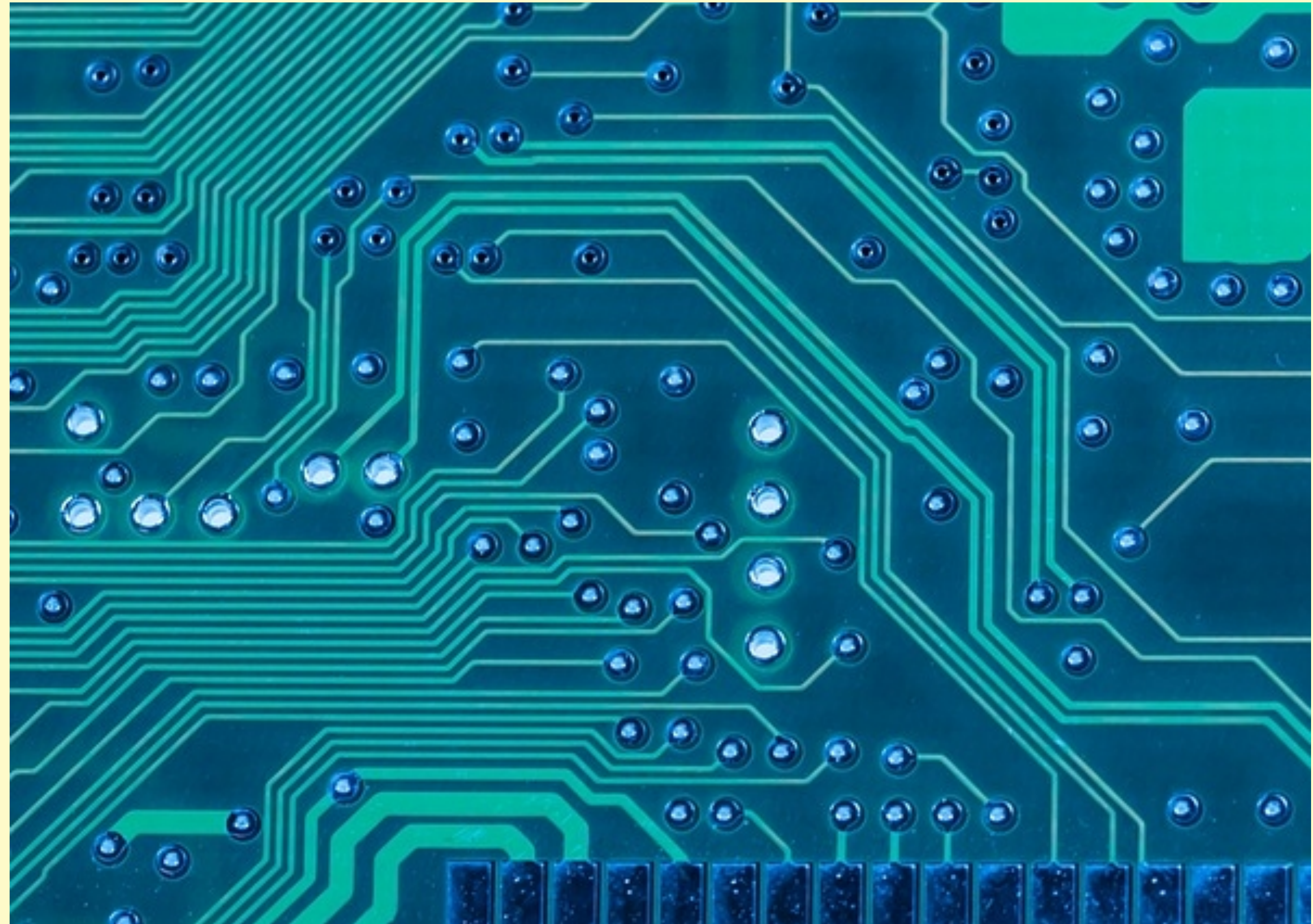


Virtual Inventory: Dispensation of medication hits the “eligible bucket”



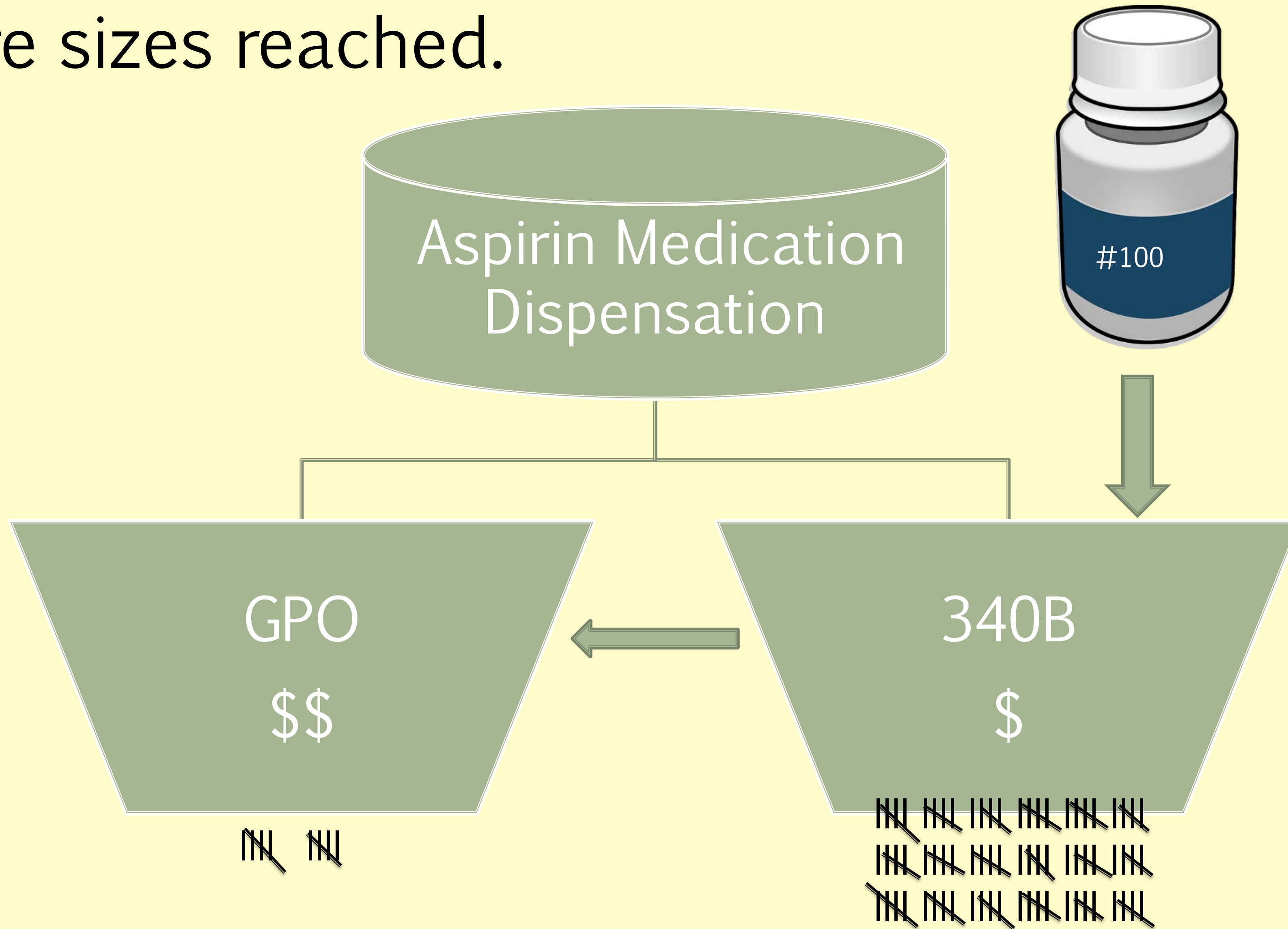
TPA Checks:

- ❖ Eligible Patient
- ❖ Patient Status
- ❖ Eligible Location
- ❖ Insurance (if applicable)



(https://cdn.pixabay.com/photo/2014/12/11/22/09/board-564812_640.jpg)

Wholesaler order splits into correct invoices based on full package sizes reached.

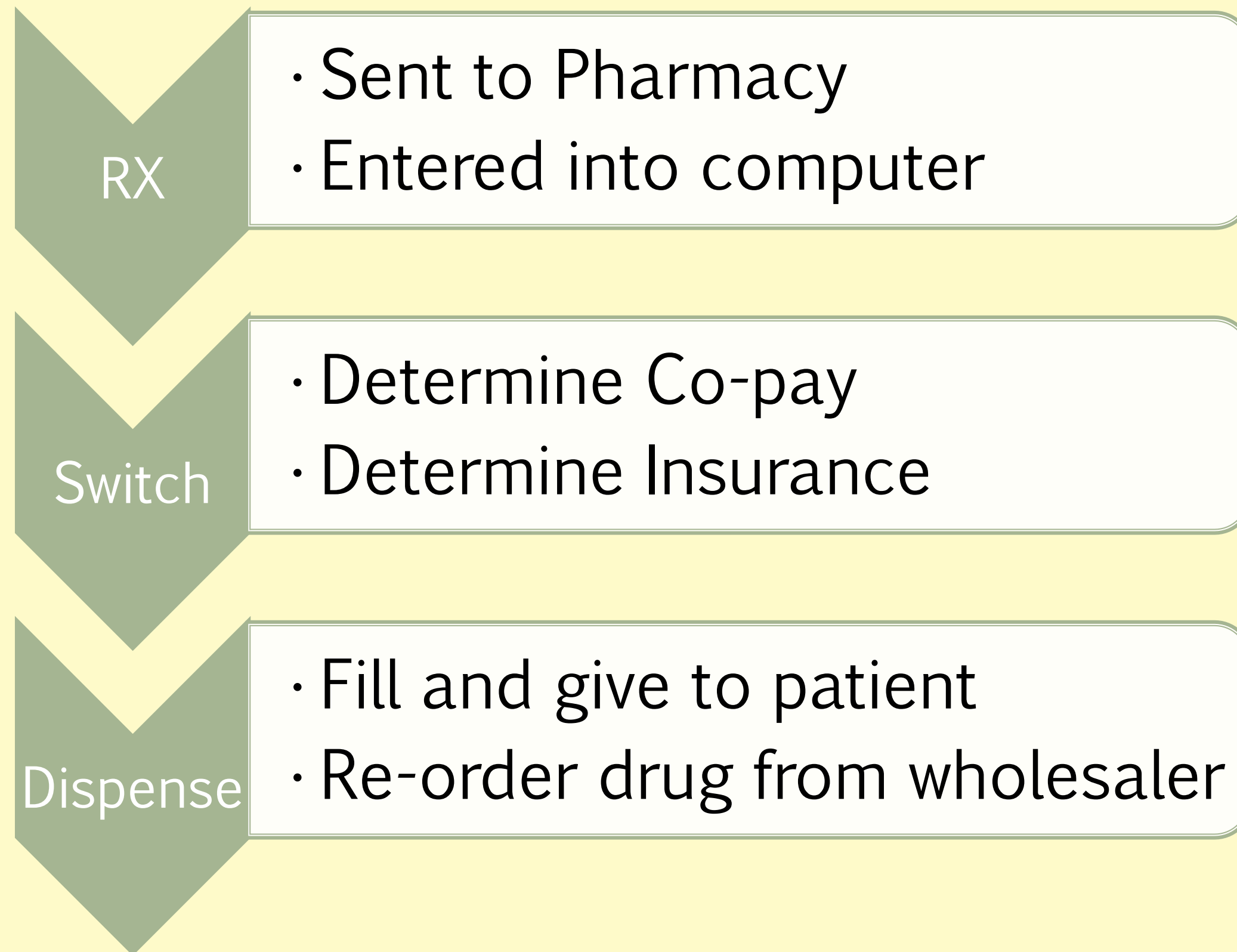


CONTRACT PHARMACY

Why does a retail pharmacy WANT to partner with a 340B Covered Entity?

What is different?

“Normal Process”



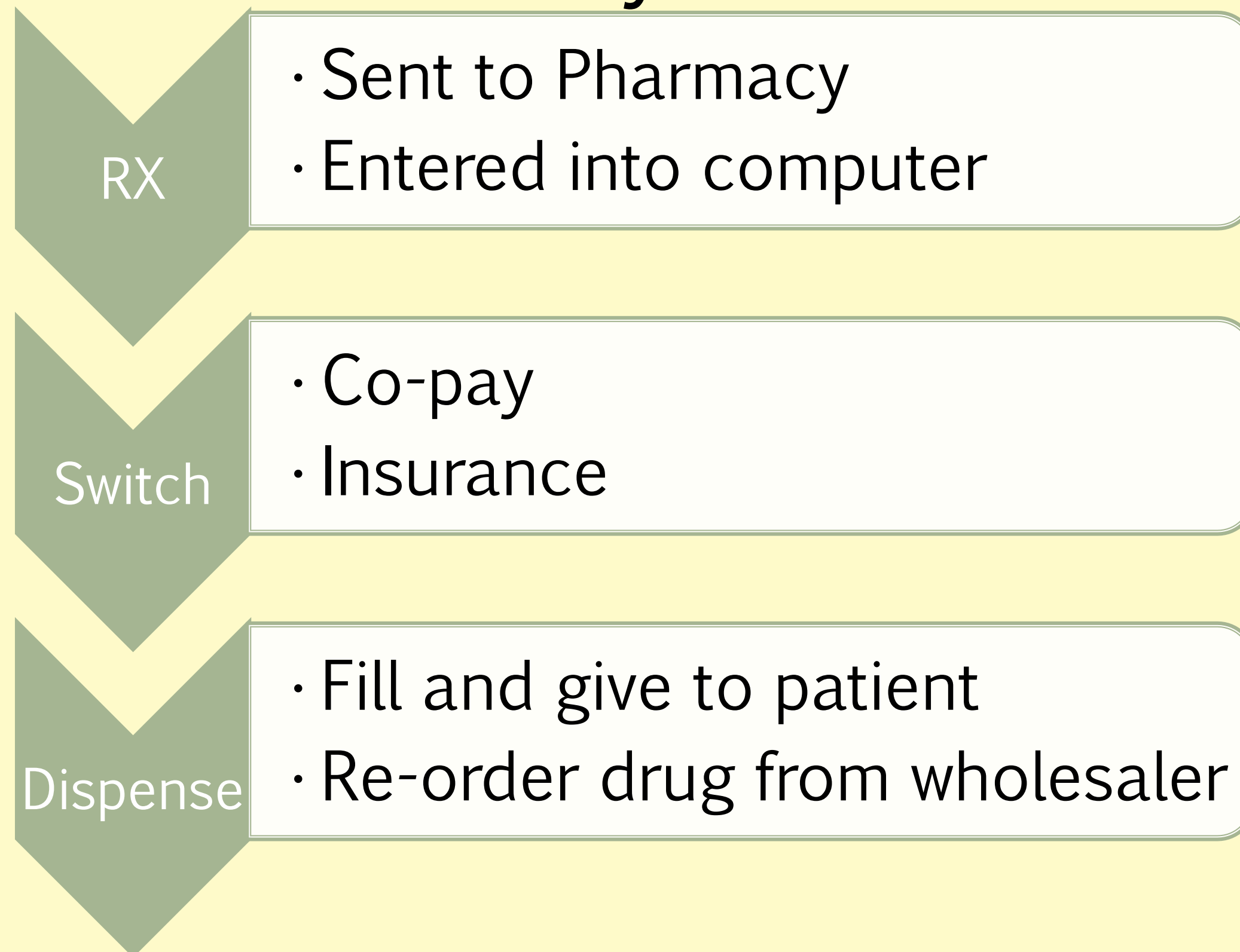
Money Flow For **Retail Pharmacy**

Co-Pay	+ \$20
Insurance	+ \$180
Buy drug from wholesaler	- \$190
<hr/>	
	\$10

*Net of **\$10** to cover overhead costs*

What is different?

“Contract Pharmacy Process”



Money Flow For **Covered Entity**

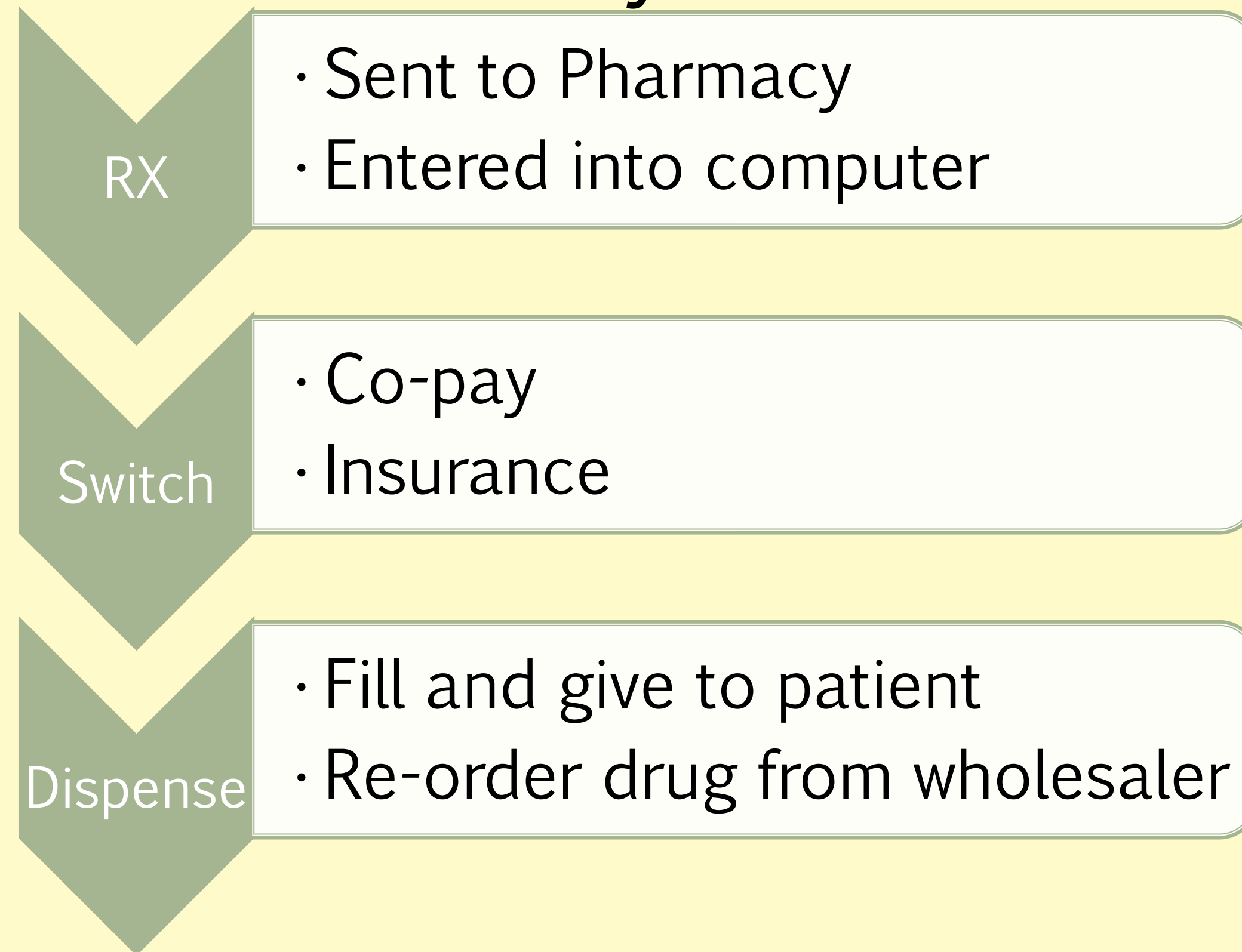
Co-Pay (CE)	+ \$20
Insurance (CE)	+ \$180
Bill To/Ship To (CE)	- \$90
Dispensing Fee to Retail Pharmacy -	\$28

	\$82

*Net of **\$82** to cover overhead costs with TPA and remainder new revenue*

Dispensing Fee Negotiation

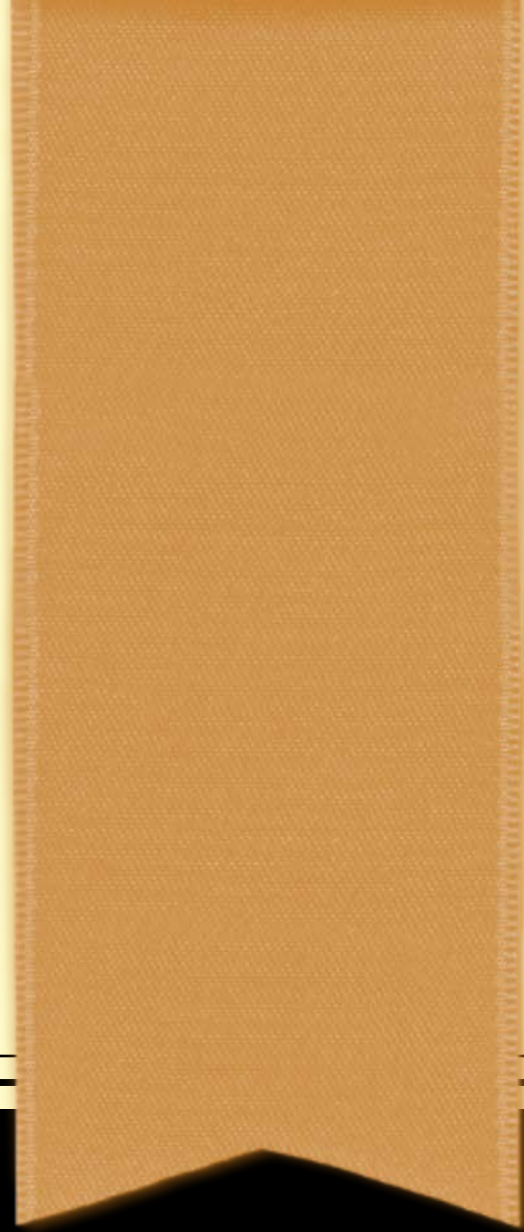
“Contract Pharmacy Process”



Money Flow For **Covered Entity**

Co-Pay (CE)	+ \$20
Insurance (CE)	+ \$180
Bill To/Ship To (CE)	- \$90
Dispensing Fee to Retail Pharmacy	
	- \$15 + 20% gross = (\$55)
<hr/>	
	\$55

*Net of **\$55** to cover overhead costs with TPA and remainder new revenue*



CASE STUDIES

Case Study #1: KNOW Before You Sign

Community Health Center For The People signs an agreement with a TPA (third party administrator) to properly determine patient eligibility in the contract pharmacy space.

Of note:

- ❖ Exclusive agreement with TPA
- ❖ 3-year commitment
- ❖ Per click fee
- ❖ Medicaid must be carved out



Continued

Pharmacy For the People does 400 prescriptions per day, open 6 days per week.

Community Health Center For the People has 50/month of those prescriptions as eligible. However, half of them are Medicaid.

Per click fees, including reversals, edits, etc. are \$2683.20 per month.

Each RX brings an average of \$100 per script after dispense fees and cost of meds.

NET: \$2500 - \$2683.20 = (183.20)

Projections show “loss” in profitability study.

END result: Unable to move forward with “going live” as CE would be upside down.

Case Study #2: Missed Opportunity

Critical Access Hospital has Contract Pharmacies but does not use 340B in-house.

Of note:

- ❖ CAH has infusion services
- ❖ CAH has ED services
- ❖ CAH has limited surgery services
- ❖ Prices for TPA in mixed-use have fallen



This Photo by Unknown author

TPA charges \$1000 per month after setup. 340B for outpatients; so missed opportunity in ED, OR, infusion and OBS status patients. By moving forward with TPA, able to save average of \$5000 per month after fees. Could you use an additional \$60,000?

Questions?

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DBA: 340B Compliance Partners

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(304) 964-3903



References

Apexus 340B Prime Vendor Program. *340B Tools*. Retrieved from <https://www.340bpvp.com/education/340b-tools/>

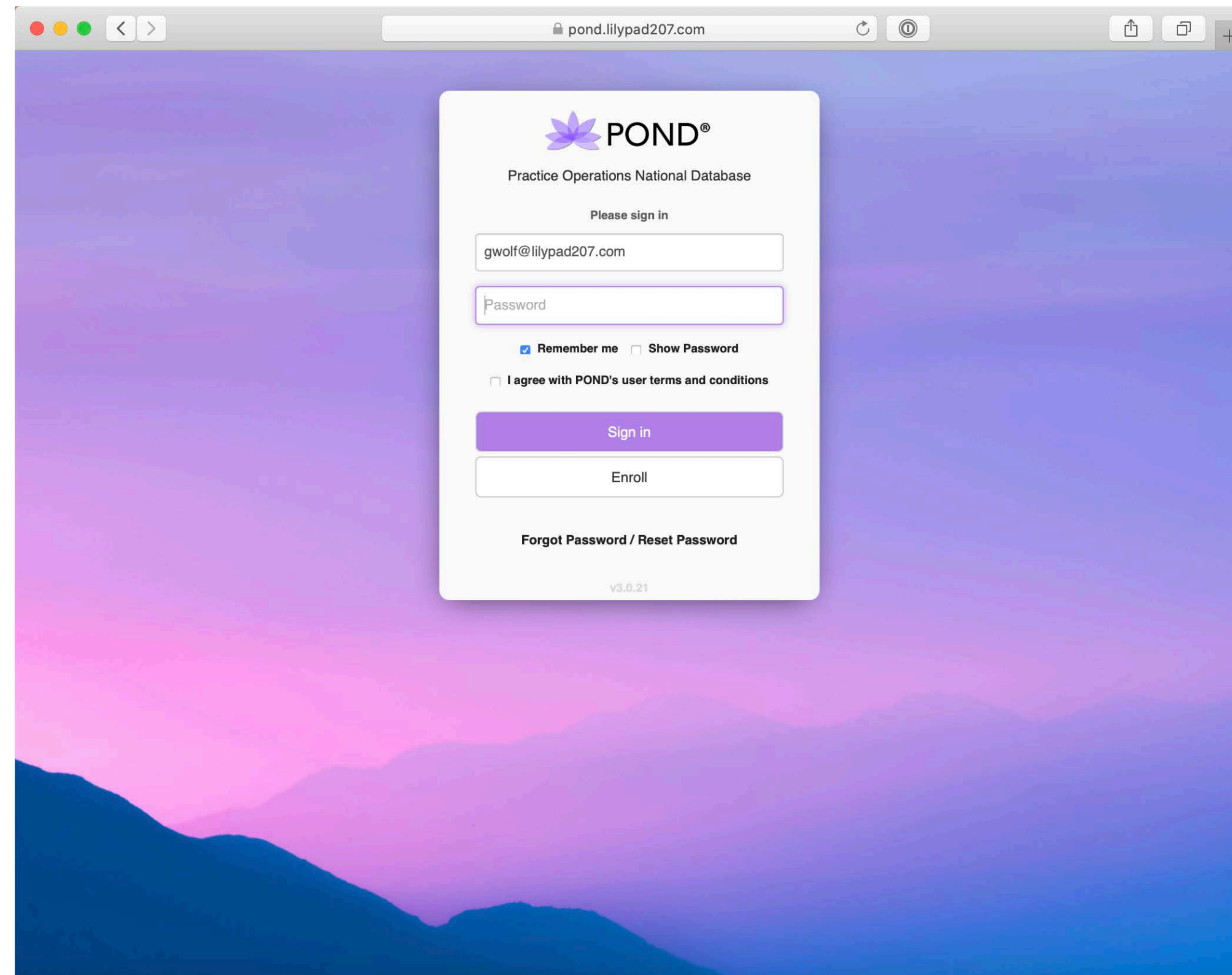
2020 RHC Telemedicine Survey

IT'S FREE!



RHC Telemedicine Survey

Administered August 1 - August 31



WHAT YOU'LL NEED

1. 5 minutes
2. Internet connection and Web browser
3. Clinic NPI and CCN

WHAT YOU'LL GET

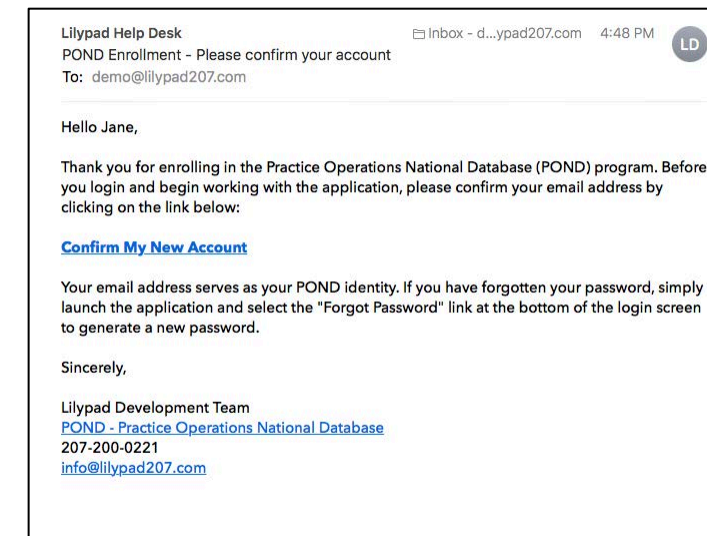
1. Telemedicine Industry Report
2. Access to dedicated webinar
3. Clinic Lilypad Award[®] scorecard

RHC Telemedicine Survey

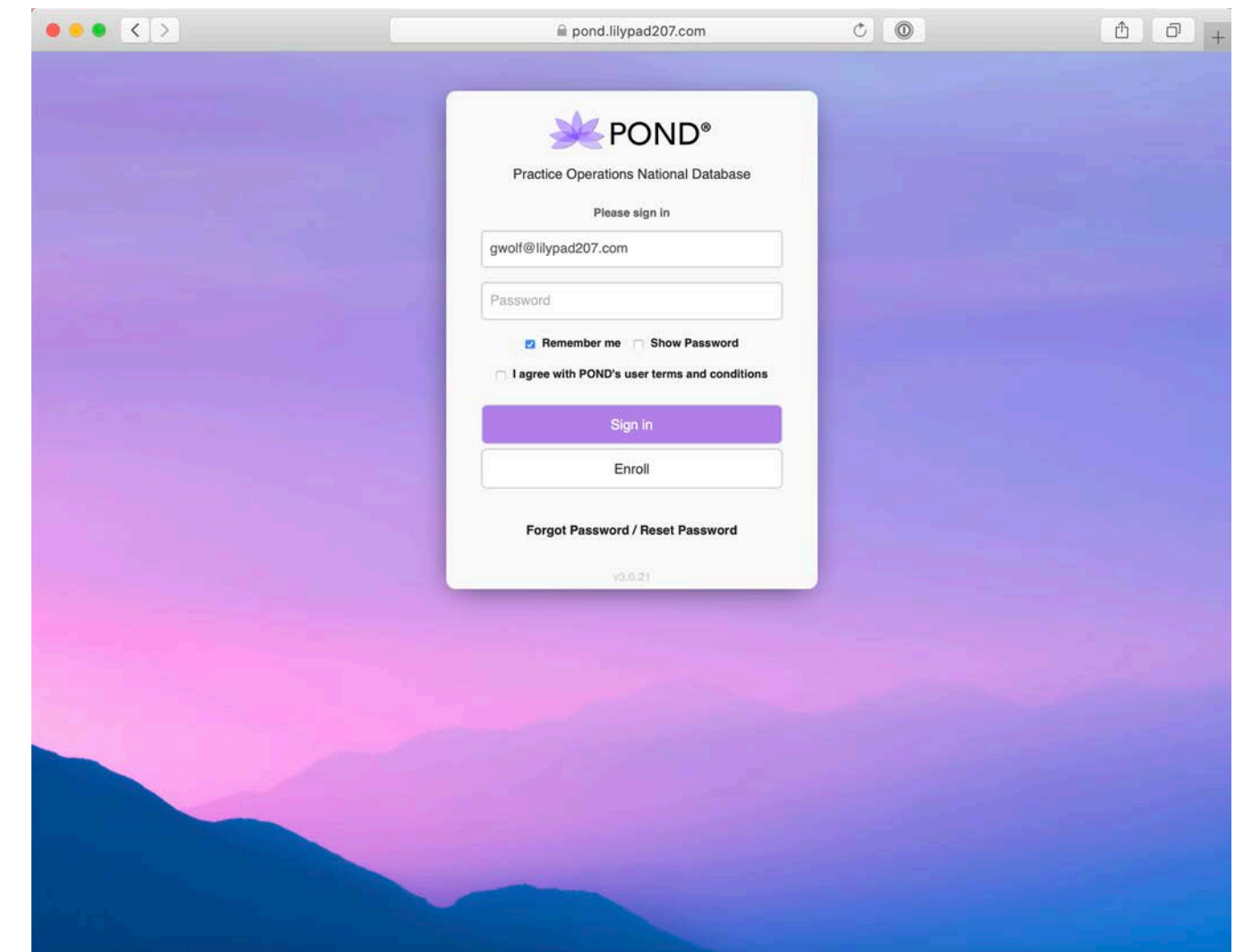
Step 1: Enroll

The first screenshot shows the POND login page with fields for Email Address and Password, and buttons for Sign In and Enroll. The second screenshot shows the 'POND Enrollment Request' form with fields for location, address, and phone number. The third screenshot shows the 'Create your account' form with fields for First Name, Last Name, Phone Number, Create Password, and Confirm Password.

Step 2: Validate



Step 3: Complete Survey



IT'S FREE!

About POND®

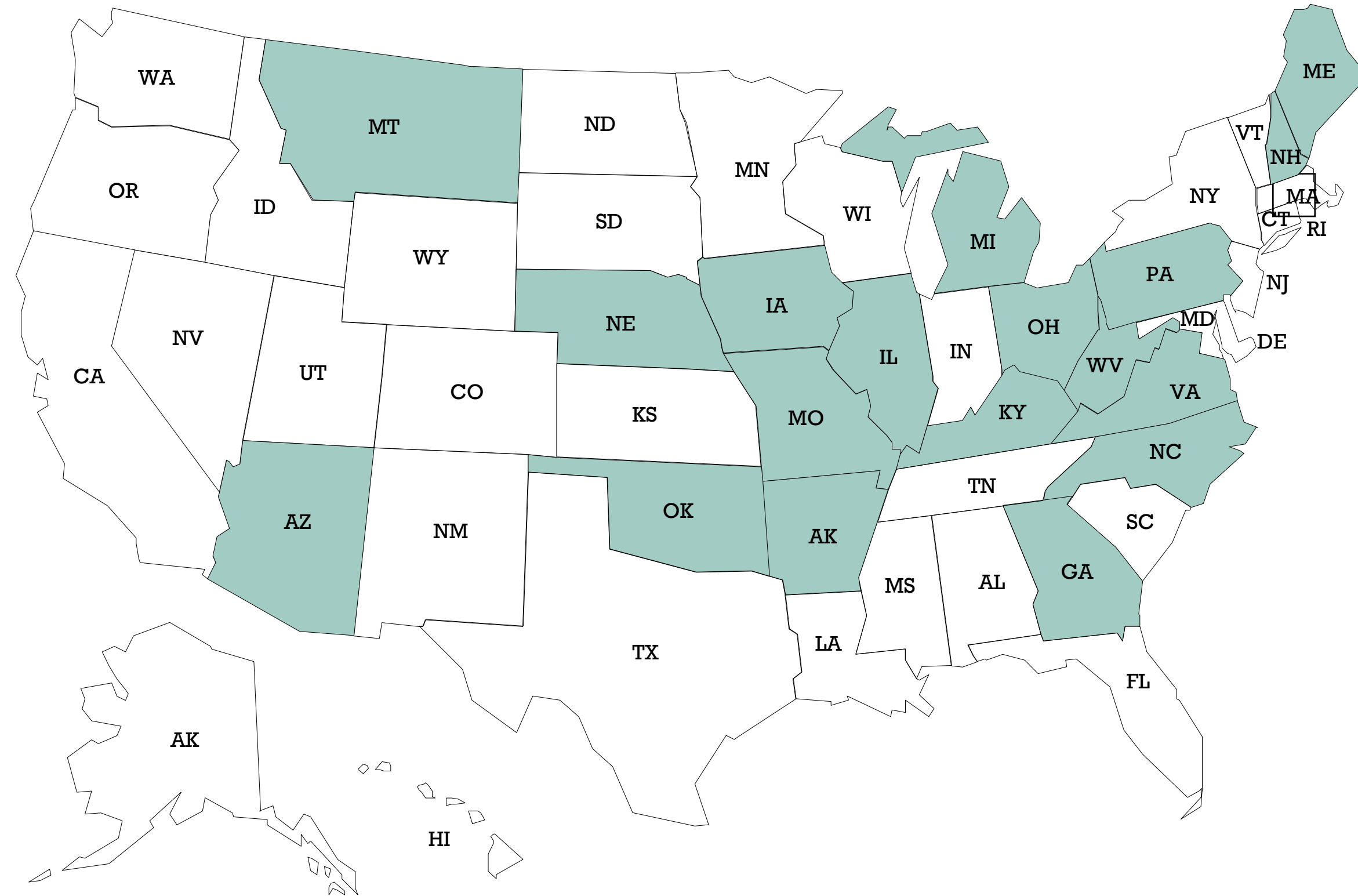


Practice Operations National Database[®]



Developed by Lilypad, POND[®] is the only analytics and benchmarking system dedicated specifically to rural primary care practices

Our Current States



If you are located in one of these states you have access to the POND program right now



How Does It Work?

Cost Report Scorecards

POND Analytics

State Scorecards

Summary Statistics	Actual Expenses	2018 Budget	2017 Actual
Operational Expenses	1,812,100	1,812,100	1,812,100
Medical Expenses	13,091,733	12,673,319	12,673,319
Total Expenses	14,903,833	14,485,419	14,485,419

\$14,903,833 COST
\$14,485,419 REIMBURSEMENT
\$418,414 LOSS

Clinic Scorecards

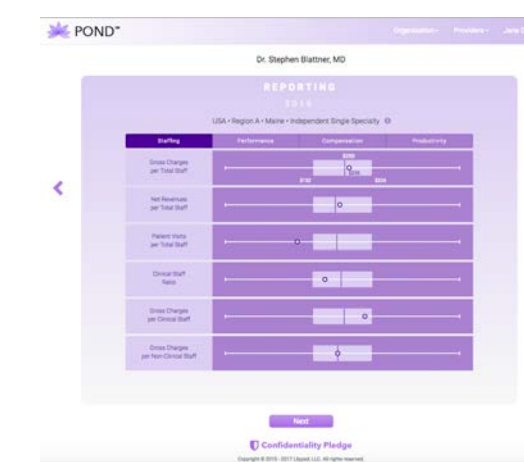
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Total Expenses	14,903,833	14,485,419	14,485,419

\$404,137 COST
\$396,799 REIMBURSEMENT
\$7,338 LOSS

Clinic Scorecard

Metric	Value	Target
Staffing Metrics		
Physician FTE	1.0	1.0
Physician FTE per 1000 Patients	1.0	1.0
Performance Metrics		
Physician FTE	1.0	1.0
Productivity Metrics		
Physician FTE	1.0	1.0

Interactive Tools



To gain access to these reports and tools the required data must be entered into the POND web application

2020-2021 SHIP Grant

SHIP Grant



SHIP allowable investments include activities to assist small rural hospitals with their quality improvement efforts and with their adaptation to changing payment systems through investments in hardware, software and related trainings. This includes aiding with value and quality improvement.

Value-Based Purchasing (VBP) Investment Activity

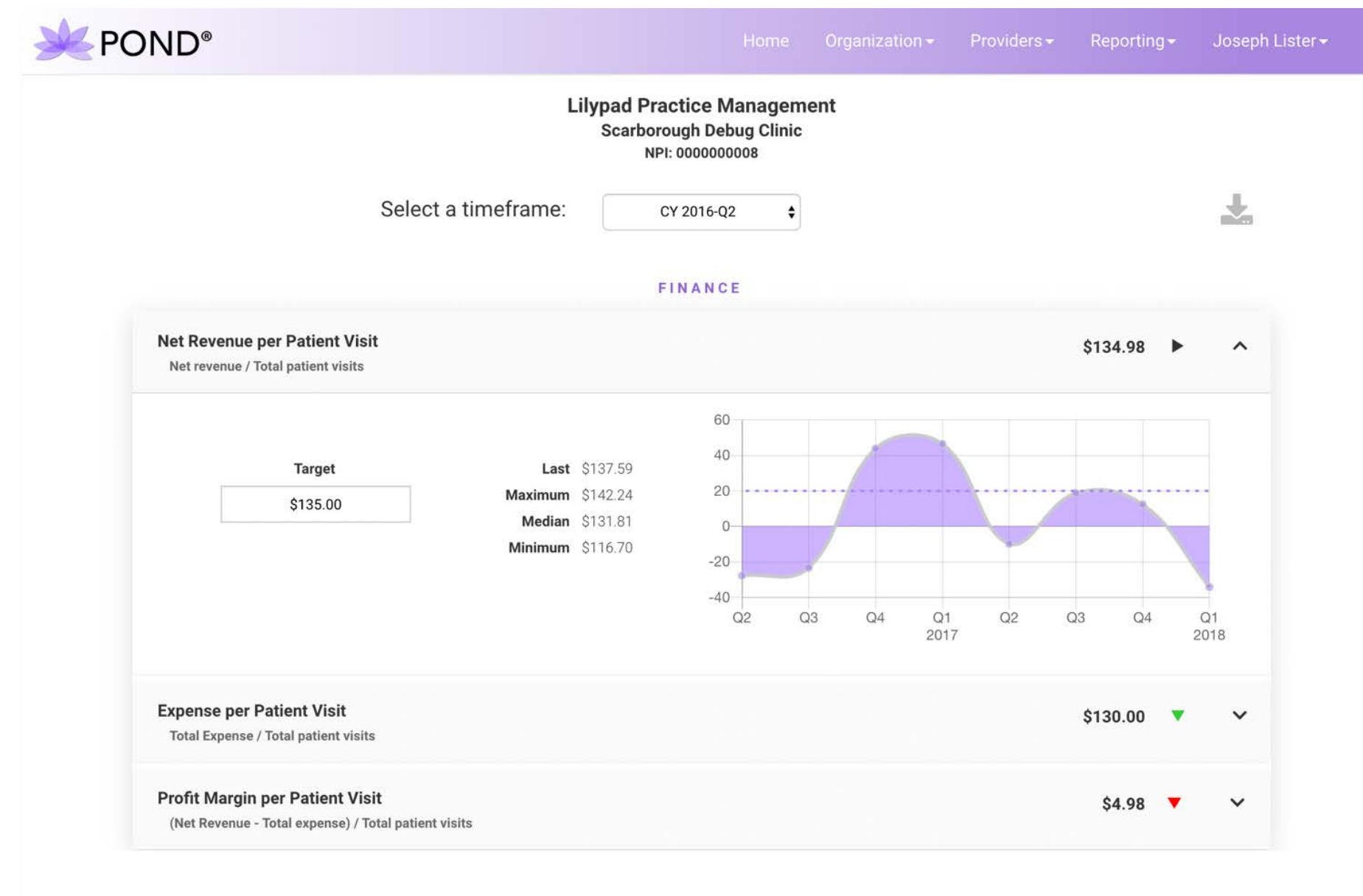
D. Provider-Based Clinic Quality Measures Education

Any activity that supports educational training for provider-based clinic quality improvement reporting and scores

\$12,000

Annual per Hospital funding

Lilypad's SHIP Grant Offering



POND[®] Professional
+
Rural Health Clinic Educational Resources



Lilypad's SHIP Grant Offering

Lilypad's new POND Professional web application enables RHCs to collect, report and benchmark rural relevant financial, operational and quality metrics every quarter. The tool helps clinical teams set targets, build dashboards and share information among all your clinic staff and providers. The new Practice Management web application integrates diagnostic and educational resources to ensure your clinic optimizes :

1 PB-RHC Consolidation

2 Productivity Standards

3 Optimal Hospital Linkage

4 340B Optimization

5 Specialty Care Integration

6 Patient Panel Development

7 HCC Education and Monitoring

8 CCM, TCM and BHI Implementation

9 Fair Market Valuation Basis

10 Quality Measurement/Benchmarks



Join Us Next Month

Clinic Spotlight

Monday, September 21st at 3:00 EST



Thanks for Joining

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