

Transform the pharmacy from a cost center to a strategic asset through a system-level approach — 4 insights

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Leading health systems have invested significantly in pharmacy infrastructure to improve patient care and financial results. An important lesson: optimizing pharmacy's value through a system approach results in better quality, service, financial performance and efficiency.

During a session sponsored by Visante as part of Becker's CEO + CFO Virtual Event in March, Alan Yordy, former CEO of Vancouver, Wash.-based PeaceHealth, current president of the Infinity Group, and senior partner emeritus of the CEO Advisory Network, and Steve Rough, senior vice president at Visante, facilitated a discussion with three healthcare leaders about best practices for driving value through pharmacy at a system level. Panelists were.

- David Benner, chief ancillary officer at CHRISTUS Health in Irving, Texas
- Phil Brummond, senior vice president at Visante
- Tim Lynch, senior vice president of clinical services at MultiCare Health System in Tacoma, Wash.

Four insights:

1. Health system pharmacies face significant pressures that affect the bottom line. These pressures include shifts in the site of care and workforce challenges like burnout and

turnover. "Business disruption is coming from many directions, such as the 340B drug program, supply chain issues, the financial challenges driven by the COVID-19 pandemic and more," Dr. Brummond said.

2. CHRISTUS Health's comprehensive pharmacy services transformation is delivering systemwide clinical and financial benefits. CHRISTUS Health is an international, Catholic, nonprofit health system. When Mr. Benner joined in November 2018, there were no standardized clinical pharmacy activities or consistently applied medication safety processes. In addition, no strategic roadmap existed for 340B, retail or ambulatory services. "Pharmacy wasn't contributing value in a meaningful way," Mr. Benner said. "It was viewed as a cost center and an expensive one at that."

The pharmacy team built a foundation for success focused on three pillars: clinical, operational and financial excellence. An example of an innovative program that CHRISTUS Health adopted is ambulatory pharmacy specialty disease management for its associates. The pharmacy services transformation efforts have paid off. In fiscal year 2022, CHRISTUS Health expects \$26.2 million in drug supply chain savings, a 340B net impact of \$110 million, specialty pharmacy net operating income of \$1.5 million and savings of \$14.6 million for the ambulatory pharmacy specialty disease management program for associates.

3. MultiCare Health System's pharmacy function is now a strategic asset, rather than a cost center. MultiCare is the largest nonprofit, community-based, locally owned health system in the state of Washington. When Mr. Lynch joined in 2019, MultiCare lacked a pharmacy system structure and had significant gaps in operational performance. The 340B program was underperforming and opportunities existed to grow specialty pharmacy revenue.

"We created a new pharmacy organizational structure with a chief pharmacist role and then identified key leaders within functional areas," Mr. Lynch said. "This system structure is highly reliable and produces results."

Ambulatory pharmacy has been a bright spot for the organization. "In 2019, MultiCare had 10 retail pharmacies with negative operating performance, due partly to a lack of standardization," Mr. Lynch said. "Now we have 11 retail pharmacies and two specialty pharmacies that are seeking dual accreditation. In 2021, the retail pharmacies had more than \$18 million in net operating margin, while the specialty pharmacies had \$47 million."

4. Leadership commitment for pharmacy services is the key to long-term success. Both Mr. Benner and Mr. Lynch noted that top-level leadership support is essential for transforming pharmacy. "It's crucial to provide the people, tools, resources, flexibility and space for pharmacy leaders to be entrepreneurial," Mr. Lynch said.

Dr. Brummond agreed. "The right level of executive support in combination with the right strategy and entrepreneurial leadership can blaze the way for a bright future when it comes to addressing the challenges and opportunities facing pharmacy services."