Long Term Care Group Services Organizations – Not Just for Nursing Home Providers Anymore

Presented by:

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This program is approved by NCPA for 0.15 CEUs (1.5 contact hours) of continuing education credit. NCPA is approved by the Accreditation Council for Pharmacy Education as a provider of continuing pharmacy education.
Educational Objectives

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Objectives:
1. List and explain the new CMS reporting requirements.
2. Discuss manufacturer requirements to secure LTC pricing for their retail and assisted living customers.
3. Describe critical pharmacy workflow or building changes needed to open a “closed door” pharmacy.
Long Term Care (LTC) Group Services Organizations – Not just for Nursing Homes Providers Anymore

Speakers: Denny Sherell; John Schutte Gerimed

Group Services Organizations

- Levels the playing field for pharmacists and enables independents to purchase and be compensated at the same level as the large chain LTC businesses
- In reality a GPO is a group services organization
- Value proposition includes:
  - Purchasing – market share incentives
  - LTC provider networks – Part D
  - Clinical and business consultant pharmacist tools (formulary management support)

Group Services Organizations

- Pharmaceutical contracting
- Non-pharmaceutical contracting/DME
- Price checks
- Forecasting reports
- Rebate tracking reports
- Part D formulary management
- Access to Part D prescription drug plan (PDP) contracts
- Consultant pharmacist assistive technology
Long Term Care Provider Networks

- Immediate access to LTC PDP contracts
- Negotiated reimbursement
- Consistent with most retail buying groups
- GPO network contracts are not alike
  - Transaction fees
  - Region's served
  - Evergreen clause

New LTC Rebate Reporting

- CMS launches new reporting requirements for LTC providers
- CMS goals
- Impact on the industry
- GSO support
- How providers may be paid in the future

Opening a “Closed Shop” Pharmacy

“Closed Shop” market share contract pricing available if you meet the criteria
- Must have separate licensure and PIC at each location (some rural exceptions)
- No retail or walk in business allowed/workflow changes may be required
- You cannot deliver directly to anyone’s home or apartment
- Medpass must be completed by licensed nurse or other state designated health professional
- Manufacturer attitudes changing – now supporting retail, combo (hybrid) and closed shop
### Closed Shop Value Proposition
- Market share contracts for closed shop pharmacies; branded and generic. Some retail and assisted living contracts
- Market share incentive programs along with rebate reporting
- Prescription drug plan (PDP), region specific formulary management
- Non-pharmaceutical items on contract

### “Closed Shop or Retail”
- Ensure proper pricing, reporting, and attachment with the wholesaler for all purchases
- Provide end of the quarter forecasting reports to advise pharmacy of their current market shares
- Pharmacy employee training programs
- When is it cost effective to “close shop” a portion of my retail pharmacy? (next slides)
“Closed Shop or Retail”

• 100 LTC Beds Serviced
  – Assume 10 Rx's/Month/Resident
  – LTC Drug Spend $30,000 per month (wholesaler purchases)
  – 80% of LTC residents/Medicare Part D
  – Assume Retail Reimbursement AWP -18%
  – Assume Retail Dispensing Fee $1.50

“Closed Shop or Retail”

• LTC Pricing/Rebates from GPO
  – 5% on Cost of Goods
• LTC GPO Network Reimbursement
  – AWP -12% plus $4.50 Dispensing Fee
  – Gain $4.80 on AWP difference
  – Gain $3.00 on dispensing fee
• Total of $7.80-$8.00 per Rx

Closed Shop Revenue Enhancement

• 1000 Rx's X $8.00 per Rx savings X 80%
• $6400.00 per month
• $30,000 x 5% = $1500 per month
• Total per month $7,900.00
• $94,800 per year

The answer is today!
Consulting Services – Assistive Technology

- Consulting software allows a pharmacy to provide a comprehensive therapy review, a platform to initiate clinical pharmacy interventions, and to monitor and measure outcomes based on ICD-9 code diagnosis
- Improves the ability to provide competitive consultant pharmacist services, while making a striking impression, with a minimum amount of effort
- Value proposition includes:
  - Electronic medical record and database
  - Unique clinical assessment, cost containment and reporting capabilities for SNF and ALF residents and community patients
  - Patient data importation from most dispensing pharmacy software packages

GSO Services - Summary

- GSOs provide members competitive business tools:
  - Through educational opportunities
  - Through evolving technologies
  - Through experienced staff members
  - Through networking opportunities
  - By lowering cost of goods
  - By assisting members in meeting the new CMS LTC rebate reporting guidelines

Questions

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Learning Assessment Questions

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Questions:
1. Describe the requirements to run a “closed shop” pharmacy.
2. Explain the rebate reporting requirements for pharmacists providing LTC services.
3. Identify products and services provided by a LTC group services organization.
Learning Assessment Answers

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Answers:
1. You may not provide services to your retail customers.
2. You must report all rebates received for any resident enrolled in Medicare Part D plans.
3. Pharmaceutical contracting
   Non-pharmaceutical contracting/DME
   Price checks
   Forecasting reports
   Rebate tracking reports
   Part D formulary management
   Access to Part D prescription drug plan (PDP) contracts
   Consultant pharmacist assistive technology