

# Innovation Trends | Specialty Pharmacy

Document Illustrative of Academy Insights Thought Leadership

## Key Trends

1

**LHS have been successful in growing their specialty pharmacies, measured by increases in utilization, growth in the overall patient census, and increases in internal prescription capture rates.**

- The proportion of LHS reporting that efforts to increase the utilization of their specialty pharmacy are “good” or “outstanding” has steadily increased from 54% in 2017 to 85% in 2020.
- In 2020, 46% of LHS report growth in their specialty pharmacy patient census of 51-75% in the past year, indicating significant acceleration since 2017, where over half (57%) of LHS reported growth of 0-10%.
- Nearly all (91%) of surveyed LHS report that the percentage of their own providers prescribing to their in-house specialty pharmacy has increased over the past year.

2

**Access to payer contracts, access to specialty medications, and optimizing technology for clinical workflow and operations remain top priorities for LHS specialty pharmacies.**

- Access to payer contracts has continued to grow in importance for LHS, and remains the top priority for specialty pharmacy leaders - up from 40% in 2017 to 77% in 2020.

3

**As the specialty pharmacy market expands, LHS are re-evaluating growth strategies and the degree to which pharmacy services are integrated into care pathways.**

- LHS continue to examine strategic plans for specialty pharmacy based on internal core competencies, the competitive landscape within their geographical markets, and patient/payer mix. Some LHS seek to closely integrate pharmacy services into the clinical care process in order to maximize continuity of care, access to medications, and medication adherence.

## Top 2020 Priorities Include Payer Contracts & Medication Access

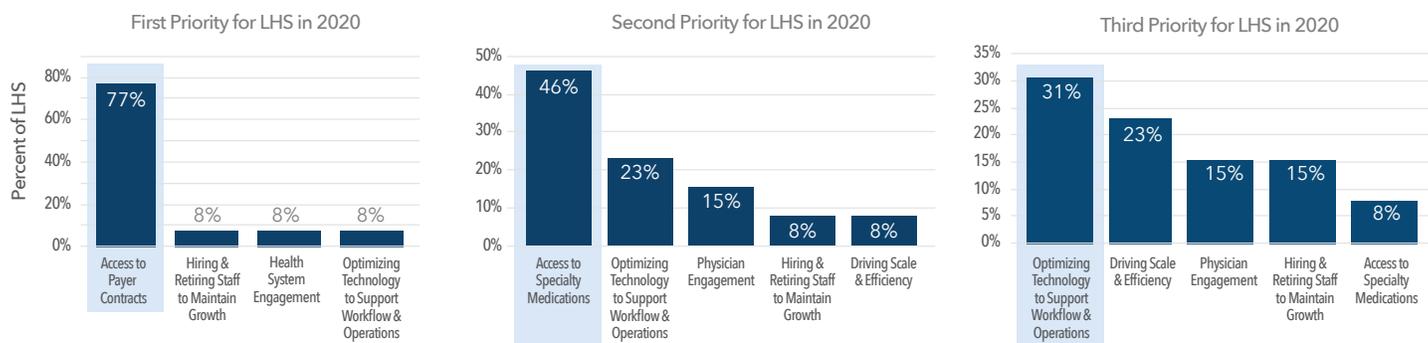
Access to payer contracts and specialty medications remain top priorities, and have continued to increase in importance as LHS seek to compete with established players and scale their specialty pharmacies

The importance of gaining access to payer contracts has continued to grow for LHS, and remains the top priority for specialty pharmacy leaders - up from 40% in 2017 to 77% in 2020. As health systems become more experienced in their specialty pharmacy operations, their top priorities may broaden to also encompass workflow optimization and increasing the usage of data analytics.

*“We can’t just wait for Jeff Bezos to decide how he’s going to change pharmacy, we need to do it ourselves.”*

- Director, Pharmacy Services, Leading Health System

### Specialty Pharmacy Priority Hierarchy Across LHS (2020)



\*Percentages may not equal 100 due to rounding.

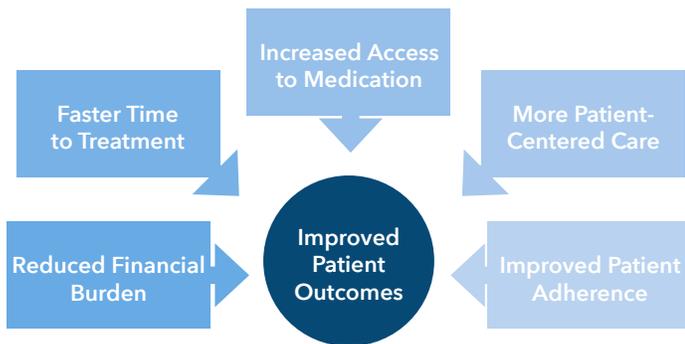
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## A LHS Approach to Clinical Integration

For one LHS with a clinically integrated and mature specialty pharmacy, integrating pharmacists as part of the care delivery team's workflow produced measurable benefits in patient outcomes

### Clinical Integration to Support Improved Health Outcomes<sup>1</sup>



"We're really trying to integrate pharmacy clinical services with our health plan to take a population health approach, in order to decrease costs and increase productivity."

- Director, Pharmacy Services, Leading Health System

### New Staffing Structure and Roles<sup>1</sup>

#### Staffing Model



Each clinic is staffed with at least one clinical pharmacist and one pharmacy technician, who collaborate closely with clinical care providers.

#### Pharmacist Responsibilities



Pharmacists are responsible for medication selection, initiation, and monitoring. These responsibilities support patients' access to medication, and provide a care coordination touchpoint to identify any difficulties with medication cost or adherence.

#### Results for Patients



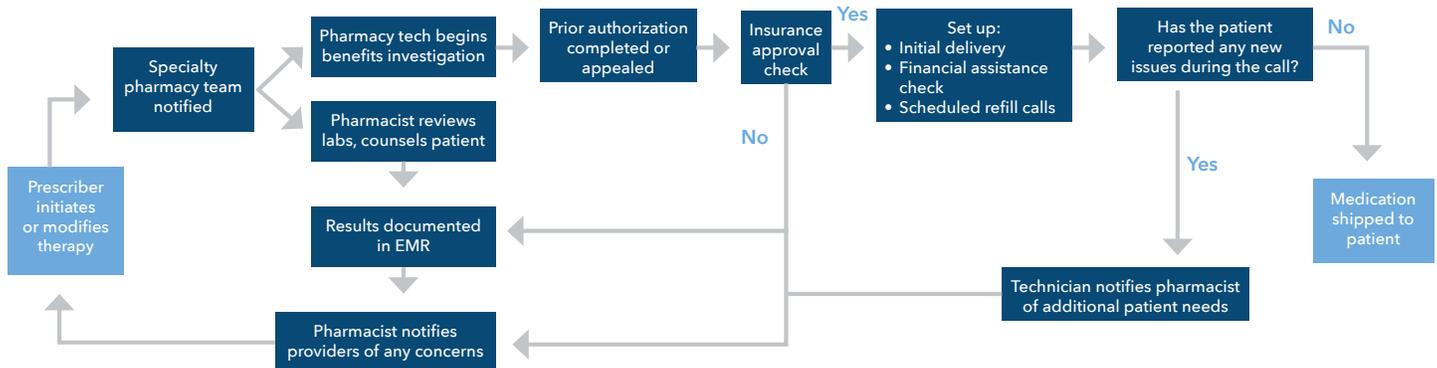
Applying and integrating pharmacists' specialized knowledge into the care process allows providers to practice at the top of their license. In addition, patients build stronger relationships with their pharmacy teams, which can lead to improved health outcomes.

<sup>1</sup> Bagwell, Autumn, et al. "Advancing Patient Care Through Specialty Pharmacy Services in an Academic Health System." Journal of Managed Care & Specialty Pharmacy, vol. 23, no. 8, 2017, pp. 815-820, doi:10.18553/jmcp.2017.23.8.815.

## Improved Efficiency and Patient Outcomes Through Clinical Integration

For one LHS, closely linking the specialty pharmacy team with the care delivery team facilitated efficient and clear communication throughout the prescribing and care delivery process

### Sample Workflow from an AMC's Integrated Specialty Pharmacy<sup>1</sup>



- Integrating a pharmacist and pharmacy technician into the care delivery process through a defined workflow produced advantages in efficiency and outcomes.
- By incorporating multiple checkpoints between the pharmacists, pharmacy technician, and prescriber, improved outcomes were produced through verification of medication access, adherence, and efficient notification of any gaps in care.

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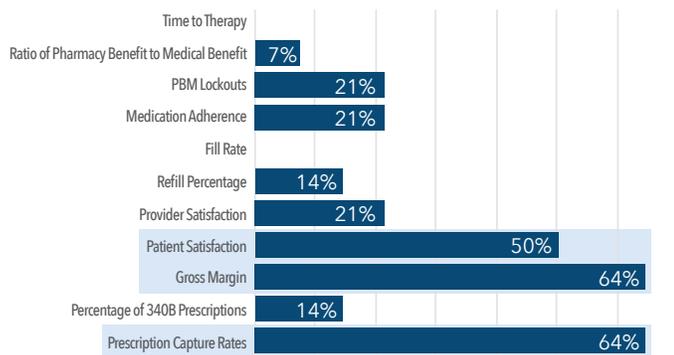
## Margin, Prescription Capture, Patient Satisfaction are Top Metrics

LHS track a wide range of metrics, but prioritize a much narrower subset of metrics deemed critical for specialty pharmacy success

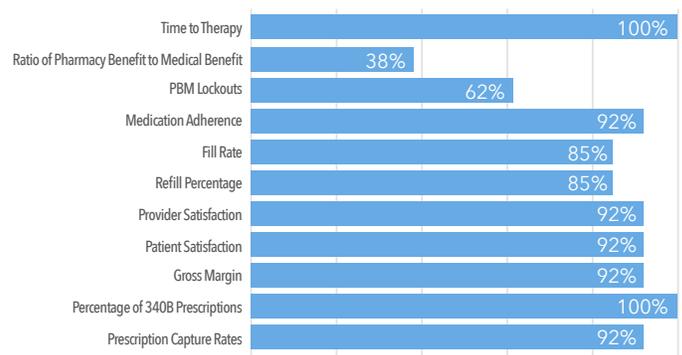
The metrics LHS use to track the success of their specialty pharmacy strategy are broad, including prescription fill rates, medication adherence, percentage of 340B prescriptions, etc. LHS do, however, prioritize a much narrower subset of three key metrics to track success, including gross margin (64%), prescription capture rates (64%), and patient satisfaction (50%). LHS' prioritization of these metrics demonstrates LHS' continued focus on achieving stability and financial health for their specialty pharmacies.

In addition, nearly all LHS (92%) have a dedicated pharmacy staff member who focuses on tracking these metrics using data analytics. As LHS specialty pharmacies continue to grow in size and sophistication, analytical capabilities may increase in importance, allowing LHS to further maximize the efficiency of their operations.

Three Most Important Metrics for LHS Specialty Pharmacies (2020)



Metrics LHS Specialty Pharmacies Track (2020)



\*Percentages may not equal 100 due to rounding.

## Future Outlook: Impact of COVID-19 on LHS Specialty Pharmacy

While navigating the challenges imposed by COVID-19, LHS specialty pharmacies will respond to the expansion of telehealth, financial pressures from a changing payer mix, and the need for continual workforce development



### Telehealth Growth and Specialty Pharmacy

Spurred by the pandemic, telehealth has seen rapid expansion in several areas: technological infrastructure, adoption by providers and patients, in-home drug administration, and expansion of payment terms and use cases by both payers and government. However, provider visits for conditions requiring a specialty medication continue to occur in-office more often compared to visits for conditions that do not require a specialty medication.<sup>3</sup> This may be because of the comparatively high-touch nature of specialty medications.



### Changing Payer Mix

The economic downturn caused by the pandemic is likely to increase the number of Medicaid covered lives and decrease the number of commercially insured patients, as was observed following the recession of 2008-2009.<sup>4</sup> The financial impact of this shift on LHS will largely be influenced by whether the local Medicaid market is fee-for-service or managed care, with fee-for-service environments having a greater negative impact on margins.<sup>4</sup>



### Pharmacy Workforce Development

As LHS execute their COVID-19 recovery strategies, they are considering the evolution of the pharmacy workforce. Prior to the pandemic, there were indications that overall employment for pharmacists would remain flat until 2028,<sup>1</sup> and that less than half (37.7%) of PharmD graduates had specialty pharmacy training.<sup>2</sup> Post-COVID, the development of new vaccines or treatments and increased focus on pharmacists' role as providers may act to increase demand for pharmacists.

"What do people really want? How do we prevent an attack from PillPack? The perspective from the consumer group is going to help us start the shift."

- Director, Pharmacy Services, Leading Health System

"As we develop expertise, we become a target for commercial specialty pharmacies who come in and want to pick off people from the health system, so we need to think about retention."

- Chief Pharmacy Officer, Leading Health System

<sup>1</sup> US Bureau of Labor Statistics, "Occupational Outlook Handbook: Pharmacists."  
<sup>2</sup> Journal of Managed Care and Specialty Pharmacy, "Student Perspectives Regarding Specialty Pharmacy Within Doctor of Pharmacy Curricula," 2019.  
<sup>3</sup> IQVIA, "Monitoring the Impact of COVID-19 on the Pharmaceutical Market," June 8 2020.  
<sup>4</sup> ExceleraRx - Ben Duscher, May 28 2020.