

Improving Pharmacy Contracts: 5 Steps to Set Nurses Up for Success

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It can be challenging to create agreements between skilled nursing facilities and Consultant Pharmacists that ensure clear service expectations and a successful relationship. Some key steps from the start can help avoid surprises and misunderstandings.

› Step One: Start with Information, Expectations

A skilled nursing facility's Consulting Pharmacist contract might be separate or combined with the servicing pharmacy if using the same organization. For example, if using ABC Pharmacy and they also have Consultant Pharmacists, both contracts may be combined into one or they could be separate if using Consultant Pharmacists from another company. Either way, getting the Consultant Pharmacist and the DON on the same page is a good starting place.

For example, DONs, do you wonder what exactly your facility is paying for when you contract for a Consultant Pharmacist? Have you been given a copy of the contract to review? Were you involved in the negotiations or asked what pharmacy services you needed as the leader of the nursing department?

And Consultant Pharmacists, have you reviewed your individual facility contracts so you know what it entails and that you can meet the commitments? If the contract was amended, do you have those edits listed somewhere?

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➤ Step Two: Understand Terminology

Before you look at a contract, it's important to understand contract language.

- **Term:** This describes when the contract begins and when it ends.
- **Obligations of each party:**
 - **Pharmacy:** Managing the formulary, equipment provided or available, fees, and a support plan.
 - **Consultant Pharmacist:** Frequency of visits, reports, fees, and meetings that will be attended.
 - **Facility:** Communicating formulary, managing controlled substances and frequency of need, aggregating pharmacy runs to minimize dispense runs and responses to Consulting Pharmacist reports.
- **Exclusivity:** Is the contracting pharmacy the only pharmacy that can be used or are other pharmacies allowed? Is there a backup pharmacy provided in the contract? In the Consultant Pharmacist contract, is a specific pharmacist assigned and their backup or will a group with multiple pharmacists fill the role?
- **Payment Terms:** This defines when the billing will be sent and the number of days within it has to be paid before it becomes past due.
- **Miscellaneous Provisions:** In this area, other services that are available are indicated either as a part of the contract or for additional fees.
- **Termination:** This indicates the timing in which a contract can be terminated by either party.

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› Step Three: Review the Consultant Pharmacy Contract Format

The next step is to review the Consultant Pharmacist contract, which may either be combined with the pharmacy contract or separate, and identify its structure, meaning, is it:

- **Fee for service/Per diem:** This is based on how many hours are spent in the facility or a price per day fee
- **Record review dollars/bed:** This fee is based on your census or on an average census.
- **A la carte:** This format consists of all the services that the Consultant Pharmacist can perform and the fee attached for each.

The contract could also be a combination of these. For instance, a record review of so many dollars per bed and a fee for each meeting (which could be a blanket fee or hourly) or additional reviews.

Understanding the type of contract is essential to establish expectations for what services the Consultant Pharmacist will provide as part of the contract and what involve an additional fee – and the impact on your budget.

➤ Step Four: Ensure Minimum Components

As you're reviewing the Consultant Pharmacist contract, it should contain these minimum components:

- **Resident record reviews:**

- **Onsite Record Reviews.** The contract should identify how many onsite visits will occur (monthly is the minimum per Tag F756). It may identify the specific reviews to be covered in this monthly visit or refer to the regulations. At a minimum, there will be an expectation of a monthly medication regimen review, which would include antibiotic stewardship and narcotics and reviewing medication reconciliation, duplication of medications, and appropriate diagnosis for medications for any admissions or discharges. The Consultant Pharmacist would provide notes/documentation from these reviews that would identify potential issues, adverse event/side effects/interaction concerns, and recommendations for nursing and prescribers to consider.
- **Off-Site Reviews.** The contract should mention how many reviews are included in the contracted price or the fee for each review. These reviews consist of those admission and discharge record reviews that happen in between monthly visits. In addition, a DON may need the Consultant Pharmacist to review records where a significant change has taken place, such as a new condition that hasn't been diagnosed and/or new symptomology or side effects following medication adjustments. The contract might address how many of these reviews are included in the contract, what ones will be charged at an additional fee, and what that fee is.

- **Meetings the Consultant Pharmacist will attend:** The contract should indicate what meetings are included, whether the Consulting Pharmacist will be required to participate in person or virtually, and expectations of participation (e.g., preparation and follow-up).

- **Education presented by the Consultant Pharmacist:** The contract should spell out the frequency of education, what it will entail, and how it will take place.

- **Narcotic destruction:** The contract should detail how frequently would this occur, what steps/tasks will be involved, if certain forms are necessary and who would provide the forms.

- **Additional value-added resources to be provided:** These might include extra services such as med pass audits and med room and med cart audits. Other audits might involve antibiotics, emergency box, narcotic book and drugs or involvement in a Process Improvement plan (PIP). Other value-added services may include review of the drug ordering systems, physician response or lack thereof, drug storage issues and recommendations for the facility drug formulary, and drug diversion issues. The contract should detail the fees for these services and other details.

Both the Consultant Pharmacist and the DON need to know what to expect as well as the timeline for all activities. The more specific the contract is, the easier it is for the Consulting Pharmacist to follow and for the DON to determine if more items or details need to be added.

➤ Step Five: Evaluate the Pharmacy Contract

In addition to the Consultant Pharmacist contract, there also is a contract for the pharmacy. Again, these two contracts might be separate or combined. Either way, the pharmacy component would address how medications will be provided. It should also describe the packaging, delivery opportunities, after-hours and weekend availability and/or if there is a backup pharmacy that should be used in certain situations such as holidays. Additional issues it might address are whether the pharmacy will provide an emergency box or automatic medication dispensing system.

As you look at the contract, you'll also want to review the cost provisions.

- **Drug pricing.** The pharmacy contract normally includes Medicare drug pricing, with options such as a per diem price for each Medicare day, pricing per drug (which might use the average wholesale price (AWP), or wholesale acquisition price (WAC) +/- %). Find out if there is a per diem charge and if there is a true-up every so often to provide equitable risk sharing between the pharmacy and the facility.
- **Equipment and supplies.** Find out if the pharmacy provides IV equipment such as poles/pumps and supplies like tubing or whether there is a rental fee and supply cost charges.
- **Return options.** Does the contract allow for medication returns? Does it stipulate what kind of drugs or what kind of packaging is acceptable for returns?

- **Pre-admission costs.** Find out if the pharmacy provides pricing on medications prior to admission to assist residents not on Medicare to get a drug at a lower price with the same efficacy. For over-the-counter drugs, does the contract provide stock medications at a price equitable to a supply company or a local facility? Or is there an expectation that all over-the-counter medications must be provided to an individual resident?
- **Cost-saving opportunities.** Ask if the contract provides for cost savings such as a quantity limit when dispensing narcotics or Medicare drugs to prevent excessive returns or destruction. Or it might address efficient ways to get refills that limit nurse time. There may be a component that defines the communication that will take place for high-cost drugs. Additionally, the contact could detail dose packaging that will help save costs.
- **Refill costs.** Review the contract for the cost of additional refills and stat fills and how the delivery works with a stat order.
- **Unit dose packaging.** Unit dose packaging is a cost saver for most facilities. It can save waste when bottles are spilled, it saves time when counting medications and provides an easy identification if there is a missed medication dose or missing medication.

➤ Steps for Success

There is a lot to consider when reviewing either pharmacy or Consultant Pharmacist contracts. But clearly delineating expectations on everyone's end will help ensure a successful relationship with resident wellbeing and safety at the center.

Whether you are the DON or the Consulting Pharmacist, plan to sit down together to review the contract(s). You might be surprised by what you learn.





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