



Cost Containment in SNFs: A 7-Step Roadmap to Savings

PharMerica[®]

 **Skilled Nursing News**

Cost Containment in SNFs: A Roadmap to Savings

Although profit margins remain razor thin, the long-term care industry's census is slowly rebounding. After three years, operators are seeing the light at the tunnel's end. The path there is cost containment, essential to a SNF's healthy bottom line — and, in turn, healthy patients.

"Often the focus of cost containment is on how much an initially ordered medication costs, and how to get the price lower," says Stephen M. Creasy, Director of Clinical Services at PharMerica, a top pharmacy provider to long-term care facilities.

"Instead, we look at the challenge through different lenses. It's not necessarily just about reducing the cost of that medication from a contractual standpoint. We want to see if there is an opportunity to move to a lower-cost alternative that is equally efficacious, ensuring the appropriate amount or duration of medication is used, or developing specific interventions based on prescribing trends of a client's referral sources."

This white paper reveals a seven-step roadmap SNFs can use to start saving today:

Before move-in

- 1 Formulary alternatives 
- 2 Utilization reporting 

After move-in

- 3 Reducing polypharmacy 
- 4 Med-pass efficiencies 
- 5 Resource alignment 
- 6 Billing accuracy and intervention 

Before move-out

- 7 Minimizing waste from unused medications 

A Roadmap to Savings

7 steps of cost containment

PharMerica is one of the largest institutional pharmacies in the country, with 180 locations serving residents in 50 states and providing hands-on support, expertise and solutions tailored to clients' specific needs.

In April 2022, Sandstone Healthcare, which operates 15 post-acute care and rehabilitation facilities, sought a pharmacy provider that could help it provide the highest quality care to residents while better managing its pharmacy spend. As Regional Director of Operations for Sandstone Healthcare, DeeDee Ramon oversees one building in Las Vegas, Nevada, and two in Tucson, Arizona, and was instrumental in bringing PharMerica on board.

"Sandstone strives to be a reputable and viable company that adapts to the multitude of changes within our industry," Ramon says. "Since we know pharmaceutical cost containment can mean better access to preventative care and establish other care resources, we sought collaboration with PharMerica on reviewing our spend metrics."

As Ramon has learned from Sandstone's relationship with PharMerica, when a facility has a cost-containment strategy, the odds improve that its expenses are realistic and appropriate, its medication regimens are up to date and monitored on an ongoing basis, and residents are receiving person-centered care that aligns with their goals, priorities, and preferences.

"Now more than ever, facilities need pharmacy services by a provider who partners with them to save time and money," Creasy says.

Getting there begins even before a resident moves in.



What a SNF gains with a cost-containment strategy:

- Realistic and appropriate budgeting
- Current and frequently monitored medication regimens
- Residents who are receiving true person-centered care

“Now more than ever, facilities need pharmacy services by a provider who partners with them to save time and money.”

Stephen M. Creasy
Director of Clinical Services
PharMerica



Steps before move-in

1 Formulary alternatives



The first step with Sandstone was to do an in-person business review and hear their specific pain points to develop alternative recommendations.

“One of the things we did was not only look at the formulary we agreed to in our contract, but we took it one step further to look at what the insurance and the Medicaid formularies were,” Ramon says. “That’s because we had identified that Nevada is a key state with specific formulary medications that the Medicare-Medicaid system will pay for, whereas Arizona has multiple different insurances that have been accepted.”

That’s a top aspect of the review, Creasy says: working with prescribers to reconsider their prescribing practices by state to reduce facility financial outlay and prevent medication availability issues.

“Our local consultant pharmacists can do an extensive review, talk to prescribers, and give them alternatives,” he says. “For the most part, prescribers know what works to treat the condition and prescribe those products regularly, but they don’t necessarily know the costs or if an insurer will cover them.”

To help educate prescribers, PharMerica develops customized cost guides and works hands-on with them in the facilities.

“It’s about showing them alternatives that are equally efficacious and evidence-based,” Creasy says.

2 Utilization reporting



To assist with evaluating admissions, PharMerica provides Sandstone custom tools to quickly reference and identify savings opportunities, including an Antibiotic Pricing Guide and Quarterly High-Cost Medication Guide.

Once a resident moves in, reporting empowers Sandstone operators to see the impact of utilization on a building level through a regional/national perspective. This occurs via a daily report that lists any medication dispensed over a facility-defined cost per day with an accumulative running of the impact of that cost.

In addition, a monthly report breaks down every cost that hit the invoice that month into a Per Skilled Day (PSD) format to easily show the total impact.

PharMerica meets with leadership quarterly to share a real-time report on spend for all buildings to make sure it stays within the guardrails set during Sandstone's onboarding. During this, PharMerica captures data points related to every portion of the medication-use process, using data tags and diagnosis codes to identify savings opportunities.

"You've got a medication on board, but there's no diagnosis for it," Creasy says. "Or conversely, you have a diagnosis, but you're not treating it. So when you talk about utilization reporting, there's an opportunity to look for under- and over-utilization."

Facilities can also use utilization reporting to track quality of care.

"For instance, we are commonly asked to evaluate opioid prescribing practices," he says. "We can do that reporting, down to the prescriber and facility level, to give insights into prescribing activities and potential areas of risk."



\$58 per prescription: The cost-reduction power of therapeutic interchange

Designed by physicians and pharmacists specializing in geriatrics and long-term care and reviewed by the Pharmacy & Therapeutics Committee to ensure each medication is clinically sound and appropriate, PharMerica's TI program continues to look for new opportunities to go from higher-cost to lower-cost medications that have demonstrated clinical efficacy and comparable effect.

With this proven approach, each therapeutic interchange can save facilities up to \$58 per prescription.

Steps following move-in

3 Reducing polypharmacy



Taking multiple prescription drugs not only adds to medication costs, but also increases the risk of adverse events. The health care team should consider altering a resident's medication list to minimize polypharmacy while maintaining the therapeutic goals of treatment.

"You have to look at each medication and determine whether or not they're needed," Ramon says. "We've had some residents come with 21 meds or more, depending on their comorbidities. So then you kind of have to peel back the onion."

That means making sure that medications are both necessary and cost effective, Ramon says.

"With polypharmacy, our physicians look at minimizing or reducing the number of medications that patients are taking, and that also affects us positively because we're not having to pay for those higher-cost medications," she says.

Creasy advises operators to lean on their consultant pharmacists, who can evaluate if a medication is necessary, whether the benefits outweigh the risks, or if there is an opportunity to use nonpharmacological interventions.

"We've developed custom reporting to look at certain classes of medications they want to target for discontinuation, and have a way to help prioritize those," Creasy says.



Global authorization secures future savings

Through PharMerica's global authorization program, prescribers can pre-approve interchanges to lower-cost preferred medications for future medication orders, and prescriber-approved forms stay on file at the applicable PharMerica pharmacy.

For states where global authorization is not allowed, once the resident enters the facility, PharMerica sends a request to the prescriber to substitute a lower-cost alternative after the initial dispense.

4 Med pass efficiencies



Like everything else in long-term care, med pass is a team endeavor. To determine where to focus time- and cost-saving efforts, communication is key.

Operators must talk to staff about their concerns and ask about the process:



How can the process be more efficient?



Where are there opportunities for errors?



What steps take too much time?

“Communicate this information to the pharmacy. They can help you look at things holistically,” Creasy says. “They also can take small steps to improve efficiency. For instance, if nurses have to crush a pill, the pharmacy might be able to find a liquid equivalent. Or they may be able to change the timing of dosages, give them more training on inhaler use, or identify combination medications that lower the pill burden.”

For long-term residents, simplifying med-pass is more straightforward, Ramon says. That’s because the facility is their permanent home, and clinical staff can take time to manage their medications. Short-term stays are difficult because the length of stay is often only 10 to 20 days.



The savings potential of authorized generics and unbranded biologics

Some non-branded medications have come out, including common insulins and inhaled medications, that provide the same therapeutic benefits without the high price tag.

Facilities should work with their pharmacy provider to determine if their dispensing systems are set up to facilitate these automatic substitutions and find out how to take advantage of the savings as more of these products come to market.



5 Resource alignment



To more effectively support local facility operators, PharMerica aligns resources to drive to its clients' goals, allowing the facilities to track success metrics for cost containment. But to stay on target, Sandstone and PharMerica added another layer of oversight.

"PharMerica has a team of analysts that can help us break down our spend and identify gaps and opportunities for improvement," says Ramon.

These analysts work exclusively with key members of the Sandstone team to focus on continued reduction in non-covered spend management as well as implementation of its customized savings program.

6 Billing accuracy and intervention



Billing is always a challenge, but never more so with staffing shortages and other issues contributing to delays, gaps, and errors. PharMerica's OneTouch Billing Support program is designed to create more accurate billing that also lowers costs.

At its core, OneTouch dedicates a single billing and census partner to each client who serves as their advocate. They make sure the appropriate payers are billed promptly so payments come in more quickly. They notify facilities of noncovered and high-dollar medications prior to dispensing. In fact, the program drives savings at all stages of the census and billing cycle.

In addition, with centralized data, OneTouch enables insights into recurring issues to help reduce high-cost drivers and spend, such as medications that are repeatedly denied.

Steps before move-out

7 Minimizing waste from unused medications



SNFs waste an estimated \$2 billion a year on drugs that go unused, many of which are discarded when a short-stay resident returns home. One way PharMerica helps reduce this waste is with its quantity level limit program that enables facilities to better manage their supply and minimize unnecessary medications.

The idea behind the program is to prevent waste without affecting medication availability, particularly with medications that can't be returned such as inhalers, insulin, or eye drops, explains Creasy. PharMerica's program offers two distinct advantages and saves SNFs an average of up to \$1.06 per patient per day:



Limits financial exposure on high-cost medications that may not be used



Reduces time spent on medication returns

PharMerica's program offers two distinct advantages and saves SNFs an average of up to \$1.06 per patient per day.

Use the roadmap to chart your path to savings

Cost containment isn't one-size-fits-all.

"We work one-on-one with clients to tailor an approach — we look at their history and physicians' prescribing patterns then customize our efforts based on this information and other factors," Creasy says.

At the same time, PharMerica's local teams provide boots on the ground, helping SNFs gain unique, valuable insights into their own cost-containment goals.

"Having a pharmacy consultant that collaborates with each of my buildings enhances patient care by increasing medication adherence, improving outcomes through medication management, and reducing costs, medication errors, and adverse drug reactions," Ramon says. "Our consultant not only looks at what's best for each patient, but also collaborates with me, the administrators, and directors of nursing on cost containment opportunities."

"There are lots of moving parts, variations, and options when it comes to medications," Creasy adds. "We take the time to ensure quality and the lowest costs possible. If we improve outcomes or enable facilities to be successful, we have accomplished what we set out to do."



PharMerica[®]

 **Skilled Nursing News**

PharMerica takes every opportunity to ease cost woes.

Learn more here:

info@pharmerica.com | pharmerica.com