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Closing the Door to Open the Door to New Opportunities

LTC Summit October 14, 2017

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Disclosure

- Susan Rhodus is the Senior Vice President, Contract Administration with GeriMed, Inc. The conflict of interest was resolved by peer review of the content.

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Learning Objectives

- Discuss business considerations of moving your pharmacy from combo to closed-door pharmacy.
- Outline the steps to take when going from combo to closed-door pharmacy.
- Describe services that a closed door LTC pharmacy can be able to provide to increase their revenue.
- Discuss areas examined in LTC pharmacy inspection and common citation issued.

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LTC: Not just nursing homes anymore!

- Populations changes – 10,000 people in the United States turn 65 years old every day
- Payment changes – cost of care in hospitals and nursing homes have skyrocketed
- Geriatric and developmentally disabled residents want to be more independent and spend more time at home – perception of nursing home as a death sentence

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Patient Residence Changes – Medication Management Continues

- Skilled Nursing Homes/Rehabilitation Facilities – both Part A (short stay) and Part D/other payer residents
- Assisted Living Facilities, Personal Care Homes, Group Homes (developmentally disabled - DD), Correctional Facilities, Intermediate Care – for Individuals with Intellectual Disabilities (ICF-IID, *formerly ICF-MR*), Chronic Psychiatric Facilities, Medical at Home, Hospice
- Are the residents needing extra assistance with their medications and are you providing them with more services than a what a retail pharmacy customer normally receives?

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CMS Requirements for Network Long Term Care Pharmacies

- Instituted in 2006 as part of the Medicare Part D criteria for insurance sponsors to provide access to residents of nursing homes for Part D prescriptions.
- CMS recognized that long term care residents required more services than retail Medicare Part D beneficiaries
- “To qualify as a LTC pharmacy for a Part D sponsor’s LTC pharmacy network, a pharmacy must currently have the capacity – either by itself or through subcontracts with other entities- to meet all of these performance and service criteria, even if an LTC facility that pharmacy serves does not need a particular service subsumed under those performance and service criteria.” Medicare Part D Manual Chapter 5

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CMS Definition Relating to Non-LTC Facilities

“Costs associated with special packaging and delivery for residents of non-LTC facilities (e.g., assisted living facilities and other forms of congregate residential settings) with the same level of care need as residents of LTC facilities. It is reasonable to assume that the typical enrollee residing in a non-LTC facility setting who meets the same level of care need as a beneficiary in an LTC facility would require the provision of dispensing related services such as unit-dose packaging and home delivery that are provided by LTC pharmacies to the residents of LTC facilities. For this reason, CMS believes that non-LTC facilities in which individuals meeting an institutionalized level of care need constitute a distinct pharmacy setting, and one in which specialized services such as specialized packaging and home delivery would be appropriate for Part D sponsors to reimburse LTC pharmacies via the dispensing fee. However, CMS notes that it would not be appropriate for Part D sponsors to reimburse LTC pharmacies for these specialized services for individuals who do not meet an institutionalized level of care need.” *Medicare Part D Manual Chapter 5*

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CMS Performance and Service Criteria for Network LTC Pharmacies (NLTCPs)

1. Comprehensive Inventory and Inventory Capacity
2. Pharmacy Operations and Prescription Orders
3. Special Packaging
4. IV Medications
5. Compounding/Alternative Forms of Drug Composition
6. Pharmacist On-Call Service
7. Delivery Service
8. Emergency Boxes
9. Emergency Log Books
10. Miscellaneous Reports, Forms, and Prescription Ordering Supplies

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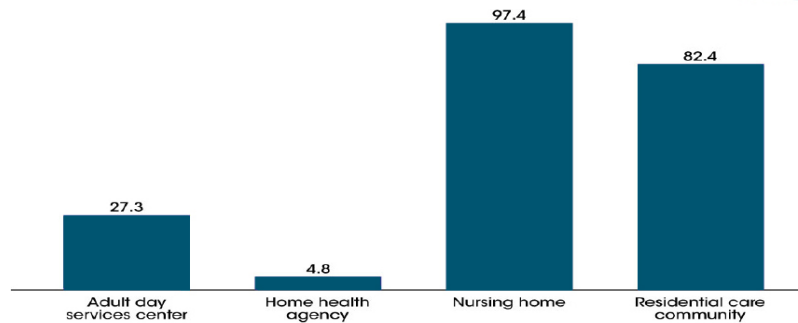
Who are the patients you can service?



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Percentage of Long-term Care Services Providers that Provide Pharmacy or Pharmacist Services, by Sector:



NOTES: Pharmacy services refer to the filling of and delivery of prescriptions. See Appendix A for more information on how the provision of pharmacy services was defined for each sector. See Chapter 4 for an explanation of differences in how services were measured in 2012 and 2014. The available administrative data did not have information on whether or not nursing homes provided pharmacy or pharmacist services. Percentages are based on the unrounded numbers.

SOURCES: CDC/NCHS, Long-Term Care Providers and Services Users in the United States: Data From the National Study of Long-Term Care Providers, 2013–2014, Figure 16 and Table 3 in Appendix B.

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How many patients in 2014 (one day snap shot)?

• Home Health Care	4,934,620
• Hospice	1,340,723
• Nursing home	1,369,687
• Adult Day Care	282,200
• Residential Care	1,000,000

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The ID/DD Setting

16+ Persons

- ✓ Nursing Facilities
- ✓ State Institutions
- ✓ Private ICF/IDD



73,609

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7-15 Persons

- ✓ Public ICF/IDD
- ✓ Private ICF/IDD
- ✓ Other Residential



56,003

≤ 6 Persons

- ✓ Public ICF/IDD
- ✓ Private ICF/IDD
- ✓ Waiver-Supported Living



504,897

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Medical at Home Patients

- Patients who prefer to be at home that would otherwise be in a nursing home
- Have a caregiver at home – many times a spouse
- Waiver programs 1915 (c) or 1115 state demonstrations under HCBS (Home and Community Based Services)
- Referral by physician or other healthcare professionals
- Managed Medicaid patients living at home in special needs programs

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Medical at Home: How is This Different than Retail Pharmacy?

COMPLIANCE PACKAGING

Pharmacy can offer the same services as a long term care pharmacy except for emergency kits placed in facilities, including compliance packaging, delivery, and an expansive inventory list to accommodate geriatric patients

MEDICATION MANAGEMENT

Monthly services offered include, but are not limited to, the following:

- ✓ medication reconciliation
- ✓ monitoring of adherence
- ✓ reviews with prescribers
- ✓ medication management
- ✓ and other services to improve outcomes and decrease hospitalizations

BETTER OUTCOMES

- Clinical Consultant Pharmacist trained in Geriatrics
- Continued monitoring decreases re-hospitalizations and increases adherence to prescribed medications for better outcomes

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How do you determine if you can service these patients as an LTC Pharmacy?

- ***Ten (10) services required by CMS for Medicare Part D LTC qualification – including compliance packaging, 24/7 service**
- **Can the patient go to the drug store and get medications and take them appropriately themselves? Or can you walk into a retail pharmacy and get the services offered by this pharmacy as a regular patient? Is the patient responsible for their own medication administration or is a caregiver administering it?**
- **These patients cannot be supported by a mail order service due to unique compliance packaging and clinical needs**

https://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Downloads/MemoPDBManualChapter5_093011.pdf
(CMS Prescription Drug Manual Chapter 5 Benefits and Beneficiary Protections 9/30/2011)

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'Combo' Pharmacies

- Claims reimbursement for LTC services
- Purchasing LTC products
- Dispensing software
- Workflow and production and space allocations
- Automated dispensing machines
- Regulations, contracts, etc.
- Personnel expenses

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What pieces are missing in 'Combo' Pharmacy? Reimbursement

- LTC Reimbursement – are you getting paid appropriately for LTC services?
 - Medicare Part D has different payment structure for long term care services in nursing homes, ICF-IID (intermediate care facilities for individuals with intellectual disabilities, formerly ICF-MR), and assisted living facilities
 - Medicaid and Commercial insurances do not distinguish between retail and LTC services – reimbursement very low in Managed Medicaid plans

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Solution to obtaining appropriate reimbursement for LTC Medicare Part D claims

- Talk to LTC PSAO/GPOs about the benefits of their programs
 - Some GPOs can assist you in getting LTC reimbursement in a Combo pharmacies from all the major Part D payers
- Claim coding for billing
- DIR fees
- Review cost of network through transaction fees or monthly billing fees

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What pieces are missing in 'Combo' Pharmacy? Purchasing

- Are you able to purchase brand pharmaceuticals and pharmacy related products (packaging, automation, equipment, medications carts, etc.) at a discounted rate vs. retail?
 - Class of trade discounts on brand pharmaceuticals
 - Volume of purchases for LTC related pharmacy products
 - Automation equipment specific to compliance packaging

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Packaging, Software, Carts, Labels, etc.



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Solution to obtaining better pricing on pharmaceuticals and other pharmacy products

- Talk to a LTC GPO (group purchasing organization)
- Saving money on select brand products
- Saving money on LTC pharmacy products
- Wholesaler should be willing to provide COGs at the same rate for both retail and LTC business

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What pieces are missing in 'Combo' Pharmacy? Dispensing Software

- Does your retail dispensing software provide the ability to set up accounts based on facilities?
 - Coding for appropriate patient residence codes
 - Printing of materials for facility such as MARs (medication administration records)
 - Interfacing with an E-Mar system (electronic medication administration record)
 - Billing facilities for Medicare Part A and other ancillary charges (stock medications, forms, etc.)

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Solution to an efficient dispensing software for LTC patients

- Talk with your current vendor regarding what is needed to service LTC patients
- Consider new software for the LTC portion of the business if your current software is not compatible with LTC facilities
- Obtain work arounds or additional hard drives or servers from your software company

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What pieces are missing in 'Combo' Pharmacy? Work flow, production, space

- Do you have the room, work flow, and efficient personnel production to service LTC from your retail pharmacy?
 - How many patients are you servicing?
 - When are you entering orders?
 - How often are you delivering to a facility?
 - What packaging system are you using for the facilities? Do you have one system or more than one?

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Solution to workflow, production, space, etc.

- Do you have a plan for workflow? Is it working?
- Do you have a designated area to fill LTC prescriptions and bill?
- How many prescriptions are you filling daily?
- Can you grow your business in the space you currently have?

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What pieces are missing in 'Combo' Pharmacy? Automated dispensing machines

- Do you have packaging machines to efficiently package the systems delivered to the facilities?
- Are you looking to purchase newer equipment to improve quantities and quality of packaging?

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Solution to automated dispensing machines

- Do you have space and money to add machines?
- Can you start with the older types of machines to get the business going? Have you spoken to other pharmacies about purchasing used equipment?
- If you are growing your business, take a look at the newer machines.

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What pieces are missing in 'Combo' Pharmacy? Regulations and Contracts

- Do you know the regulations for the facilities you are servicing? - National – CMS Survey Guidelines – new ones just published in September, 2017 State – for assisted living (personal care, residential, etc.)
- Do you have a contract with the facility?
- Do you have a policy and procedure in place with the facility?

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Solution for Regulations and Contracts

- Regulations and contracts apply to all pharmacies servicing LTC facilities
- www.cms.gov
- www.ascp.com
- www.ncpa.com
- www.ahcancal.org (both nursing home and ALF regulations)

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What pieces are missing in 'Combo' Pharmacy? Personnel

- Are you using pharmacists and technicians within your retail operations to fill prescriptions for LTC patients?
- Do you have designated delivery drivers for your LTC business?
- Are your pharmacists on-call at night and weekends to deliver emergency medications to facilities off hours?

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Solutions for Personnel

- After hours call can be managed with contractors to provide emergency medications to facilities
- Using the same pharmacists and technicians to fill both retail and LTC prescriptions

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When should you consider moving to a closed door pharmacy?

- Volume of prescriptions and facilities impacts:
 - Inventory (are you already separating inventory based on where you fill the prescriptions?)
 - Space (is your workflow and productivity efficient to complete daily tasks in a timely manner?)
 - Personnel (do you need more personnel to get the work completed timely? Are you adding nursing homes to your business?)
 - Costs (are you looking for additional discounts on brand products?)

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Business Growth – Is Closed Door what I need to do today?

- Considerations when looking at closed door:
 - What are your State Board of Pharmacy regulations regarding hours of operation, space, opening in the same building?
 - Do you have the dollars to invest in another Pharmacist in Charge based on your LTC business today (or in the near future)?
 - Do you have contracts with your facilities?
 - Do you have capital to grow your business? Investment in equipment and medications carts, etc.
 - Are your savings on brand pharmaceutical products enough to justify the additional costs?

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Potential Model to Open Closed Door Pharmacy

- If you have space in your current building – set up the closed door pharmacy “next door” to the current retail pharmacy – must have separate entrance and address
- Only open the LTC pharmacy for set hours daily to fill maintenance orders (unless you need to fill a stat order) – share the pharmacist and technician with the retail pharmacy
- Set up a LTC dispensing software computer terminal in the retail pharmacy to enter new orders and print labels for all LTC orders
- Operate on cycle fill to complete most orders at a set day and time monthly

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'Combo' Pharmacy

- Same DEA and state License as retail pharmacy – same physical address for both parts of the pharmacy
- Separate filling of prescriptions in compliance packaging
- LTC reimbursement
- Select brand pharmaceutical discounts
- Can use same personnel for both parts of the pharmacy
- Great for starting your LTC opportunity

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Closed Door Pharmacy

- Separate DEA and state license from retail pharmacy – separate entrance and physical address than the retail pharmacy
- Separate filling of prescriptions in compliance packaging
- LTC reimbursement
- Full line of discounts on brand pharmaceuticals
- Separate personnel (at least for the PIC)
- Great if your business is growing and you need an efficient operation

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Other Services to Consider

- Vaccine administration – nursing home, assisted living, developmentally disable
- Consulting services to facilities (and medical at home)
- Medication Management
- MTM in a long term care setting
- Value based healthcare is coming – reduced hospitalizations, more adherent patients, etc.

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LTC Pharmacy is a Great Opportunity!

- Increased reimbursement and profitability
- Growing population
- New opportunities with developmentally disable and medical at home
- Value based programs are coming soon – you can save money for Medicare by increasing adherence, decreasing polypharmacy, providing systems for better medication administration, etc.

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