Specialty Pharmacy: A Revenue Center in Disguise

**Terms:** Pharmacy, drug expenditures, medication management, pharmacy trends, specialty pharmacy

Brian Hardy, RPh, MBA
Senior Director, Pharmacy Advisory Solutions

Here's a scenario: Department leaders across the health system are meeting to look for untapped sources of incremental revenue. They hope to find a traditional cost center that could become a strategic asset. An added bonus would be if it also enabled them to gain influence over patient care after discharge. Any ideas? I have one — specialty pharmacy.

Specialty pharmacy will comprise nearly half of drug expenditures by 2018, which represents both an opportunity and a threat to hospitals. Those that don't offer specialty pharmacy services risk losing patients to other channels, revenues from limited-distribution drugs and the ability to fully participate with payers in an accountable care environment. Those that act now to capitalize on specialty pharmacy can create a profitable new revenue stream and be well positioned for long-term success.

Broadly defined, specialty pharmacy is the medication therapy management of patients with rare or chronic diseases who use high-cost medications, generally $1,000 per month or more. These treatments typically involve injectable or infusion drugs that have significant side effects or risk profiles, special handling instructions, unique distribution management requirements or the need for continued intensive patient management.

While per-capita spending on traditional medicines has declined, specialty pharmacy has more than picked up the slack. In 2016, eight of the 10 top-selling drugs were specialty medications; by 2018 specialty pharmacy will represent 45 percent of the total U.S. drug spend.

**Leverage your hospital's advantages in complex clinical care**

Nearly half (47.1 percent) of surveyed hospitals with more than 600 beds operated a specialty pharmacy in 2016, according to the American Society of Hospital Pharmacists (ASHP) national survey of pharmacy practice in hospital settings. Hospitals, health systems, physician practices and providers' group purchasing organizations accounted for one in five accredited specialty pharmacy locations.

Further growth is inevitable, since hospitals have the expertise, relationships, resources and data that make them ideally suited to meet the needs of specialty patients. Their unique capabilities in managing complex clinical conditions drive better performance in key areas such as:

- Decreasing time to initiate therapy and ensuring that prescriptions are filled with bedside delivery; it currently takes seven to 10 days to get the prescription to a patient, but a health system can do this within two days
- Preparing patients and their families to transition from inpatient to outpatient care with in-person pharmacist discussions prior to discharge
- Reducing medication abandonment rates and adverse events through frequent monitoring and prompt response to potential problems
- Enhancing the coordination of care and improving clinical decisions by providing all caregivers with access to electronic health records

Hospitals wanting to get started in the specialty pharmacy market may find the perfect catalyst in their employee pharmacy program, which, similar to specialty, is designed to increase revenues and reduce internal costs. Of course, 340B eligibility is another significant catalyst, though it's crucial to recognize that many hospitals have successfully moved into this space without 340B.

For hospitals that already have an ambulatory pharmacy, a good starting point is closely looking at current activities in specialty and how you can build those out. Also, examine your strongest clinical areas to determine where you're already getting specialty medicine prescriptions and how you might be able to get more.

An efficient and inexpensive way to do this is to conduct a specialty pharmacy opportunity assessment. A comprehensive analysis of organization-specific information, such as clinic types, patient volume and payer mix helps formulate a solid business plan that drives direction and assists with speed to market.

As you develop your program, keep in mind that prior authorization and benefit investigation are crucial components of your strategy. Copay assistance programs are essential in this era of high-deductible health plans. To reduce write-offs, not-for-profit health systems and hospitals need to take better advantage of the more than 450 medication assistance programs offered by manufacturers.

By taking time now to prepare for your pharmacy’s future through specialty pharmacy, you can grow your presence in the market, strengthen patient relationships and gain more control of patient care beyond the hospital.

To listen to the specialty pharmacy webinar, click [here](https://www.vizientinc.com/webinars/20170907Why-manufacturers-and-pbms-should-worry.html). To learn more about Vizient pharmacy solutions, click [here](https://newsroom.vizientinc.com/category/blog-category/251).

**About the author.** In his current role, Brian Hardy uses his more than 18 years of health care industry experience to help Vizient member organizations identify opportunities for improving cost management, operational efficiencies, clinical integration and patient satisfaction. Prior to joining Vizient, Hardy created the vision and strategy for the central fill, home delivery and specialty pharmacy initiatives for Intermountain Healthcare, and was instrumental in getting URAC accreditation for its specialty pharmacy.

**Language:** English

Source URL: [https://newsroom.vizientinc.com/vizient-blog/pharmacy/specialty-pharmacy-revenue-center-disguise](https://newsroom.vizientinc.com/vizient-blog/pharmacy/specialty-pharmacy-revenue-center-disguise)

Links: