

Reid Health saves more than \$1 million and experiences next-level value with Vizient

Reid Health Richmond, Ind.

Reid Health serves about 280,000 people at its 217-bed regional referral hospital for a largely rural population and satellite locations across six Eastern Indiana and two Western Ohio counties. Cancer, orthopedics and heart care are major service lines, and about half of pharmacy spend is outpatient.

When Reid Health met with the Vizient Pharmacy team in 2015, the integrated regional system sought savings first. Reid found savings and more—a dedicated partnership delivering tailored market, clinical and operational expertise as Reid ups its pharmacy game for value-based patient care.

Vizient experts identified at least \$450,000 in potential savings upfront. Better pricing and contracting helped. Sharpening clinical and formulary practices, and cancer service operations added more. Leveraging a comprehensive ambulatory program strategy, we were able to expand efforts to make a greater impact. Guiding Reid through the rules maze for federal 340B drug discounts set the stage for even larger future gains.

First-year confirmed cost cuts of nearly \$640,000 exceeded even these high expectations. And that's just the cost side of the ledger. Revamping outpatient pharmacy billing also added more than \$400,000 in revenue—with the help of Vizient.

All in, the first-year pharmacy financial gains topped \$1 million for Reid.

More valuable yet are strategic gains, says Brad Hester, Reid's pharmacy director. Vizient's expertise helps Reid better use pharmacy staff in its 217-bed acute care hospital and across its network.

Closer pharmacy-clinician ties help Reid maximize total patient care value—basic for successful risk contracting and accountable care, a point Hester adds that he's learned by working with Vizient.

"We've expanded our current engagement with Vizient looking at specialty services," Hester says. "This is an important component looking forward to value-based purchasing—and better serving our patients across the whole continuum of care."

Past price—to value

Drug purchasing for Reid was already tight. Still, using the Vizient state-of-the-art contract optimization and price validation yielded \$26,000 the first year. The savings were welcome, but just the start.

The broad Vizient Pharmacy Advisory Solutions clinical and operations expertise, gleaned from real-time data and long-time experience with hundreds of health systems, helped Reid's pharmacy reach a new level of added value. For example:

- Clinical waste-cutting strategies, including compounding in the IV room, standardizing doses and improving storage practices, saved more than \$230,000 on the blood pressure control agent isoproterenol alone. Other dosing strategies for cancer and heart drugs added another \$43,000.
- To keep catheters open, 1 milligram (mg) doses of alteplase prepared from larger vials saved \$14,500 over prepackaged 2 mg vials—with similar clinical performance and less side effect risk.
- A close look at cancer center drugs purchased found that inventory could be cut \$212,000 by matching drugs on-hand with scheduled patient visits. Reid pharmacists worked closely with Vizient analysts balancing drug inventory with patient needs. No shortages were seen in 12 months.
- Formulary changes and therapeutic interchanges saved another \$90,000. Substituting one inhaled anesthetic, sevoflurane, for similar desflurane saved \$31,000. Using generic glaucoma, angina and other medications, and better timing of surgery recovery drugs, netted \$30,000 more.

These successes demonstrate the power of engaging clinicians for cutting drug costs and improving patient care. Vizient clinical data and best practice models helped—and more programs are in the works at Reid, Hester says. “Information from other facilities that have made these changes carries a lot of weight with our medical staff.”

Successfully shepherding Reid into the federal 340B drug discount program saved another \$40,000 initially, with much more in future years. Vizient helped make sure Reid's business structure complies with 340B rules, helped develop record-keeping processes and select a software vendor, and delivered staff education and updates on program changes. “Having [Vizient] on board really accelerated our understanding and our process. Otherwise we would have had to figure this out on our own,” says Reid Pharmacy Manager Ben Austerman.

Getting retail right

Offering prescription drugs at doctors' offices helps patients stick with treatment plans. It's important for successful one-stop specialty and medical home-style primary care. Yet many health systems lack experience in the increasingly critical retail pharmacy market.

 For more information contact consulting@vizientinc.com or visit www.vizientinc.com.

Reid Health's ROI in Vizient Pharmacy Advisory Solutions

Savings projected:	\$450,000
Financial gains achieved:	>\$1 million
Strategic gains:	Better positioned for value-based contracting through lower costs, increased revenue and more-effective care
Bottom line:	Vizient expertise helped Reid Health gain systemwide value from its investment in pharmacy services

Reid opened its outpatient pharmacy years ago for its own employee health plan. But with 100 commercial plans and counting, its no-margin pricing grew ever more costly.

Vizient market data helped Reid normalize prescription prices to outside payers. “It was really a matter of getting our pricing plans in line with typical retail pharmacies like CVS and Walgreens,” Austerman says.

This brought in an extra \$433,000 the first year—with zero push-back from insurers.

There's a reason. Drugs add value. When taken as prescribed, total treatment costs drop and patient health improves.

Customized value

Like many hospital pharmacy departments, the limited staff at Reid was increasingly strained. Cookie-cutter savings programs that needed a lot of staff time—or charged for solutions Reid didn't need—just didn't work.

Partnering with Vizient did work, Hester says. The customized approach used by Vizient surveyed their capabilities, and delivered only services that enhanced performance with minimal staff time. Remote data analysis kept Vizient in close touch while keeping travel costs down.

“Multiple Vizient subject matter experts spent enough time with us to understand both what we were doing and identify opportunities that would work here, while not pushing ideas that would not,” Hester says. “That was very helpful not only to pharmacy but also with physicians, administrators and other departments. I commend Vizient for having all of these folks at our disposal to support our initiatives.”

As the nation's largest member-owned health care services company, Vizient provides network-powered insights in the critical areas of clinical, operational, and supply chain performance and empowers members to deliver exceptional, cost-effective care.