2021 Vizient Pharmacy Network Program Annual Report
“We are excited about the growth of our Pharmacy Networks to include the newly formed East Coast Purchasing Coalition (ECPC). Providing Vizient Pharmacy members with solutions like ECPC is simply our sweet spot. When members have a need, our Pharmacy Team is there to create, support and execute. Our networks help our members collaborate on local and national needs and help inform us of emerging trends. Our members are proud to participate in our Pharmacy Networks and see great value around return on investment and having a voice where being local matters.”

Paula Kessler
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2021 review: staying connected while staying distant

Welcome to the Vizient® Pharmacy Network Program 2021 Annual Report. Much like the previous year, this year has continued to be like no other. We entered a new phase of COVID-19 with the rollout of vaccines, yet our health systems continued to see surges and emergence of variants. We longed to see our members and colleagues but continued, for the most part, in a virtual environment. Globally and here at Vizient, mental wellness was made a priority as everyone continued to balance work, home life, and the lack of going back to a pre-COVID existence. The Pharmacy Network Program team conducted a significant amount of work remotely even before the pandemic began, although some meetings and the annual network conferences were held in person. Over the past year, the team compensated for the lack of face-to-face interactions by developing new ways to conduct business and creating new opportunities for members to network and share best practices, providing an effective environment for member-driven sharing on timely issues such as COVID-19 vaccines and other therapies. Working together, network members and the Vizient team achieved significant milestones in driving value, especially under the circumstances. This report details these successful team accomplishments.

Noteworthy new members that joined the Pharmacy Networks in 2021 include Duke University Health System, The University of Rochester Medical System, and Augusta University Medical Center. To support the continued growth in October we announced a new network offering RxCommit, which is focused on members looking to select the committed contracts they participate in. The East Coast Purchasing Coalition (ECPC) was also created in 2021 to serve the member needs of the east and southeast regions of Vizient, with Duke University Health System and Broward Health as founding members. The pharmacy networks executed 28 multinetwork program agreements in 2021, with total member savings exceeding $293 million.

The Pharmacy Network team continued to focus on delivering member education on relevant topics. This past year the team concentrated on white bagging, contrast media, the Drug Supply Chain Security Act (DSCSA) and new technology add-on payment (NTAP) reimbursement, providing network member-only webinars with very high attendance. In 2022 we look to increase the number of educational offerings that support our contract initiatives to continue to drive member performance and savings.

2021 by the numbers

- 20 networks
- 28 multi-network contracts
Vizient Pharmacy Network Program Overview

Our purpose

The Vizient Pharmacy Network Program is an alliance of member hospitals that work collaboratively, supported by the Vizient Pharmacy Network Program team, to drive value and unify member hospitals. The primary function of the group is to leverage the aggregate purchasing volume and clinical expertise of network members to deliver cost reductions, improved outcomes, and stronger market performance. Network members work collaboratively to align their formularies to generate mutually beneficial contract savings. Initiatives addressing standardization and utilization contribute to lowering supply costs while helping members provide outstanding, high-quality patient care.

Review of 2021: by the numbers

Pharmacy networks and membership

Inception year: 2008
• 353 health systems
  – 24 new health system members
  – 839 new sites of care
• 20 total networks
  – 1 new network established in 2021 East Coast Purchasing Coalition
  – Launch of RxCommit, the new National committed contracting program

Member savings and spend

• 2021 savings: $293.3M
  – 6% annual increase in total member savings
• 2021 pharmacy spend: $30B including network partners
  – 1.3% average decrease in member distributor spend

Multinetwork initiatives

The Vizient Pharmacy Networks maintained the strategy of utilizing the multinetwork contracting initiative approach in 2021 to maximize efficiencies among network directors. Ninety percent of total savings was accomplished via contracting projects. The objective looking forward in 2022 will be to augment multinetwork savings with individual and regional network project savings to maximize value to our members.

In 2021, twenty-eight new multinetwork contracting initiatives were completed along with 16 new non-contracting initiatives. These efforts delivered $298M in member savings, provided a more reliable supply as well as improved clinical quality. One of our more successful network initiatives this past year was our request for proposal (RFP) for crotalidae antivenin. When expanded FDA indications for a product in this category were approved, it allowed the pharmacy networks to create an opportunity to send a RFP to the two available suppliers of crotalidae antivenin. Not only did members receive over $9M in savings, but the awarded supplier also completed a base agreement and became a new contracted supplier for Vizient.

Another area of focus in 2021 was the continuation of our biosimilar contract portfolio. The networks focused on uptake of our awarded suppliers to demonstrate the network value to the supplier community while delivering savings to our members.

Figure 1. Uptake of awarded bevacizumab biosimilars by network members

*Percentage is based on product by total mgs
**Figure 2. Uptake of awarded rituximab biosimilars by network members**

*Percentage is based on product by total mgs
Awarded biosimilars only included

**Figure 3. Uptake of trastuzumab biosimilars by network members**

*Percentage is based on product by total mgs
Awarded biosimilars only included
Figure 4 shows how member pharmacy spend has changed year over year for Vizient members overall and for pharmacy network participants in the acute and non-acute space.

**Figure 4. Year over year growth in member spend for acute and non-acute class of trade for Vizient and the Pharmacy Network Program**

<table>
<thead>
<tr>
<th>Year</th>
<th>Acute Spend</th>
<th>Non-Acute Spend</th>
<th>Total Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$30B</td>
<td>$20B</td>
<td>$50B</td>
</tr>
<tr>
<td>2020</td>
<td>$40B</td>
<td>$30B</td>
<td>$70B</td>
</tr>
<tr>
<td>2021</td>
<td>$50B</td>
<td>$40B</td>
<td>$90B</td>
</tr>
</tbody>
</table>

**Strategy Advisory Group**

Kicking off in 2020, the multinetwork Pharmacy Strategy Advisory Group (SAG) continued their efforts meeting quarterly for 2021. SAG's member-driven contracting strategy was made possible with the engagement of 19 highly respected thought leaders amongst its membership.

Beyond strategic direction, SAG members also provide feedback and open discussion on best practices, pharmacy-specific and health care challenges, especially concerning continuation of, and recovery from, a public health emergency. This led to thought-provoking discussions on new initiatives to explore and ways to support pharmacists practicing at the top of their licenses; expanding their current knowledge of opportunities in revenue cycle management and helping their local C-suites realize that pharmacy is more than just a cost center. Additionally, site of care changes and challenges influenced by the pandemic, allowed members the opportunity to think differently, share best practices and new ways of managing high-cost medications, while keeping pharmacy aligned with their Revenue Cycle Management and Finance Teams, to monitor for additional value through optimizing revenue enhancement. Education and an initiative for drug-related new technology add-on payments (NTAP), with pharmacy support, allowed for much membership collaboration amongst their local, key stakeholders.

**RxCommit**

In October 2021, the Pharmacy Network team launched the RxCommit program. RxCommit is Vizient Pharmacy’s Committed Contracting solution for members ready to commit and standardize their formulary preferences for enhanced value. RxCommit is best suited for members that have a centralized formulary management process and cultural support for formulary management and conversion efforts. Members must also be ready for the longitudinal commitment of their pharmaceutical spend and willingness to uphold RxCommit contract commitments. This program provides additional contract value with the ability to adopt agreements based on their local needs.

RxCommit offers an additional, intermediary value proposition for members looking for more than access to the Vizient Pharmacy national agreements who are not ready for, or a great fit for, a traditional Pharmacy Network. The introduction of RxCommit will allow more Vizient Pharmacy members access to aggregation strategies and enhanced contract value. RxCommit will also serve as
Multiple offerings for differing levels of engagement and commitment to a managed formulary

Member value

<table>
<thead>
<tr>
<th>Vizient pharmacy member</th>
<th>Access to Vizient base agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td>RxCommit member</td>
<td>Access retrospectively to the RxCommit contract portfolio</td>
</tr>
<tr>
<td>RxNetworks member</td>
<td>Access prospectively to the RxCommit contract portfolio</td>
</tr>
</tbody>
</table>

an additional offering to prospective members involved in Group Purchasing Organization (GPO) Request for Proposals (RFPs).

**Member benefits**

- **Dedicated program resources**: RxCommit staff work directly with key contacts at the member site(s) to facilitate communication of value and mutual opportunity.

- **Analytics and contract compliance**: Opportunity analyses and quarterly contract compliance at the individual site level are provided for all contracts. This promotes system optimization of the RxCommit contract portfolio and opportunities.

- **Ensure contract prioritization**: RxCommit contract opportunities are highlighted on an ongoing basis to maximize member adoption and drive pull-through of additional contract value.

- **Contract portfolio**: RxCommit members have access to a continuously growing contract portfolio targeting high spend categories such as biosimilars, pre-filled syringes, orthopedic viscoelastics, inhalers and other commonly used medication categories.

- **Class of trade**: RxCommit contracts are increasingly focused on the non-acute classes of trade. As patient care continues to shift away from the acute care setting, RxCommit is positioning itself to meet the needs of members.

**Supplier benefits**

- **Single point of contact**: RxCommit staff work directly with key contacts at the member site(s) to facilitate communication of value and mutual opportunity.

- **Drive market share and compliance**: RxCommit members are provided with quarterly contract compliance data at the individual site level. This promotes and ensures system pull-through and compliance for all participating members.

- **Ensure contract prioritization**: RxCommit contract opportunities are highlighted on an ongoing basis to promote member adoption and drive pull-through of additional contract value.

- **Access to a diverse group of members**: RxCommit membership targets include both acute and non-acute as well as the continuum of membership size from small/rural and independently controlled members to large integrated delivery networks and academic medical centers. RxCommit acts as an extension of supplier resources for key accounts while extending supplier reach for accounts without dedicated support.

**Vizient Oncology Network**

The Vizient Oncology Network was established in 2020 to bring together health system oncology practices and clinics to drive savings of branded products and achieve better patient outcomes. Over the course of 2021, the network grew to 27 members, including 8 National Comprehensive Cancer Network (NCCN) cancer centers. VON now represents an annual drug spend of more than $4.9 billion in total oncology spend, of which $3 billion is in GPO spend. The group has set some very aggressive goals for 2022 to drive member value and blaze a trail as the first GPO group to bid out clinical categories in the oncology arena.
Arkansas/Oklahoma Purchasing Coalition (AROK) Rebrands to Heartland Pharmacy Purchasing Partners

The Arkansas/Oklahoma Purchasing Coalition (“AROK Pharmacy Network”) was created in 2012 to lower pharmaceutical costs for members without compromising patient care. After working as a coalition for over nine years, the AROK Pharmacy Network changed its name to Heartland Pharmacy Purchasing Partners (HP3) in 2021. This was done so that recruitment opportunities outside of the states of Arkansas and Oklahoma could be presented to the HP3 membership.

Vizient Pharmacy Network Program Team

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Member value delivered in 2021

In addition to the savings driven from new contracting opportunities, members appreciated networking opportunities to share information and best practices on timely issues in 2021.

**Pegfilgrastim Biosimilar**

The networks originally reviewed the pegfilgrastim category when the first biosimilars were approved in 2018. After two years of a successful contract, the Vizient Pharmacy Networks opted to re-evaluate this category in 2020/2021 after multiple new entrants to the market in this space. The Pharmacy Networks pursued best-in-class pricing enhancements by rebidding the category to the five available suppliers at the time. The strategy was to dual award this category to capture the best financial savings and payer coverage for the members.
Almost all the Networks participated in the pegfilgrastim biosimilar initiative. Awarded supplier market share increased within the first 9 months and is continuing to increase month over month since contract execution. Projected savings for these new awarded contracts were $28 million in value to the members.

**Continuing Education Provided on the Implications of White Bagging**

The Pharmacy Networks team created a continuing education program for pharmacist and pharmacy technician titled “White Bagging: Implications in a Hospital-Based Infusion Center” to over 300 attendees following feedback from the Pharmacy Network Member Strategic Advisory Group. Three speakers, including Pharmacy Network members communicated their strategies to ensure optimal patient safety, process, and outcome through prevention of white bagging at their health care settings. This was followed by providing resources to support best practice implementation to the attendees.

**Looking ahead: 2022 progress**

While Vizient and the Pharmacy Network Team saw remarkable success in 2021, we expect to experience significant challenges in 2022 with rising inflation and the continuing COVID-19 crisis. We continue to focus on sustainability, accountability and to provide the best support for our members.

We will continue our work towards automating internal processes to enable more efficient contracting, enrollment and savings tracking and provide greater speed to value — a frequent request from members.

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Vizient, Inc. provides solutions and services that improve the delivery of high-value care by aligning cost, quality and market performance for more than half of the nation’s health care providers. Vizient provides expertise, analytics, advisory services, and a contract portfolio representing more than $130 billion in annual member purchasing volume, to improve patient outcomes and lower costs.