

Cardinal Health's 340B expertise helps Broadlawns reduce costs and realize its mission of serving more patients

Pharmacy Management

The challenge

Broadlawns Medical Center is an acute-care community hospital in Des Moines, Iowa. It serves a disproportionately large share of un- and under-insured patients, with about 50% eligible for uncompensated care. In this setting, reducing expenses takes on a true significance as avoided costs are translated into the ability to serve more patients.

Background

Broadlawns turned to Cardinal Health for help with managing its pharmacy operations in 1997. That included a very busy outpatient pharmacy, which today is filling up to 800 prescriptions per day. According to Cardinal Health Director of Pharmacy Mark Hall, "With Cardinal Health's expertise in managing drug costs and other expenditures, our pharmacy team realized very quickly that we could make a real difference in supporting the hospital's mission to provide quality care to all, regardless of their ability to pay."

"This medical center has a mission to serve everyone in the community," says Al White, Senior Vice President of Business Services at Broadlawns. "The fit between Cardinal Health's pharmacy expertise and our mission is a great one. Beyond the range of cost-saving measures the pharmacy has developed, its ready access to the resources, education and programs of the nationwide Cardinal Health network has been a decided advantage."

Solutions

To reduce expenses while delivering high-quality care at Broadlawns, Cardinal Health's pharmacy team identified three areas of focus that enabled the team to reduce pharmacy expenses at Broadlawns by more than \$5 million over a three-year period:

- extract maximum value from medication assistance programs, including the 340B Drug Pricing Program;
- implement clinical interventions to improve both cost control and quality of care; and
- build a collaborative, productive relationship with the medical staff.

The cornerstone of the pharmacy's medication assistance programs is the utilization of the federal 340B Drug Pricing Program. Established as part of the Veterans Health Care Act of 1992, the 340B program helps defray drug costs for economically disadvantaged patients and the organizations that provide their care. With Cardinal Health's help, Broadlawns' pharmacy has been able to continuously improve its 340B utilization to achieve significant savings.

Results at a glance:

Cardinal Health has helped Broadlawns Medical Center reduce expenses by more than \$5 million over a three-year period, as well as:

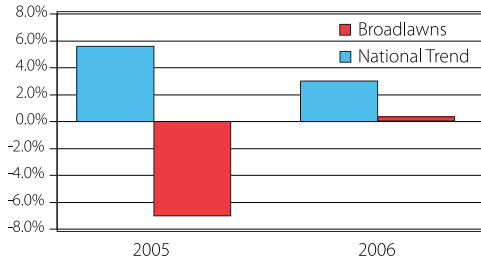
- Continuously improve its utilization of the 340B and other medication assistance programs
- Achieve substantial savings for patients while improving the quality of care
- Increase the number of patients receiving care through the inpatient and outpatient pharmacies



(continued on reverse)

Average cost per prescription dispensed

Compared to nationwide trend



Cardinal Health enabled Broadlawns' drug cost per prescription filled to drop by 7 percent in FY 2005 and remain virtually unchanged in FY 2006, compared to national average increases of 5.6 percent in 2005¹ and 3 percent in 2006².

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– Al White

Senior Vice President of Business Services
Broadlawns Medical Center

"Cardinal Health's management of our pharmacy has been a big contributor in our effort to provide quality care while controlling costs aggressively."

– Francie Jahn

Senior Vice President of Clinical Services
Broadlawns Medical Center

President of Clinical Services at Broadlawns. "They're helping to boost both the quality and the volume of care that we deliver – from simple process changes, like routinely verifying patient eligibility for assistance programs, to more demanding efforts, like clinical interventions and sharing expertise on the floor alongside the medical team."

Sources:

¹ Am J Health-Syst Pharm-Vol 63 Jan 15, 2006

² Am J Health-Syst Pharm-Vol 64 Feb 1, 2007

Moreover, Cardinal Health enabled Broadlawns' drug cost per prescription filled to drop by 7 percent in FY 2005 and remain virtually unchanged in FY 2006, compared to national average increases of 5.6 percent in 2005¹ and 3 percent in 2006².

"The 340B program and other medication assistance programs are complex. There are often changes, and particularly with 340B, there is a growing level of federal oversight," says Hall. "Cardinal Health provides the resources to help me stay current with the many medication assistance programs available, share expertise with both government and industry organizations and stay up-to-date with the latest in clinical practice."

Results

In three years, Cardinal Health has reduced Broadlawns' pharmacy expenses by more than \$5 million, as a result of the following initiatives:

340B program: \$1 million

The 340B Drug Pricing Program helps defray drug costs for economically disadvantaged patients and the organizations that provide their care.

Medication assistance programs: \$4.6 million

Medication assistance programs, institutional bulk replacement programs and drug-specific programs take advantage of discounts offered by drug manufacturers for qualified patients, and ensure appropriate utilization of high-cost drugs. These programs require the same kind of diligence as 340B, especially since contract requirements tend to become more stringent as utilization increases. In addition, audits are now a regular part of these programs to ensure that only eligible patients are included.

Clinical interventions: \$768,000

These programs ensure appropriate use of drugs, such as IV to PO conversions, antibiotic usage, renal dosing and risk reductions for controlled substances.

"Cardinal Health's management of our pharmacy has been a big contributor in our effort to provide quality care while controlling costs aggressively," says Francie Jahn, Senior Vice

The Pharmacy Management business of Cardinal Health has more than 35 years of expertise in helping hospitals and health care systems improve both the financial predictability of pharmacies and the quality of patient care. Based on each hospital's needs, we drive efficiencies and measurable improvements in the pharmacy, resulting in safer patient care.

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