



Look beyond pricing strategies alone to realize meaningful cost savings

Presented by
Alton Memorial Hospital
& Cardinal Health



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Featured speakers



Dave Braasch
President, Alton Memorial Hospital



Kathy Chase
Director, Drug Cost Control
Cardinal Health



Susan Samet
Director, Clinical Operations
Cardinal Health



Kathy Chase
Cardinal Health

Discussion objectives

- Discover how a continuous approach to managing supply costs can play a crucial role in achieving savings
- Identify best practices to leverage data and benchmarking to achieve savings goals

Today's discussion

- Why we took action
- Our challenges
- Our approach
- Success stories
- Using data to drive change
- Final thoughts



Dave Braasch
Alton Memorial Hospital

About Alton Memorial Hospital

- Part of BJC HealthCare
 - 15 hospital system in St. Louis, Missouri and surrounding areas
 - One of the 3 BJC hospitals located in Illinois
- Hospital stats
 - 209 licensed beds
 - 160 staffed beds
 - 40,000 annual ED visits
- Patient types
 - General medicine and surgery
 - Hospital based oncology and specialty infusion center



2011

- Healthcare reimbursement was declining
- Healthcare reform was on the horizon
- Need to reduce costs to remain competitive
- Supply cost and purchased services would be key focus



..... the cost savings journey begins

Challenges to the cost savings journey

- History of savings generated through clinical changes
 - Product selection focus
 - Needed to impact utilization patterns
- Needed to find innovate ways to reduce cost of care and advance changes in medication utilization



Our approach

- Partnered to bring insight from other programs to drive additional savings
- Key focus
 - Leverage relationships
 - Utilize data to drive change
 - Monitor successes



Continuous cost control over the past 6 years generated about \$2 million in savings

Leveraging relationships

Build relationships

- Encourage the trust of your pharmacy staff
- Identify a champion or early adopters
- Expand relationships with physicians across departments
- Ensure medical and pharmacy staffs are aligned with initiatives

Leverage committees

- Ensure participants champion initiative at the local levels
- Develop with physicians with targeted challenges

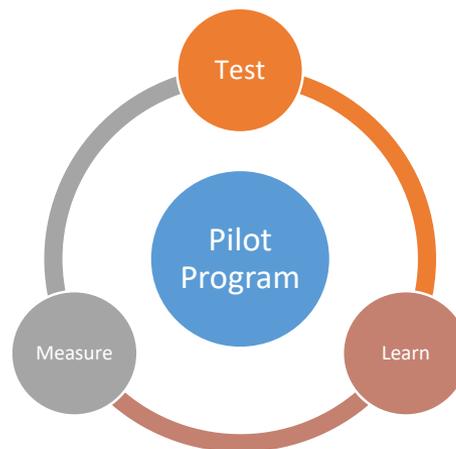
Utilize data

Utilize data to make the case for business changes

- Outline the clinical evidence into a concise document
- Incorporate benchmarking data and data trends

Develop pilot programs to test, learn and measure

- Useful for projects meeting resistance or those with multiple options
- Leverage success to justify roll out across health system



Monitor success



Share key wins gained at the local level across the health system

- Create a forum to share best practices
- Encourage idea sharing of what has worked and challenges
- Develop a pipeline of savings projects to work toward
- Utilize data obtained from pilots to support adoption
- Utilize local champions for peer-to-peer conversations

Publish results dashboard

- Stimulates competition



Susan Samet
Cardinal Health

Success story: drug utilization

Challenge

- Rising oncology costs prompted a review of cost reduction opportunities
- Physicians were reluctant to make practice changes

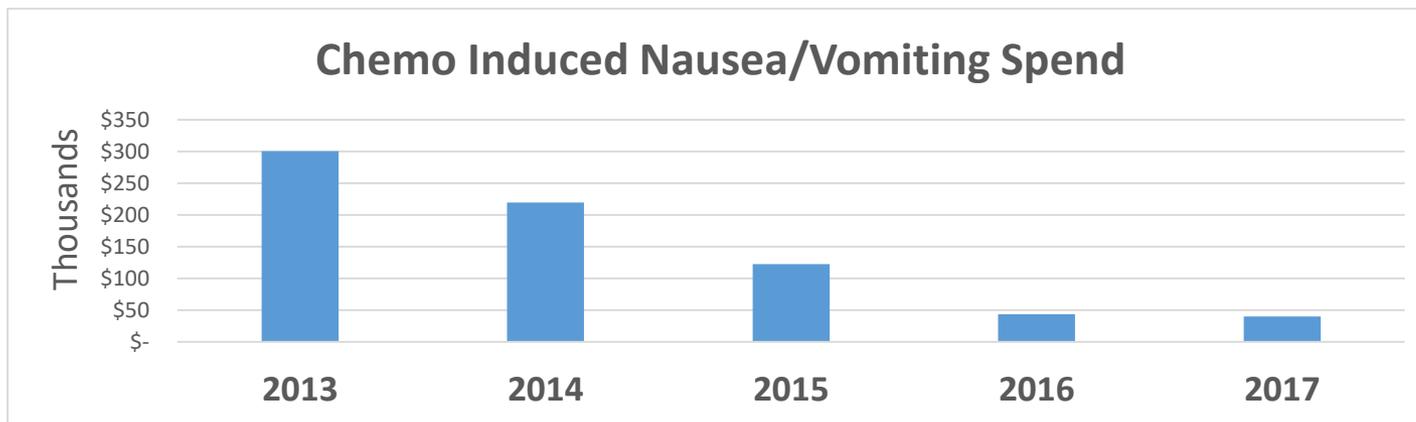
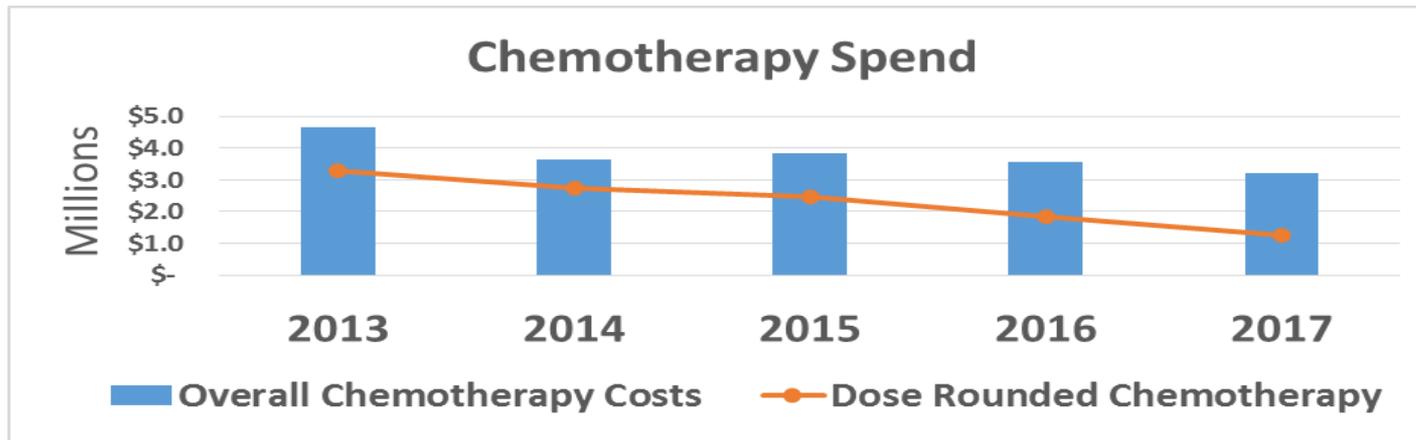
Approach

- Reviewed guidelines for oncology and supportive care
- Benchmark current spend
- Identified cost savings strategies
 - Chemotherapy dose rounding
 - Chemotherapy-induced nausea and vomiting
- Identified a champion and executive support
- Piloted initiatives in a selective population

Success story: drug utilization

Results

- Results of the pilot project enabled the expansion to all patients
- Year-over-year reductions in spend



Success story: ensuring sustainability

Challenge

- Loss of control when shifting drug use
- Ceftaroline for skin and skin structure infections

Approach

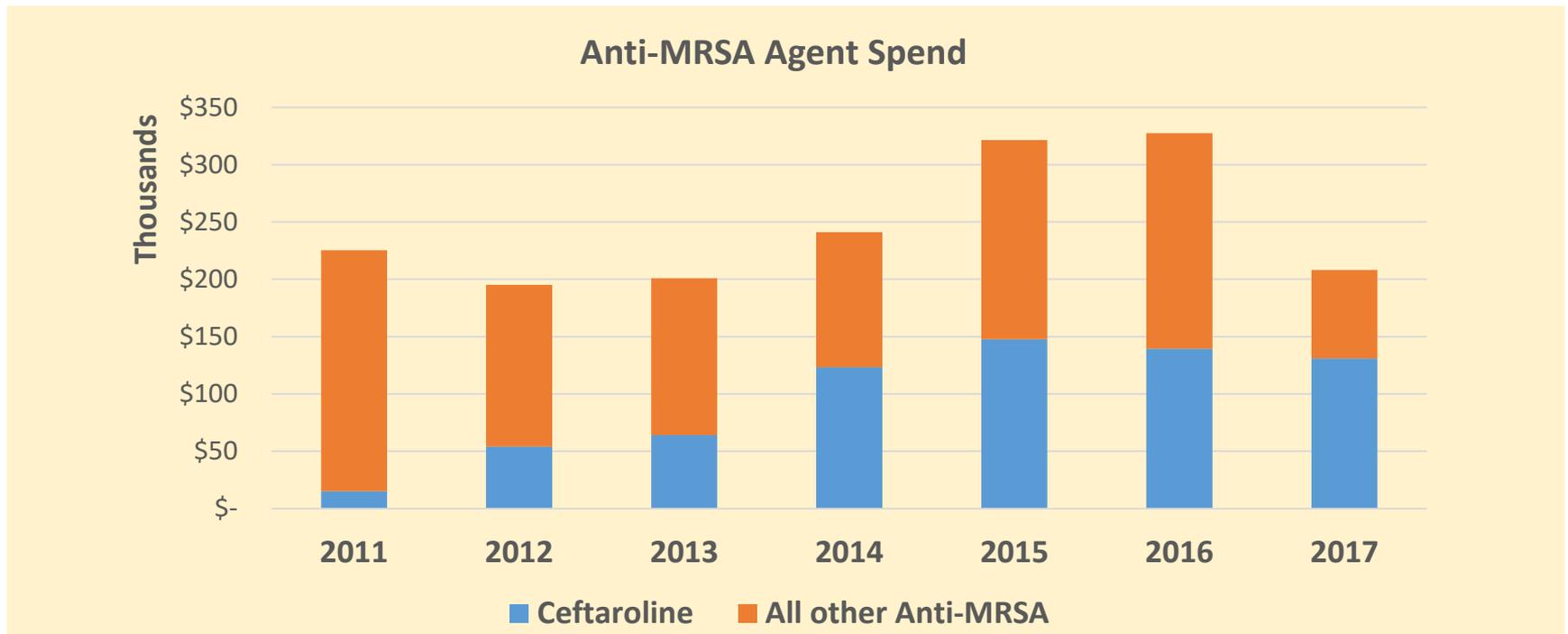
- Track trends
 - Ensure full implementation
 - Identify concerns
 - Periodically to ensure full compliance
- Redirected inappropriate usage to more clinically appropriate therapies

Success story: ensuring sustainability

Results

Avoided erosion of cost saving while maximizing clinical benefit through:

- Utilized data to identify areas of use and negative trends
- Take immediate actions to facilitate change
- Partnering with physicians to re-educate on appropriate use





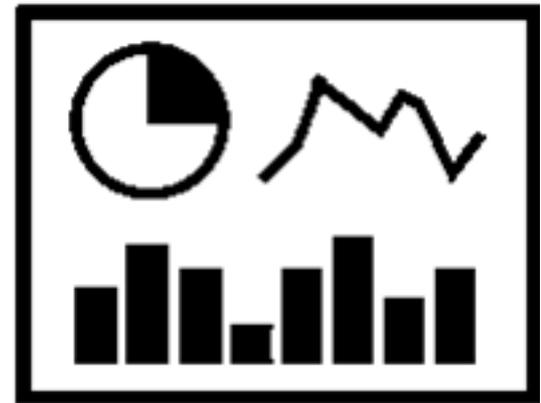
Kathy Chase
Cardinal Health

Overview

- Benchmarking
- Drug cost analysis
- Outcome analysis
- Identifying savings opportunities

Benchmarking

- **Selection of benchmarks**
 - Internal benchmarks
 - Health system benchmarks
 - Other hospitals / health systems
- **Selecting comparators**
 - Hospital similarity, clinical services



Drug cost analysis

- **Purchase data**
 - Acquisition cost vs. estimated cost
 - Directs, rebates
 - 340b status, GPO variance
- **Volume adjustment**
 - Selection
 - Comparison
- **Data sources**
 - Wholesaler
 - Hospital Information System



Outcome analysis

- **Drug cost per DRG**
 - Charge vs. acquisition cost
 - Outliers
- **Length of stay (LOS)**
- **Defined daily doses (DDD)**



Where are savings opportunities hiding?

- **Purchasing:**

- Data can benchmark trends with similar hospitals to uncover savings

- **Medication utilization:**

- Data can benchmark monthly prescribing trends with similar hospitals to uncover savings

- **DRG analysis:**

- Data can benchmark disease treatment cost variances and length of stay variances with similar hospitals, and analyze drugs prescribed to uncover savings

Optimizing your data journey

- **Must invest in infrastructure**
 - Need technology, people and data to drive change
- **Data can be overwhelming**
 - Need analytics to make it actionable
- **Focus on pharmacy**
 - Can model impact to LOS in addition to drug costs
- **Sustaining results is critical**
 - Continually identify initiatives to reduce variability and improve outcomes
- **Utilization management will support bundled payment systems**
 - Actual utilization costs vs just charge data

As you consider your hospital's journey

- Optimize existing relationships
- Leverage hospital committees
- Utilize data
- Pilot programs
- Measure and communicate results

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Alton Memorial Hospital

Q&A

Thank you