

case study:

UK Healthcare



UK Healthcare's 5-Year Ambulatory Goal (2011-2016)

- Operating profit of \$60M
- Separate pharmacy financials from overall hospital financials to provide visibility
- Central prescription refill processing
- Statewide network for contract pharmacy models
- Automated third party management and A/R reconciliation
- In-House PBM
- Provider status for credentialed pharmacists
- URAC accredited specialty pharmacy

UK Healthcare, which includes Albert B. Chandler Hospital, UK Good Samaritan Hospital, and others, now ranks 12th in the nation in overall quality of patient care out of 118 U.S. academic medical centers.

This multi-facility health system partners with ScriptPro and other technology providers to operate strategic ambulatory pharmacy programs and increase pharmacy profits from \$13M to \$60M over five years.

UK Healthcare, Lexington, KY, adopted a vision for pharmacy that is unusual among academic medical centers. Instead of focusing primarily on inpatient drug spend, management embarked on an aggressive program to optimize ambulatory pharmacy programs. The strategy has paid off in a big way as ambulatory pharmacy net income has gone from \$13 million per year in 2011 to \$36 million in 2014. It is conservatively projected to reach \$60 million in 2016, contributing over half of the health system's total net income.

According to Gary Johnson, PharmD, MHA, Chief Pharmacy Officer at UK Healthcare, "We looked at every aspect of our pharmacy services and created a plan for growth. There was clearly underutilization of these services. We started a meds-to-beds program and integrated it into the patient intake process. But that was just the beginning."

Johnson made many other changes, such as extending pharmacy service hours, closely monitoring PBM contracts and reimbursements, and contracting with pharmacies outside the UK system to provide medications and services to patients. This positioned UK to maximize benefits for patients and also increase pharmacy's contribution to the health system's operating budget. One key step was to fully utilize government programs such as 340B and pharmaceutical industry assistance programs. UK also expanded its ambulatory pharmacy points of service to keep prescriptions in-house, and expects to obtain URAC specialty pharmacy accreditation soon. Johnson adds, "We staff a pharmacist and technician at each of our specialty clinics. Overall we've had to add 60 FTEs. That's a lot of people, but it has allowed us to dramatically increase our prescription business and profitability."

Johnson stresses that critical partners who share UK Healthcare's vision have been key to its success. "We couldn't have accomplished this without Cardinal, Talyst, and ScriptPro. These are long-term partnerships that we value highly.

"We invested in ScriptPro robotics and its Pharmacy Management System. This is end-to-end systems integration at its best. We use their Enterprise Platform to centrally manage pharmacy operations and consolidate patient and drug information across our clinics. ScriptPro was more expensive, but we're seeing a great return on that tactical investment. When you're trying to make major changes and expand the role of pharmacy in an academic setting like ours, it's imperative to have a durable, highly functional infrastructure to support it all."

Johnson encourages other health systems to examine the scope of their ambulatory pharmacy operations. "The opportunities we're taking advantage of at UK Healthcare aren't unique to us. A strategic growth plan like the one we adopted is there for the taking at any teaching hospital or healthcare setting. It's a win for the patients and also for the financial viability of the organization."

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