



INDEX

A

Account alignment, 60
Accumulator. *See* Software accumulator
Actual acquisition cost (AAC), 10, 11, 24, 43
Acute care hospitals, 8
Admission, discharge, transfer feeds, 56
Advanced 340B Operations Certificate, 4
Affordable Care Act (ACA), 8-9, 17, 20, 30, 44, 231
Agreement access, 29
Alliance for Integrity and Reform of 340B, 9
Alternative methods demonstration projects (AMDPs), 8
Ambulatory infusions, 155-156
Anesthetic gases, 21, 78
Apexus, 11, 20, 40, 80, 175
Auditable records, 20, 26
Audits, 29, 30-31
 annual, 244
 manufacturer, 236-237
 policies and procedures, 100-101
Average manufacturer price (AMP), 44-45, 230
Average sales price (ASP), 12

B

Bar-code medication administration, 58
Benchmarking, 184, 244
Billing policies, 104-105
Bipartisan Budget Act of 2015, 19
Budget variance analysis, 200
Business partner selection, 244

C

California Medicaid (Medi-Cal), 10, 13
Cancer hospitals/centers. *See* Free-standing cancer hospitals/centers
Carousel and cabinet automation, 62
Carve in/carve out, 10
 election, 23
 Medicaid and, 43-44
CDM code, 57
Ceiling price, 22, 230
 calculations, 226
Centers for Medicare and Medicaid Services (CMS). *See also* Medicaid; Medicare
 Ambulatory Payment Classification Panel, 11
 covered outpatient drug rule, 11
 Part B reimbursement, 12
Central supply centers, 82
Centralized repackaging center case study, 83-84
Charge
 capture of, 178
 data sources for, 55-56

Chargebacks, 231
 challenges, resolutions of, 147-148
 covered entity and, 145
 data elements in, 143
 distributor and, 144
 HRSA Office of Pharmacy Affairs and, 145
 identifier use in, 140-141, 142-143
 manufacturer and, 143, 144-145
 overview of, 139-140, 141
 special situations for, 146-147

Child site, 40, 42

Children's hospitals, 8, 38-39, 67-68

Clawbacks, 134

Community Oncology Alliance, 229

Compliance, 27, 29
 framework for, 241

Comprehensive pharmacy services, 28

Consumer Price Index for Urban Consumers (CPI-U), 3

Contract management, 76-77

Contract pharmacies, 8, 28
 basis for, 26
 guidance for, 28-29
 manufacturer considerations for, 234-235

Contract pharmacy
 agreement development for, 129, 130
 capturing prior dispensing in, 134
 cash flow and, 135
 distributor choice and, 132-133
 enrollment of, 45
 example of, 127-128
 free-standing cancer center and, 164-165
 HRSA audit and, 213-214, 217
 inventory claim true-ups, rewinds for, 135
 inventory considerations in, 133-134
 negative accumulations in, 136-137
 one-time orders and, 136
 oversight of, 29
 policies and procedures for, 99-100
 program workings with, 126-127
 registration of, 29
 relationship development in, 125-126
 return to stock with, 136-137
 returns and, 134
 Schedule II orders and, 136
 software sorting, filtering models for, 131-132
 third-party administrator roles in, 129, 131
 uninsured, underinsured prescriptions and, 128-129

Contrast media, 21, 78

Controlled substance ordering, 62, 80-81

Cost-to-dispense metric, 120-121

Covered drugs, ceiling price for, 22

Covered entities, 7-8, 13
 chargebacks and, 145
 diversion and, 23
 drug requirements of, 22-23
 eligibility requirements for, 20
 self-disclosure and, 238
 violation penalties for, 26-27

Covered outpatient drug, 21-22, 77, 93-94, 162, 230
 exceptions to, 60-61

Credit-rebill, 146

Critical access hospitals, 8, 38

D

Dead accumulations, 81

Department of Veterans Affairs (DVA), 10-11

Direct contracting, for free-standing cancer center, 167

Direct purchase accounts, HRSA audit, 214

Direct purchase vendors, 72-73

Direct purchases, policies and procedures for, 98

Direct vendor ordering platforms, 62

Discounts, 9-10, 13, 44-45, 227

Disproportionate share adjustment percentage, 18, 38

Disproportionate share hospitals, 38
 GPOs and, 67-68

Dispute resolution, 27

Distributor
 chargebacks and, 144
 HRSA audit and, 214
 partnership management and, 73-74

Diversion (drug), 23, 67, 235

Documentation, 242

Drug
 catalogs of, 62-63
 diversion of, 23, 67, 235
 eligibility of, 21
 managing shortages of, 81
 manufacturers of, 9
 waste management of, 76

Drug replenishment, model, 77
 limiting definition of, 77-78

Drug Supply Chain Security Act, 97

Duplicate discounts, 23, 29
 manufacturer considerations and, 236
 prevention policies for, 104-105

E

Enhanced group purchasing organization contracts, 77

Expired drugs, 79

External audits, policies and procedures, 101

F

Fee-for-service, 43

Financial management, 197
 analyzing budget variance with, 200
 controlling operating results with, 200
 forecasting drug expenditures with, 198-199
 managing cost basics with, 199
 understanding drug expense with, 198

Food and Drug Administration, orphan drug
 classifications, 154

FQHC look-alikes, 20, 23

Freedom of choice, 29

Free-standing cancer hospitals/centers, 8, 38, 161
 billing and, 167
 contract pharmacy and, 164-165
 direct contracting and, 167
 eligibility assessment for, 163-164
 group purchasing organization and, 67-68, 162
 hospital-patient relationship in, 163
 inventory management in, 165-166
 orphan drugs and, 74, 162, 167-168
 program sustainability in, 167

- program viability in, 164
- purchasing by, 165
- self-audit and, 168-170
- specialty pharmacy and, 162-163

G

- Generic equivalence, 77
- Government Accounting Office, 228
- Grant condition, 8
- Grantees
 - eligibility, 20
 - diversion and, 23
- Gross-to-net bubble, 2
- Group purchasing organization (GPO), 3
 - agreement and, 61
 - contract management with, 76-77
 - off-site facilities and, 70
 - price with, 175
 - private label medications and, 79
 - supply chain and, 67-68
- Group purchasing organization (GPO) prohibition, 19, 25-26, 40-41
 - exception to, 20
 - free-standing cancer centers and, 162
- Guidance changes, 245

H

- Health and Human Services (HHS), 10
 - Office of Inspector General, 227-228
- Health Care and Education Reconciliation Act, 153
- Health Resources and Service Administration (HRSA), 17, 38
 - authority of, 30
 - contract pharmacy oversight and, 26
 - database entries and, 26
 - enforcement by, 26-27
 - grant conditions of, 8
 - group purchasing organization prohibition by, 26
 - laws and 340B, 8-9
 - Office of Pharmacy Guidance, 1-2
 - orphan drugs and, 26
 - reforms and, 9
- Health Resources and Service Administration audit, 3
 - annual recertification by, 204-206
 - authorized providers and, 213
 - background on, 203-204
 - common violations, findings during, 219
 - contract pharmacy and, 213-214, 217
 - covered entity and, 207, 218
 - distributor, direct purchases and, 214
 - eligible locations and, 214
 - grant, subgrantee documentation for, 215
 - information requests during, 210, 211
 - initial call for, 209
 - manufacturer audits and, 32
 - Medicaid billing and, 214
 - Medicare cost report and, 212
 - medication orders, prescriptions and, 212-213, 216-217
 - National Provider Identifier Numbers and, 214
 - onsite, 215-217

- parent/child site visits and, 217
- policies and procedures review during, 210, 212, 216
- post-audit interactions and, 217-220
- pre-audit interactions and, 208
- process of, 31
- records and, 26
- self-disclosures and, 206-207, 214
- state, local contracts covering low-income patients and, 215
- timeline for, 207-208
- trial balances for, 212
- Healthcare common procedure coding systems (HCPCS), 59
- Healthcare marketplace, 2-3
- Heinz Foundation, 8
- Historical assessment, 7-13
- Hospital eligibility, 18
 - DSH adjustment percentage for, 18
 - organizational status of, 18
 - scope of, 18-19
- Hospital information system, 53-54

I

- Illinois Medicaid program, 10, 13
- Implementation, 37-50
- Individual contracts, 77
- Individual services registration, 147-148
- Ineligible dispensations, 80
- Inhaled gases, 61
- Integrated delivery networks (IDNs), 2
- Internal audits, 220-222
- Internal communication, 243
- Inventory management, 24-25
 - contract pharmacy and, 133-134
 - free-standing cancer center and, 165-166
 - hospital and, 69
 - manual, 71
 - physical, 70-71
 - policies and procedures for, 93
 - virtual, 70-71

L

- Law adherence, 29
- Long-term care, supply chain mapping, 48-49
- Lookbacks, 134
- Lost charges, 79

M

- Manufacturer
 - audit authority, 31-32
 - chargebacks and, 144
 - compliance, 30
- Manufacturer considerations, 225
 - audit guidelines, 237
 - contract pharmacies, 234-235
 - covered entities audits by, 236-237
 - covered entity self-disclosure, 238
 - drug distribution, 233
 - drug diversion, 235

eligibility, sales monitoring, 231
 government agencies, Congress, 227-229
 Medicaid, duplicate discounts, 236
 Office of Pharmacy Affairs and, 229-230
 orphan drugs, 236
 penny pricing, 232
 price corrections, refunds, 232-233
 pricing calculations, 231
 pricing issues, 231
 Prime Vendor Program, 234
 program participation, 230-231
 program perspectives, 225-226
 risk evaluation, mitigation strategies, 233
 sites of care shifts, 229
 wholesale vs. specialty drug distribution, 233-234

Material breach, 102-103, 221-222

Medicaid, 9-10, 11
 billing, free-standing cancer center and, 167
 billing, HRSA audit and, 214
 carve-in/carve-out with, 59-60, 79, 80
 considerations for, 42-44
 covered outpatient drugs and, 21
 discounts and, 13
 duplicate discounts and, 236
 Drug Rebate Program (MDRP), 2, 42-43, 174, 228, 230
 Exclusion File, 23, 43, 44
 managed care organizations and, 43
 policies and, 104-105
 reimbursement by, 24
 retail/specialty pharmacy and, 112
 state contact information from, 44

Medical office building, supply chain mapping, 49-50

Medicare
 Cost Report (MCR), 18, 19, 38-39, 179, 212, 216
 discounts and, 13
 Part B, 9, 11-12
 Part D, pricing agreement, 230
 Payment Advisory Committee (MedPAC), 12

Medications receipt, 81

Mixed-use areas, 69

Mixed-use purchasing, 74-75

Mixed-use software, 53-65

Mobile ordering devices, 62

N

Narrow networks, 118

National Community Pharmacy Association, 120

National Conference of State Legislators, 8

National Council for Prescription Drug Programs, 43

National Drug Code, 25, 54, 57
 new, 75, 79
 replenishment and, 75-77

National Provider Identifier Numbers, 43-44

HRSA audit and, 214

Neutral inventory, 24-25

O

Office of Inspector General, 11

Office of Pharmacy Affairs
 chargebacks and, 145

Information System, 72, 73
 manufacturers and, 229-230
 registration, recertification and, 91-92

Off-site facilities, 19, 70

Omnibus Budget Reconciliation Act of 1990, 10-11

Omnibus Guidance, 38

One-to-many rule, 8

Ordering account mismatch, 148

Orphan drug, 22
 expanded pricing for, 167-168
 HRSA and, 26
 manufacturer considerations for, 236
 policies and procedures for, 94
 restrictions on, 39

Orphan Drug Act, 153-154

Orphan drug exclusion, 41-42
 free-standing cancer centers and, 74, 162
 interpreting, 154-155
 rural hospitals and, 74, 153-154

Outpatient
 definition of, 93
 status of, 68-69

Outpatient prospective payment system (OPPS), 19

Oversight committee, policies, 101-102

P

Parent/child site visits, 217

Parenterals, large volume, 78

Patient care model, retail/specialty pharmacy, 108

Patient definition, 92-93

Patient Protection and Affordable Care Act, 151

Patient tracers, 220-221

Patient verification, 29

Perpetual inventory system, 82

Pharmaceutical pricing agreement, 21, 42-43, 230

Pharmaceutical Research and Manufacturers of America (PhARMA), 9, 41, 94, 153, 236

Pharmacy benefit managers (PBMs), 2

Pharmacy revenue cycle, 74-75

Pharmacy service administrative organization, 112-114

Pharmacy supply chain, 67
 GPO prohibition and, 67-68

Physical inventory, 70-71
 buying processes for, 97
 example of, 96
 policies and procedures for, 95
 receipts for, 98-99

Physically segregated inventory, 24

Policies and procedures, 71
 auditing, 100-101
 billing, 104-105
 contract pharmacy, 99-100
 covered outpatient drug, 93-94
 direct purchases, 98
 drugs from other hospitals, pharmacies, 97-98
 example of, 88
 inventory decisions, 95
 maintenance, 105
 material breach, 102-103, 104
 Medicaid, 104-105
 Office of Pharmacy Affairs registration, recertification, 91-92

- orphan drug exclusion, 94
- outpatient definition, 93
- oversight committee, 101-102
- patient definition, 92-93
- physical inventory receipt, 98-99
- program eligibility, 91
- purchasing, inventory management, 93
- recording, 243-244
- self-audit, 89-90
- virtual inventory receipt, 98-99
- Preregistration decisions, 39-40
- Pricing
 - calculation, 174-175
 - program growth, 239
- Prime Vendor Program, 2, 41-42, 75, 80, 234
- Private label medications, 79
- Program business review, 244
- Program compliance
 - generally, 17-20
 - retail/specialty pharmacy and, 119
- Program criticism, 1-2
- Program development, 173-174
 - charge capture and, 178
 - example of, 178
 - financial performance variables in, 174
 - pricing calculation for, 174-175
 - revenue cycle and, 178
 - savings calculation for, 175, 177
 - savings, program performance monitoring of, 177-178
 - split-billing software for, 176-177
- Program eligibility, 17-20, 37-38, 91
- Program enrollment, 226
- Program growth, 1-4
- Program implementation guidance, 241-242
- Program oversight, 45-47
- Program performance
 - account trending for, 180
 - charge frequency example for, 182
 - drug cost distribution example for, 183
 - drug spend examples for, 188-190
 - patient visits by site example of, 181
 - savings by therapeutic class for, 184-185, 186
 - savings contribution by account for, 184
 - savings examples for, 191-194
 - spend/savings for, 180
 - variables for, 179
 - WAC premium impact on savings for, 185-187
 - WAC premium study examples for, 195-196
- Program proceeds tracking, 244-245
- Program scale, 3-4
- Program success strategies, 242-243
- Purchase discount leak, 69
- Purchasing, 63-65
 - free-standing cancer center and, 165
 - hospital, 69
 - policies and procedures for, 93
 - retail pharmacy and, 80
 - software accumulator and, 76
- Purchasing account
 - creation of, 73
 - set-up of, 72
- Purchasing practices, 77-79

- physical inventory and, 97
- virtual inventory and, 97

- Purchasing triggers, 75

- Purpose, 12-13

R

- Radiographic contrast, 61

- Rebates, 44-45

- Rebilling patient claims, 56

- Recertification, 20, 26-27, 91-92

- Registration, 91-92

- Regulatory changes, 245

- Repackaging pharmacies, 42, 72-73

- Replenishment, 24-25

- generic equivalence and, 78

- understanding, 78

- Reports, 29

- Retail pharmacy, 42, 80, 107

- business model for, 109-110

- contractual relationships by, 112-113

- corporate structure example for, 109

- cost of goods sold at, 115-118

- encounter data at, 112

- facility audit tests at, 119, 120

- financial forecast elements for, 111

- financial reporting for, 120-123

- forecast template for, 113

- gross margin forecasting for, 118

- income statement for, 121

- infrastructure requirements for, 118

- Medicaid assumptions for, 112

- net revenue of, 110-112

- new, expanding services at, 110-112

- operating expenses for, 114-115

- organizational structure of, 110

- patient care model for, 108

- patient qualification at, 117

- prescription category by class of trade at, 116

- program compliance for, 119-120

- program metrics for, 123-124

- rural hospitals and, 156

- staffing at, 114

- strategy, mission of, 107-108

- wholesaler acquisition cost and, 117

- Revenue cycle, 178

- Rural hospitals

- ambulatory infusions at, 155-156

- applying to HRSA by, 155

- best practices for, 157-158

- characteristics of, 151-152

- compliance investment for, 157

- healthcare system membership and, 156

- lack of compliance resources at, 153

- lack of financial resources at, 153

- legislative history of, 151

- limited personnel resources at, 152

- orphan drugs and, 74, 153-154

- referral relationships at, 155

- resources for, 160

- retail pharmacy and, 156

- right sizing program resources for, 158

- self-audit, compliance monitoring programs for, 159

- software selection for, 158
- team development at, 157
- third-party vendors for, 156

Rural referral centers/clinics, 8, 38

S

Safety net hospitals, 7

Saline solutions, 21

Savings assessment, 39

Secondary distributor, 62

Self-audit

- for free-standing cancer center, 168-170
- policies and procedures for, 89-90, 100-101

Self-disclosure

- HRSA audit and, 214
- of covered entity, 238
- policies for, 102, 103-104

Ship to, bill to arrangement, 28, 42

Social Security Act

- Title XIX, 38
- Title XVIII, 38

Software

- billing transaction feeds for, 54-55
- drug catalogs, 62-63
- for CDM codes, 57-58
- for charge data sources, 55-56
- for chargemaster gaps, 57-58
- for crosswalk management, 54, 57, 63
- for Medicaid, 59-60
- for NDC matching, 58
- for supply chain integration, 61-62
- implementing, 47-48, 60-61
- program implementation, 53-54, 56
- settings for, 243-244
- split-billing. *See* Split-billing software
- updating, 56

Software accumulator, 25, 70

- purchasing and, 76

Sole community hospitals, 8, 38

Specialty drugs, 63-64, 115

- distribution of, 233-234
- self-referral and, 119

Specialty pharmacy, 107

- business model for, 109-110
- contractual relationships with, 112-114
- corporate structure example of, 109
- cost of goods sold at, 115-118
- encounter data at, 112
- facility audit tests at, 119, 120
- financial forecast elements for, 111
- financial reporting for, 120-123
- forecast template for, 113
- free-standing cancer centers and, 162-163
- gross margin forecasting for, 118
- income statement for, 121
- infrastructure requirements for, 118
- Medicaid assumptions for, 112
- net revenue at, 110-112
- new, expanding services at, 110-112
- operating expenses at, 114-115
- organizational structure of, 110
- patient care model for, 108

- patient qualification at, 117
- prescription category by class of trade at, 116
- program compliance for, 119-120
- staffing of, 114
- strategy, mission of, 107-108
- wholesaler acquisition cost and, 117

Split-billing software, 53-65, 71, 82, 147, 176

Staffing training, 243

State

- initiatives, legislation, 8
- Medicaid reimbursement, 24

Sub-ceiling prices, 230

Sub-WAC pricing, 148

Supply chain

- integration of, 61-62
- mapping of, 48-50
- medications to exclude from, 78

Surgical pavilion, supply chain mapping for, 50

T

Third-party administrator, 129, 131

Third-party auditors, 221

Tracking system, 29

Trial balances, 212, 216

True-up process, 135

Trusted advisor relationship, 245

U

Undocumented injectable waste, 79

Unit rebate amount, 231

V

Vaccines, 50, 73

Value of therapy, 3

Veterans Affairs, pricing agreement, 230

Veterans Healthcare Act of 1992, 4

Virtual inventory, 24-25, 70-71, 82

- buying processes for, 97
- controlling operating results with, 200
- policies and procedures for, 95, 96
- receipts for, 98-99

W

Wasted drugs, 79

Weighted pricing, 64

Wholesale acquisition cost (WAC)

- expense tracking for, 64-65
- premium and, 177, 195-196
- premium impact on savings, 185-187
- pricing, 74
- purchases, 41, 79-80

Wholesale drug distribution, 233-234