

# **FINANCIAL MANAGEMENT FOR HEALTH-SYSTEM PHARMACISTS**



# FINANCIAL MANAGEMENT FOR HEALTH-SYSTEM PHARMACISTS

2nd Edition

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## DEDICATION

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This book is dedicated to my wife, Hazar, and my two sons, Kaiden and Rowan, for their unending love and support.

I would like to thank my past and present colleagues, mentors, and ASHP for their leadership of health-system pharmacy.



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## FOREWORD

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Today, more than ever, healthcare organizations depend on pharmacy leaders to be experts in financial management to actively support the clinical and economic success of their organizations. In the past, a pharmacy leader's focus was primarily on expense management and charge capture in the acute care arena, but today successful directors and managers must also have a deep understanding of revenue, managing the revenue cycle, and projecting financial performance accurately across multiple and diverse patient-care settings. While the COVID-19 pandemic created new opportunities for health-system pharmacists, it also created significant operational and financial challenges for pharmacy leaders.

You will find this book an up-to-date and forward-looking reference written by and for future pharmacy leaders. It aims to incorporate contemporary and advanced topics as well as evolving opportunities which will affect the practice of pharmacy as we care for patients. As a pharmacy leader, you already possess the knowledge and skills to proficiently manage the complex world of modern pharmacy budgets and the juxtaposition of ensuring optimal patient care, driving innovation, and healthcare sustainability. Senior leaders in healthcare organizations are also expecting you to have a deep understanding of how the use of data analytics can be leveraged to effectively project financial performance while also managing supply chain challenges, purchasing contracts, regulatory compliance, and strategic growth opportunities for pharmacy.

This book is comprised of two distinct parts: ten traditional chapters covering a wide range of financial management topics, followed by thirteen business cases that will assist the reader in applying the concepts learned in each chapter and employing critical thinking to solve problems. By developing a thorough understanding of pharmacy finances across continuums of care, pharmacy leaders will build trust with senior finance leaders and health-system executives, which will enable them to achieve greater success when recommending new resources for the expansion of pharmacy services and exploring new sources of revenue or other entrepreneurial opportunities in pharmacy. Ultimately, health-system executives are dependent on pharmacy leaders to manage multiple complex operations that influence the overall financial performance of their health systems. Pharmacy leaders of today are uniquely positioned to demonstrate the value of pharmacy services to senior leaders by not just focusing on expense and productivity management, but on business development and growth, all while maintaining a keen eye on the quality, efficiency, and safety of the medication-use process, no matter the practice setting.

Thank you for your endless dedication to the patients and families you serve.

*Tad Gomez*



## PREFACE

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I am pleased to present to you the 2nd edition of *Financial Management for Health-System Pharmacists*. The 1st edition, authored over a decade ago under the leadership of Andrew L. Wilson, PharmD, FASHP, laid the foundation for health-system pharmacy financial stewardship, helping the reader develop a thorough understanding of the framework, and detailing corresponding recommendations for the financial management of health-system pharmacy.

Building on the cornerstone principles set forth in the 1st edition, the vision behind the undertaking of the 2nd edition was to provide the reader a contemporary and forward-looking reference written by current and future pharmacy leaders that would encompass progressive and contemporary topics. Interspersed throughout this new edition are insightful perspectives from over 50 outstanding authors from across the country. The 2nd edition engages the reader with a mix of chapters, some new to this edition, along with a trove of new health-system pharmacy financial business cases. As leaders look to transform their organizations, the principles and practices provided herein will give the reader the knowledge and guidance to craft a new path forward as they look to improve the provision of pharmacy and patient-care services.

Undoubtedly, we face continued challenges in leading health-system pharmacy. As we work against those headwinds, this resource will serve as a guidebook to support the management of enterprise pharmacy finance across business and care continuums. Further, it will provide a confluence of business and financial acumen for health-system pharmacy leaders, executives, and learners to further support the strategies behind comprehensive enterprise pharmacy-level services.

I would like to recognize Andy's contribution to the field in spearheading the authoring of the 1st edition of *Financial Management for Health-System Pharmacists*. Andy was critical in leading the way, and I am grateful for his friendship and support in developing this revised body of work.

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