An Independent Owners Forum: Contracting and Market Differentiation for the Local Provider

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Disclosure

The speakers declare no conflicts of interest or financial interest in any service or product mentioned in this program.

Clinical trials and off-label/investigational uses will not be discussed during this presentation.

A Home Infusion Pharmacy Case Study

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Home Infusion Pharmacy Case Study

• Once upon a time in early 2009....
• Position eliminated from national home infusion company
  
  Laid off- now what?
• Take a personal and professional inventory on next career venture
• First step: Attend NHIA in March of 2009

Opportunities Abounded at NHIA!

• Extensive educational programming
  • Unparalleled networking
    – New career opportunities
    – Potential new business partners
• Vendor fair allows for harnessing resources and expertise of:
  – Software vendors: products & services, hands on demo
  – Medical supply distributors and specific medical products
  – Infusion pumps and equipment
  – Accreditation providers
  – Group Purchasing Organizations and Pharmaceutical Wholesalers
  – Acquisition and Financial Services
  – USP <797> Pharmacy compliance supplies and equipment
  – Specialty Distributors
  – Reimbursement Services

Step 2: Exploring Viability of a Start-Up

• Biggest questions:
  – Could a new provider secure payer contracts and become credentialed in the proposed service area?
  – What is the potential market share and opportunity for a new business?
  – What is the business legal formation?
    * How much would it cost?
    * How long would it take?
Securing Payer Contracts & Credentialing

• Commercial payors
  – Check websites for on-line applications
  – Call contracting credentialing departments/contract managers/provider representatives
    • Are the provider networks open to participation?
    • If closed when are they re-evaluating?
    • Can take up to a year for process
    • On average 2-4 months
    • Special requirements?
• Medicare
  – Review requirements for Medicare Enrollment Application (CMS 855S)

Assessing Market Share and New Business Opportunity

• Market Description
  – Size of territory, population, age
  – (US Census Bureau) www.quickfacts.census.gov
• Market Size/Trends
  – Estimated size of alternate site infusion market in 2009 was $21/capita/year
  – Buy a local community pharmacy?
  – Competitor Analysis—who are the current infusion providers?
  • Home infusion companies (independent/national/hospital-based)
  • Hospital outpatient infusion
  • Physician outpatient setting (Rheumatologists, Neurologists, Gastroenterologists, Infectious Disease, Asthma/Allergy, Dermatologists)
  • SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats)
    • For new company and all competitors

Business Plan—Home Infusion Start-Up

Available at www.nhia.org/ac15/handouts, and on the NHIA Conference App
Business Legal Formation

- Options:
  - Sole Proprietorship
  - Limited Liability Company
  - Partnership
  - S Corporation
  - C Corporation

How Much Will a Start-Up Cost?

- Complete a detailed Business Plan including 3 years of financial projections
  - Tools and resources are available at:
    - www.sba.gov
    - www.score.org
    - www.nhia.org

How Long Will It Take?

- From business license application to accepting our first patient = 10 months
- Contracts and credentialing = 2-14 months, depending on payer
- Policies and procedures for all aspects of the business is an arduous process
- Accreditation required that 10 non-Medicare patients were on service prior to survey
  - Most commercial insurances required accreditation prior to credentialing = A Conundrum!
Successes

• Contracted with the majority of payors
• Diversity of referral sources and therapies provided
• Clinically competent, accredited with robust quality assurance program
• Outstanding patient satisfaction
• Expanding specialty pharmacy infusion capability based on patient experience
• Growing and thriving business
• Company of choice for complex, clinically challenging patients
• Positive employee culture and entrepreneurial spirit of team
• Demonstrate daily that healthcare is local and delivers value

Looking Outside the Box
For Niche Business Opportunities

Debbie Cain RN,CRNI®

• Opportunities are often disguised by hard work so most people miss them.
Outsourcing Pharmacy Services

• USP 797 Requirements
  — Hospital Compliance
  — Sterile Compounding

• TPN Mixing
  • Compounder Cost
  • IT requirements
  • Logistics
  — Nutritionist
  • Formula recommendations

Pharmacy Services

• Hepatitis C Drugs
  — Oral
  • Harvoni
  • Sovaldi
  • Olysio
  • Viekra
• Makena
Older Programs

- Ostomy
  - Decreased margins
- Enteral Therapy

Outsourcing Nursing Services

- Concierge Nursing
- Pediatric Nursing
- Home Health Support
  - Policies and Procedures
- LTC Support
- Wound Care

Ambulatory Infusion Center

- Models
  - Hospital
  - Physician Office
  - HIT site
- Hospital Model
  - 2008 – 125 patients/month
  - 2014 – 955 patients/month
VAD Team

- Vascular Access Team (VAD)
- PICC
- Peripheral
  - Hospital
  - Hospice
  - Long Term Care Facilities

Negative Pressure Wound Therapy

- KCI Patent Expired
- Smith and Nephew Recall
- Small Niche Providers
- Medela
- Competitive Bidding
- Reimbursement

Potential Niche Markets

- Respiratory Medications
- Diabetic Supplies
- Transplant Nursing Services
- Skilled Nursing Facilities
If you find a path with no obstacles it probably does not lead anywhere.
• Frank A. Clark

Differentiating Your Infusion Pharmacy

David S. Grady
President and CEO, Big Sky IV Care
Kalispell, MT

Differentiate Your Infusion Pharmacy

How can you be different?
- Do something (well) that no one else is doing...
- Be BETTER at something.....
- Separate your Services from your Competition’s
What is Your Market All About?

It's all about relationships...who's talking to whom?

- Who's doing infusion?
- Who's referring patients for infusion?
- Who's paying for infusion?
- Who do you really know (your relationships)?
- Who are you and where do you fit?

Market Assessment

- Take time to do this right!
- What is the size and potential of your market?
- What do you bring to the market immediately?
- Find out the "whos" in your area and talk with them.
- What is lacking in the market; what are the current frustrations you hear?
- Verify your information...ask for corroboration!

Market Assessment Tool

Available at [www.nhia.org/ac15/handouts](http://www.nhia.org/ac15/handouts), and on the NHIA Conference App
Relationships
- Clinical and patient care (key specialties?)
- Payers and contracts
- Referral sources
- Key administrative staff of a hospital or health system
- Other “Whos” you may know?

Staffing: Your Focus and Strengths
- Hire and train to your clinical focus
- Outsource specific clinical training if need be
- Can your clinical team meet the needs of the market...meet your company’s focus?
- Attitude and enthusiasm are key
- Use your clinical staff to sell and market...everyone sells!

Selling and Marketing
- Your approach will depend on the strengths and weaknesses of your owners and staff
- Who will sell? Should you hire a sales person, a sales staff or a sales team?
- Your “competition” will influence your decisions
- Sales should TELL YOUR STORY!!
- The STORY = How you are different!
- Sell, market, sell and Tell that Story often!
Aligning your Story....

- The PATIENT is your FIRST priority
- DELIVER the services you have promised
- Err on the side of SERVICE once you have admitted a patient
- Minimize reimbursement and payment issues but DON’T BREACH the relationship
- Pick up the phone if you need to EXPLAIN

Differentiate Your Infusion Pharmacy

- Infusion is a Mature Market Sector Now
- Differentiation combined with Focusing on the Strengths will separate you from the alternatives
- Focus on your WHO’s....
- Align your Story with your Service (Do WELL what you say you do WELL)
Payers and Providers Partnering for Change

Anna Gimble, Vice President, United Health Networks
Rich Dowell, Associate Director, Provider Technology Adoption
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The Cost of Healthcare

- In 2011, total health spending per person in the US was $8,680 per year
- The average spent by the 30 most developed countries is $2,960
- Studies show that the US ranks below average on major health indicators including infant mortality and life expectancy when compared to the rest of the world
- We currently rank 44th in infant mortality
- We currently rank 30th in life expectancy (age 78)
- Compare – Japan spends $2,550 on health care per person per year (the US spends) and boasts a life expectancy of 83 years.

Public and Private Health Expenditures as a Percentage of GDP, U.S. and Selected Countries, 2008


Notes: Data from Australia and Japan are 2007 data. Figures for Canada, Norway and Switzerland, are OECD estimates. Numbers are PPP adjusted.

In 2011, this number grew to 17.9%
**Growth in Total Health Expenditure Per Capita, U.S. and Selected Countries, 1970-2008**

The growth rate has remained relatively constant at 3.9% from 2009 – 2011.


**Notes:** Data from Australia and Japan are 2007 data. Figures for Belgium, Canada, Netherlands, Norway and Switzerland are OECD estimates. Numbers are PPP adjusted. Breaks in series: CAN(1995); SWE(1993, 2001); SWI(1995); UK (1997). Numbers are PPP adjusted. Estimates for Canada and Switzerland in 2008.

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**What % of the Healthcare Dollar is spent on Healthcare?**

Data from MGMA shows that operating costs are 60.79 percent of the healthcare dollar.

- **Operating costs:** $0.61
- **Physician comp:** $0.39
- **Support staff:** $0.30
- **General op.:** $0.31

**Source:** HHS, CMS.gov historical data updated 1/13/2013.

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**Compare Health Care Benefits Administration to Financial Services**

**Cost per Transaction**

- $0.00
- $0.50
- $1.00
- $1.50
- $2.00
- $2.50
- $3.00
- $3.50
- $4.00
- $4.50
- $5.00
- $5.50
- $6.00
- $6.50
- $7.00
- $7.50
- $8.00
- $8.50
- $9.00
- $9.50
- $10.00
- $11.00
- $12.00
- $13.00
- $14.00
- $15.00
- $16.00

**Source:** IBM Global Services Study.
Understanding Complexity

Lack of Transparency in Current Physician Workflow

- Fee Schedules
- Product Ambiguity
- Reimbursement Policy and Coding
- Notification Protocols
- Remark Code Consistency
- Methodologies of contacting payers
- Leading to...
- Unintentional Rejections
- Manually Posted Transactions
- Lack of Eligibility Clarity
- Cash Flow Issues
- Higher Cost

Resulting in Administrative Complexity/Cost

- The portion of claims that are rejected or denied, necessitating rework and resubmission
- The average cost per claim for rework and resubmission
- The cost per physician per year in time spent interacting with payers

Credentialing Overview—A Case Study

UnitedHealthcare Requirements to begin the Credentialing Process

- To request participation for UnitedHealthcare and its Affiliate Companies, practitioners and/or facilities may contact the National Credentialing Center by calling the United Voice Portal @ 877-842-3210, and choosing telephone prompts Other Professional Services, then Credentialing, then Join the Network.
- At the time of the initial call the following information is required to search for a practitioner in our system, or set up a new record if needed.
  - Practitioner’s name and degree
  - Date of birth, NPI (if applicable) and Social Security number
  - Practicing Specialty
  - Tax identification number and legal name of the owner of the TIN as it appears on the W-9
  - Primary place of service address with phone and fax numbers
  - Billing address with phone and fax numbers
  - Credentialing address, if different, with phone and fax numbers.
Required Elements

- Active licensure in the state they will be practicing. Temporary license is not acceptable.
- Active DEA(s) registered in the state(s) they will be practicing, and/or CDS, if required by the state
- Active Professional Liability Insurance
- Active Hospital Privileges or Admitting Arrangements with a Participating Provider, if required for the specialty
- If the practitioner is a MD, DO or DPM, they must complete a Residency or Fellowship Program in their designated specialty

Process

- The Council for Affordable Quality Healthcare’s (CAQH™) Universal Credentialing Data Source
- Initial Call
- Credentialing Application Process
- For facility types handled by the National Classification Committee (NCC), the process may be different

Process continued...

- Primary Source Verification
- Credentialing Criteria Review
- Credentialing Committee
Recredentialing Process

➤ Providers need to be recredentialed routinely—be prepared based on the payer’s cycle length (i.e. every 36 months)

Don’t miss the 2015 NHIA Roundtables Sessions on Tuesday evening from 5:00 to 6:30 PM and on Wednesday evening from 4:30 to 6:00 PM, which include the following topics:

A Home Infusion Therapy Start-Up Story: Market Entry Challenges and Successes
Rowena O. Birnel, RPh, Owner, Infusion Solutions, Inc., Bellingham, WA

Exploring Niche Business and Non-Traditional Service Line Opportunities
Debbie Cain, RN, CRNI®, Vice President, Home Parenteral Services, Springfield, MO