Looking Outside the Box
Alternate-Site Infusion Providers Get Creative in Identifying and Developing New Business Lines

By Jeannie Counce

Home infusion pharmacies are facing some of the greatest challenges to our industry since its formation—a prolonged economic downturn accompanied by the real and imminent prospect of dramatic health care reform. As we strive and struggle to predict the implications of reform, diversification of the traditional home infusion business model becomes increasingly compelling. Creativity is needed to achieve business growth in difficult times, and many providers are looking outside the box of traditional home infusion therapy to create new business lines that build on their existing strengths as well as emerging market needs and trends.

In doing so, these businesses are also diversifying their customer base, carving out specialties for themselves, and partnering with other health care providers—often their own referral sources—in new ways. Their ideas spring from a deep understanding of their local markets and the value of their clinical expertise, reflective of the entrepreneurial spirit that has been a hallmark of the alternate-site infusion therapy industry for more than 20 years.

In this edition of INFUSION Roundtable, we spoke to several NHIA provider members about their efforts to expand on their core services and build emerging business models that meet their strategic goals—all while providing stability to the bottom line.

Question 1: How is your organization putting a new, creative spin on the core services of traditional home infusion?
Alternate-site infusion therapy is distinguished by two very specialized core competencies: pharmacy and nursing. In both cases, infusion practitioners are

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extensively trained in a highly technical discipline. In addition, provider organizations typically invest heavily in certain specialized facilities, such as clean rooms for sterile compounding. For many, this is “the box” and the most logical place to start looking to build new business.

“Start with your core business model and ask yourself if you can branch out,” advises Sandy Tzaferos, Pharm.D., President of MedLink Homecare, Inc. in Hammonton, New Jersey. “Look at the opportunities and your relationships, and identify a need.” That’s just what Tzaferos did in 2007 when she began contracting with a local hospital and steady home infusion referral source to cover their PICC insertions.

The idea for the service began when Tzaferos and her staff noticed that MedLink’s referrals from the institution were not being discharged from the hospital due to delays in getting PICCs placed. MedLink had the nursing expertise to place PICCs, with ultrasound guidance, so it was a natural fit.

“We started sending our nurses into the hospital to do the placements, which allowed the patients to be discharged sooner,” says Tzaferos. “Not only did that make it easier to start them on home infusion service with us, but it helped the hospital reduce its length of stay.”

Building on that win-win, MedLink contracted with the hospital to perform all its PICC insertions. “We now have a dedicated team of full-time infusion nurses just for this service,” she explains. The company has invested in some necessary equipment, including ultrasound devices for guidance, and is paid per procedure. “The hospital loves the concept because they pay for only what they need,” observes Tzaferos. It’s particularly advantageous now that the hospital is in a hiring freeze, she adds. “With so many other needs to cover, they don’t have to dedicate an FTE to place PICCs.”

After seven years, the PICC team at hospital-based Home Parenteral Services (HPS) in Springfield, Missouri has a strong hospital connection as well—but is also branching out to other customers, says Vice President and NHIA Board member Debbie Cain, R.N., CRNI®. What started with a half-time nurse at the in-system hospital to pick up slack has blossomed into a team of eight dedicated nurses, five of whom are in the hospital on any day. “It was like we built it and they came,” she says, noting that the hospital didn’t see the need to contract out PICC insertions at first.

“The hospital is our biggest customer,” she continues, “but we also have contracts with some small rural hospitals, nursing homes, and hospices.” Cain’s team is a full-service unit that provides its own supplies, performs dressing changes, and bills per procedure. “We also provide in-service trainings to the nursing staff on the care and maintenance of lines, which helps strengthen our relationships,” she says.

“Recently, we recognized a real need for peripheral IV starts, so we offered this service to our contacted customers,” Cain explains. “We’re becoming a complete vascular access team.”

Another way infusion providers are successfully contracting with hospitals, nursing homes, and other health care facilities is by offering sterile compounding services to providers that lack the clean room that complies with the United States Pharmacopeia (USP) <797> standards. However, these facilities treat patients who need total parenteral nutrition (TPN) and some medications with extended use dates that must be compounded in a USP <797>-compliant clean room.

Many providers mix only for their own patients currently on service and may not have the capacity or resources to branch out and offer compounded sterile products elsewhere in the community, explains Dan Dobson, Pharm.D., M.B.A., Executive Director of Providence Infusion and Pharmacy Services and NHIA Board member. At his facility in Renton, Washington, approximately 60 patient-specific TPNs a day are prepared for two of Providence’s Washington-based hospitals, as well as some bulk, non-patient-specific medications for these hospitals. Beyond-Use-Dating for these bulk sterile products is according to current USP <797> standards.

The challenge, says Dobson, is how to grow the business line. “Volume growth, extended product dating, and the ability to ship across state lines to serve other Providence-based acute hospitals will require preparing for and hopefully gaining FDA registration as a manufacturer.”

“Gaining this registration is a huge undertaking,” warns Dobson. “Just because you are a <797>-compliant mixing facility, you are not automatically eligible. As a manufacturer, a provider would be subject to both...
FDA and local state Board of Pharmacy scrutiny, including but not limited to documentation of the validation of product and batch sterility and chemical stability, consistent personnel competencies across all aspects of the clean room operation, rigorous process documentation and compliance with policy and procedure. A whole new level of skill, competency, structure, and financial resources are also required.

HPS also compounds patient-specific TPN for external customers—many of which also contract with HPS for PICC insertions. “The two services work very well together,” says Cain. “One allows you to get your foot in the door and eventually offer the other.”

Building on its nursing strengths, Providence is in the strategic planning stage to launch a “concierge nursing service” for home infusion patients. The idea, according to Dobson, came from past experience with a handful of “high-profile, high-end” patients who wanted home infusion, but didn’t want to be involved in administering medications, operating a pump if that was required, or taking responsibility for their supplies. They want a nurse at the house each day to manage the entire menu of care and services and they want the nurse there at a time that’s best for them. “They were willing to pay the extra cost of having a nurse at their house every day,” he recalls.

Dobson says it opened his eyes to the fact that there are patients with the resources to pick up what the insurance company doesn’t cover in order to get this type of high-touch care. The program is essentially a menu of services that will be offered to patients as they come on service. “It’s not for everyone and it’s clear who we’d be mentioning this to,” says Dobson of the portion of patients who have commercial insurance that covers home infusion or can afford to pay for services out of pocket.

“Unfortunately, these days there are fewer people across the country in a position to take advantage of a program like this,” he says. “But there are still many in our particular area.” Given the local geography—lots of water, islands, and peninsulas—the daily visits and 24/7 access to a nurse can offer peace of mind as well, according to Dobson.

**Question 2: How is your organization stepping into new, “outside-the-box” areas?**

By offering services that compliment their core competencies, alternate-site infusion providers are able to expand into new areas with some focused, strategic preparation and planning.

Non-sterile compounding, for example, “seems like the perfect adjunct” to sterile compounding, according to Ed Neumann, Vice President and Chief Financial Officer for Home Care IV of Bend in Oregon. “Except for a specialized hood to protect the mixer, a lot of the equipment is the same or similar,” he says. The basic concepts and formulas are the same as well. “It’s been fairly easy to train our pharmacy technicians to do, so it doesn’t take too much pharmacist time and fits into our existing business.”

His organization’s foray into non-sterile compounding began three years ago and is largely (90 percent) prescription based. “We do a great deal of mixing for hospice and chemo patients who can’t take their pain medication orally,” he explains. “That service has helped build stronger relationships with our IV referral sources. In addition, the other provider pays us directly when the drug is ready and handles the reimbursement, so there are no claims for us to file.”

Home Care IV of Bend has begun seeking out new and different customers as well, according to Neumann. “We’ve had some veterinary applications, and have seen a surge in bioidentical hormone preparations,” he reports, noting that the treatment for menopause has drawn increased interest after it was featured on the Oprah Winfrey Show.

In Radcliff, Kentucky, Jerry Deom, R.Ph., caters more extensively to veterinarians. This experienced owner of multiple pharmacies, including retail, IV, and non-sterile compounding, is a fellow of the American College of Veterinary Pharmacists. Having that special training and licensing demonstrates his commitment to the business line, he says, which is a plus for his referral sources.

“The regulations are less strict for animals than they are for humans,” he observes, “but you have to know about it as a specialty if you really want to focus there.” Deom does both non-sterile and sterile compounding for small animals only (pets versus livestock), mostly thyroid medications and antifungals.

It’s a growing business, according to Deom, because vets are treating an increasing number of conditions and diseases from cancer to joint replacement. “You’d be amazed at what people are willing to spend on their pets,” he points out.
While it doesn’t involve compounding, retail pharmacy can also complement your other services, according to MediLink’s Tzaferos, who opened a small storefront in a medical building where a large number of HIV patients are seen.

“Patients come from surrounding states to see these specialists,” she explains, “and they are often prescribed complex cocktails of oral medications that have to be taken in specific combinations at certain times.” As patients would leave their physician office they’d take their prescriptions to their pharmacy, which often didn’t carry all of these medications. “If they were out of one or two meds, that would throw off the entire regimen,” she continues.

The physicians complained and MediLink responded with a small retail store that’s fully stocked with all the appropriate medications and supplies for the HIV patient population. The margins are slimmer than other business lines, but with online insurance verification and adjudication, “We get paid faster,” says Tzaferos. “We’re also filling a need for our referral sources and reinforcing those relationships.”

“Once in a while unexpected opportunities come along,” Tzaferos observes. “You want to be flexible enough to make something out of them.”

**Question 3: AICs have been an evolving, growing market for infusion providers for years—leading to a variety of models. How has your organization structured its AIC business for success?**

There are three basic models of ambulatory infusion centers (AICs) (see box on this page). However, through contracting and other partnerships, there are an expanding number of successful AIC arrangements still to be made (see the Bottom Line on p.45 for more ideas and business considerations related to AICs).

As part of a larger health care system, HPS partnered with its hospital to open a hospital-based AIC. There are advantages to this structure, explains Cain, such as qualifying for Medicare reimbursement and the ability to buy drugs under the federal 340B program, which allows for the purchase of medications for vulnerable patient populations at discounted rates.

Through a contractual relationship, HPS provides three nurses and support staff, who treat about 25 patients a day. That works out to be about 575 patients each month who Cain says previously “fell through the cracks” in the system. “The hospital had outpatient clinics for a few specific disease areas, such as oncology and rheumatology. But patients who needed other infusions—blood products or antibiotics, for example—could only receive them at home if they had the right insurance coverage; otherwise they needed to be admitted into the hospital system.”

Now, Cain says, “We can make the choice based on what’s best for the patient within the system. If they can be treated at home, we’ll do that. But if not, they can be treated at the AIC and avoid an outpatient hospital admission.”

Another way of helping patients avoid the hospital is to partner with a physician practice to provide certain aspects of care, or management, or both. That’s what MediLink’s Tzaferos did with an infectious disease physician practice in her area. “A lot of their patients are on Medicare,” she explains, and with home infusion coverage what it is today, that means they couldn’t be treated at home without paying out-of-pocket for supplies, equipment, and services.

The solution was a physician-based AIC in the same location as the practice. Through a contract, MediLink provides compounded medications and nursing. The practice provides the facility and handles all the reimbursement, including filing patient claims.

Still, other providers choose to own and operate their own AIC, or ambulatory infusion suite (AIS) of the home infusion therapy provider. These facilities can complement existing services by providing a controlled environment for first-dosing and administering clinically complex therapies. They also offer nursing and overhead efficiencies by cutting travel and patient teaching time.

While all AICs offer relative convenience, the patient is still required to come to the facility. When that’s inconvenient, providers are looking to smaller, more flexible locations that can serve as impromptu “satellite AICs” for patients in less populated areas.

“We set up our AICs near population centers,” says Providence’s Dobson, noting that it’s relatively easy for his organization due to the large urban population centers along the western coast. “But sometimes we’ll use clinic locations in less populated areas to do dressing changes or IV starts, so a patient doesn’t have to travel...
as far.” Providence operates three AICs and has two clinic locations that it uses as satellites when necessary.

At this point, it’s not worth it to fully equip and staff these locations as AICs, Dobson adds. “Because the key to AICs is reaching a critical mass of visits so that the nursing staff is productive,” he says, “otherwise there’s no return on investment.”

**Question 4:** Are there advantages to creating services that appeal to “new” customers (i.e. not the traditional home infusion therapy referral source)?

Our roundtable participants cited revenue and improved cash flow as the primary advantage to seeking out new customers. Effectively contracting with other health care providers, such as hospitals, physicians, nursing homes, and hospices, can translate into “getting paid regularly.” Even retail sales, patient self-pay, and veterinary compounding are paid upon pick up. For an industry that invests significant resources in submitting claims, and is constantly struggling to decrease days sales outstanding (DSO), this kind of additional revenue requires less overhead to collect and significantly aids positive cash flow.

“The PICC team, TPN business, and AIC have really helped us meet our budget,” says Cain. “We bill monthly based on volume of services and it’s regular revenue.”

“With our AIC and PICC team contracts, we get paid a lot faster and don’t have to deal with patient co-pays, billing insurance companies or Medicare, or any of that,” agrees Tzaferos. It’s clean, easy-to-manage revenue that goes straight to the balance sheet. “When you get paid right away, you don’t have to worry about aging A/R,” adds Dobson.

Internally, new service lines can offer professional opportunities to staff while helping providers maximize existing resources. As mentioned earlier, non-sterile and TPN compounding can be added without significantly taxing pharmacy staff—if the programs grow, they can provide a new skill set and/or job descriptions. Likewise, with a choice of settings—AIC, home infusion, or PICC team—IV nurses can try different specialties and develop new skills, as well.

“Branching out allows us to offer new experiences to our staff,” explains Tzaferos. “They like the diversity and the ability to be creative. It rekindles their interest in their jobs and helps with retention—I have a great staff and I want to keep them.”

Many of our participants found that forging relationships with new customers, such as veterinarians and self-pay patients, was just the beginning of exploring new fertile ground. “Our non-sterile compounding has really taken off,” says Neumann, “and it’s still pretty new to us.”

On the other hand, servicing existing referral sources in new ways serves to reinforce an organization’s expertise in core areas. “The hospital gets to see our team of highly skilled nurses in action every day,” says Tzaferos of her PICC team. “That reminds them that we provide quality care, and builds on our reputation for referrals.”

HPS’s TPN mixing program, which features a staff nutritionist has also benefited the organization’s referral relationships. “They appreciate that we can take the pharmacokinetics out of their hands,” she says of prescribing physicians. “They know we have good clinicians who are part of a quality care team.”

**Question 5:** New services and new customers must mean building specific sales and marketing approaches. How does your organization make sure that it’s promoting these services to the fullest?

For some of our participants’ programs, sales and marketing initiatives had to be created from scratch, whereas for others, they are practically built in.

For example, selling pharmacy services to veterinarians is completely different, according to Jerry Deom. “Vets can prescribe and dispense medications,” he explains—something that anti-kickback regulations prevent in human medicine. “So you have to approach them in a way that says you’re there to cooperate—not compete—with them. They also want to know that you’re serious about serving their market,” he continues, “so you need to know what you’re talking about.”

Neumann adds that while Home Care IV of Bend, “is marketing its non-sterile compounding to physicians, dentists, and vets,” it’s also “doing some broader marketing directly to patients so they know the service is available.”

For Dobson, marketing won’t be a large element of Providence’s new concierge nursing service once it’s rolled out. “We’re only offering it to patients from our regular referral sources,” he explains. “It will be present-
ed to them when they have their initial consultation with a nurse, which is already part of the process.”

Regardless of how large a role sales and marketing plays, in many cases the new business lines we discussed added overall value to the provider, helping the organization market itself. “Doing non-sterile compounding for the hospice has strengthened our relationship with them,” reports Neumann.

Cain concurs when discussing HPS’s relationships with nursing homes and hospices where her staff mixes TPN or places PICCs for their patients. “They build on each other,” she says of the contractual and referral relationships, which establish HPS as the “go-to” organization for infusions and vascular access needs.

That extends to new customers as well, she adds. For example, when a new long-term care facility was opening in the area, Cain approached them about placing PICCs and providing in-service trainings on care and maintenance of central lines for their nursing staff. “That led to us getting the contract to do their TPN mixing,” she explains.

“Having new services to talk about is helpful to your sales team, especially with long-term customers,” observes Tsaféros. “It gives them something new to talk about, and your referral sources see that you are creative, inventive, and willing to change with the times. They see you growing—and it reinforces your credibility with them as a company.”

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Strategic Advice from the Experts on Identifying and Developing New Business Lines
Our provider panel suggests keeping some of the following items in mind when developing new business lines:

- **Stay close to your core.** Always have your core business in mind and don’t compromise this as you expand. A strong home infusion business is especially important in a weak economy when hospitals and other customers may look to cutting contracts as a means of cost savings.

- **Always be on the lookout for new ideas.** Talk with your referral sources about their needs and be on the lookout for opportunities. Encourage your staff to get involved as well, and be open to everything. The playing field is always tilting, so you want to be ready to adapt.

- **Don’t overstretch.** You may be able to parlay certain resources—but make sure to always have realistic expectations and be prepared to make investments where necessary. It’s especially important maintain balance and not to overstretch your staff.