

Impact of a comprehensive strategy to reduce wholesale acquisition cost purchases for a 340B covered entity

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BACKGROUND

The 340B Drug Pricing Program (340B Program) is a federal government program designed to enable facilities, who serve a disproportionate share of vulnerable patients, to stretch scarce federal resources as far as possible. The program allows hospitals to purchase medications for eligible patients at greatly discounted prices. The RWJBarnabas Health Pharmacy Enterprise fully participates and remains in compliance with the 340B Program as a means of helping the communities we serve. RWJBarnabas Health uses an outside 340B software system to determine patient eligibility and drug quantities that can be purchased at the 340B discounted price. Drugs for ineligible patients must be purchased at Wholesale Acquisition Cost (WAC), which is the most expensive price, or Group Purchasing Organization (GPO) rates. In the latter half of 2016, the health system's percentage of WAC purchases compared to 340B savings was much higher than the national average. The 340B corporate pharmacy team set out to devise a strategy to reduce the organization's WAC spend and increase 340B eligible purchases.

OBJECTIVE

To determine the impact of a comprehensive strategy to reduce the WAC impact to all 340B covered entities within RWJBarnabas Health.

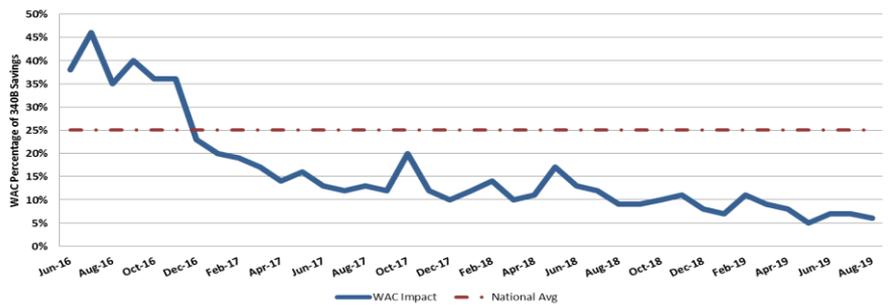
METHODOLOGY

The 340B team started with a thorough review of purchases in order to identify the causes of inordinate WAC spend. Unnecessary WAC purchases can be due to the unavailability of 340B pricing, errors in the data transmitted to the software system such as billing discrepancies and inappropriate or incorrect software system configurations. Configuration errors can include incorrect charge code to drug code mapping and incorrect hospital location mapping. Upon completion of this review, the team set out to systematically address each cause of WAC spend within their control. As of November 2016, a dedicated 340B analyst was assigned to monitor WAC purchases on a monthly basis and initiate corrective actions.

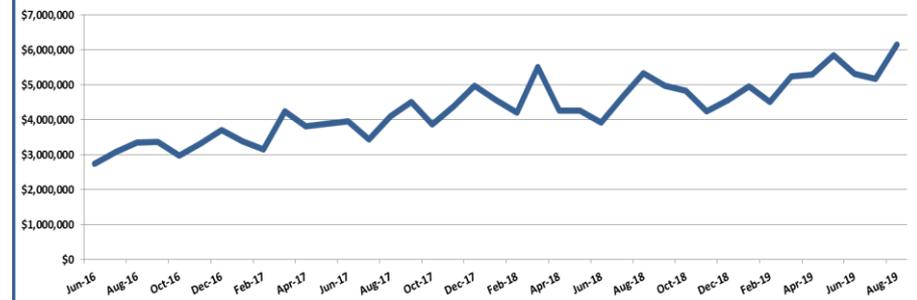
RESULTS

In July 2016, the percentage of WAC impact was over 45% for the health system. Due to the systematic review of purchasing patterns by a dedicated analyst, the percentage of WAC impact decreased to 6%. This WAC impact percentage is well below the national benchmark of 25%. Additionally, the reduction in WAC purchases elevated eligible 340B purchases. The reallocation of purchases from WAC pricing to 340B pricing resulted in increasing monthly net 340B savings from \$2.7 million in June 2016 to \$6 million as of August 2019.

WAC Impact Performance



340B Net Savings



CONCLUSION

A comprehensive strategy that includes direct oversight of purchases and the 340B program software system can improve program efficiency. Further declines of WAC purchases may not be as dramatic but continued surveillance is required to prevent a reversal of this trend. Authors have nothing to disclose.