



**Pharmacy Practice
Leaders**

**Impact of Site of Care Trends
An Introduction and Strategy to Identify the Issues
June 2018**

Today's pharmacy leaders should strive to understand their organization's outpatient payer contracts and implications on patient care and pharmacy revenue. Unfortunately, payer contracts and related reimbursement models are becoming more difficult to manage, and have experienced continuous change in recent history. Since the passage of the Affordable Care Act, the Centers for Medicare & Medicaid Services (CMS) and other payers have been rapidly moving from a fee-for-service reimbursement system to bundled payment arrangements or alternative payment models. In a March 2012 Report to Congress, the Medicare Payment Advisory Commission recommended that CMS equalize the rate paid for evaluation and management (E&M) visits in hospital outpatient departments and freestanding physician offices. The OIG has said that CMS could save billions of dollars if the agency reduces hospital outpatient department payment rates for ambulatory surgical center-approved procedures to ambulatory surgical center payment rates. Furthermore, questions were raised in the Trump Administration's Blueprint regarding Part A and B drug benefits and the potential to shift site of care. Though no proposal, the Blueprint also examined impact if certain drug classes were shifted to away from Part B benefits to Part D.

Changes to reimbursement models and shifts in site of care directly impacts the way that hospitals and health-systems provide care to patients. Commercial payors are increasingly leveraging this tactic to drive care to lower cost sites of care. Examples of hospital based services that have been impacted include administration of certain medications, imaging and emergency department visits. With these changes, payers have implemented policy that requires proof of medical necessity prior to providing these services in the hospital based setting, requiring alternative sites such as physician offices or ambulatory infusion centers.

Site of care changes by payers have already resulted in a shift in the healthcare market. Large pharmacy chains, such as CVS Health and Walgreens continue to expand into primary care. A specific example is the Walgreens site of care optimization program. This program allows patients on specialty infusion medications to visit a Walgreens alternate treatment site, or



receive care in their home, at a lower out-of-pocket cost. Additionally, other non-hospital providers are providing competition in the ambulatory care market, in part by increasing their ability to capture patient prescriptions.

The intent of site of care changes is to direct patients to the most cost-effective location to receive their medications, ostensibly while maintaining optimal clinical care. Opponents of these changes cite concerns regarding continuity of patient care, patients' access to certain medications and ability to respond to emergent adverse drug events in non-hospital based settings. Providers may first learn of upcoming site of care changes after receiving a contract amendment from a payer or learn of medication related denials. Ensuring that this information is received by the appropriate organizational stakeholder in a timely manner is important so that action plans can be implemented and risks to patient care can be minimized. Understanding this impact, not only ensures leaders maintain high level of patient care but the organization recognizes the impact to their revenue.

The Section of Pharmacy Practice Managers' Advisory Group on Management of the Pharmacy Enterprise has been working to identify the issues and provide resources for members to support the demands of managing the pharmacy's revenue cycle. Understanding the influencers on hospitals' care for outpatients, obtaining payment for services, and maintaining ideal continuity of care is a key component to overall revenue cycle management. The advisory group has created the attached analysis steps to help determine whether payor site of care changes have impacted your organization as well as suggestions on how to proactively monitor changes and begin the conversation with hospital contracting departments in assessing these site of care trends. Additional revenue cycle management and site of care related references are also provided.

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Elements of an analysis to identify the impact and site of care trends

Revenue cycle team engagement

1. Engage the health-system's revenue cycle management team, central billing office, and patient access to understand trends in denials or restrictions due to alternative sites of care (ASOC)
2. Ask about notices from payors regarding site of care restrictions and engage hospital contracting or managed care teams
3. Review billing dashboards, charge review holds, unprocessed claims with departments, claim edits, and denials
 - a. Seek input and feedback on denials regarding site of care restrictions (i.e. which payors, drugs, services are being restricted).
 - b. Write-offs – inquire with revenue cycle management team about the process for write-offs related to infusion therapy.

Patient/clinic complaints regarding coordination of care and lack of transparency

1. Reach out to service line leadership and patient satisfaction departments to identify needs
2. Identify key service lines that are being impacted (i.e. rheumatology, gastroenterology, neurology, oncology)
3. Review patient referral patterns to external infusion centers (i.e. infusion suites, physicians' offices, home infusion providers)

Volume reduction and/or shifts

1. Review patient visit volumes by service line, revenue code, drug utilization trends, and billing units in each context
2. Identify if a shift in inpatient utilization is apparent secondary to ASOC restrictions
 - a. Review by service/drug and drill into billing units in the inpatient and outpatient setting
3. If health-system owned specialty pharmacy, consider leveraging those services to support patients and increase volumes billed through the prescription benefit



4. If health-system owned home infusion pharmacy, consider leveraging those services to support patients and increase volumes for infusions provided in the home

Payor Relations

1. Engage payor relations or managed care department to understand contracting changes related to drug benefit changes for specialty medications and infusion medications
2. Identify opportunities for patient capture within the health-system
 - a. Contracting negotiations, specialty pharmacy contracting, establishing freestanding infusion centers, infusion suites
3. If physician based or off-site locations are utilized, consider how differences in class of trade may allow the purchasing of medications under these different classes

Revenue Cycle Management Resources:

[Health Care Reimbursement and Revenue Cycle Management-ASHP Member Free C.E. Webinar](#)

[Optimizing the revenue cycle to promote growth of the pharmacy enterprise-AJHP](#)



References

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