



Nine Tips for Becoming a Home or Alternate Site Infusion Pharmacy

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As healthcare reform is implemented — including value-based purchasing incentives and penalties — a heightened emphasis on cost-containment is putting pressure on all healthcare providers. As hospitals determine how to reduce readmission rates and shift care to lower-cost providers, the alternate site infusion therapy sector will become an even more important post-discharge option for patients.

While home infusion therapy has been around since the 1980s, there are several trends that suggest that it may become more mainstream in the near future, including:

- **An increased incidence of chronic conditions** as a result of unhealthy American lifestyles; it's estimated that 170 million of us will be diagnosed with a chronic disease by 2030.¹
- **An aging of America** — an elderly population is more likely to develop conditions requiring infusion therapy.
- **The Affordable Care Act**, which will provide millions of uninsured people access to medical coverage, may boost the potential population for home infusion therapy.
- **A rich pipeline in biotech**, as many of the newer or anticipated biologics tend to be infused or injected rather than swallowed, which will require some degree of specialized administration.

If you're considering adding infusion therapy as a new revenue stream in your alternate site pharmacy business, here are nine tips to keep in mind when making your assessment.

1 Get connected. Immerse yourself in the infusion therapy community. The National Home Infusion Association (NHIA) site has a wealth of resources from industry news and a robust bi-monthly publication to members-only networking forums and educational opportunities.

Talk to your current customers about how they're currently solving their infusion therapy needs, as this will help lead you into the next section below.

2 Establish your patient base. Community pharmacies are able to compete successfully in the LTC market because of their relationships, so leveraging your relationships with skilled nursing or assisted-living facilities for referrals will be a large part of establishing your patient base. In addition, you should consider:

a. Affiliations — Such as an arrangement with a hospital that would transition patients to you once discharged. Another avenue is home health entities or hospice agencies that provide the patient care, but do not administer infusion drugs. The Home Care Association of America has a search feature online that helps you find providers in your area.

b. Physician clinical agreements — Check into infectious disease or oncology specialty clinics with no existing infusion component; be aware they may have requirements that you provide a sterile administration environment for the infusion versus providing it in the patient's home.

c. Pharmacy Benefit Manager — Become an approved home infusion pharmacy to gain access to the PBM's patients. Refer to number 8 below for tips on obtaining approved status.

As you determine the types of therapies to offer, you may discover other channels to locate patients.

3 Determine your area of expertise.

Decide what combination of drugs your pharmacy will support. It will require a level of clinical education to understand patient needs as they relate to the different product lines, and providing home infusion, and specialty services in particular, involves a great deal of patient interaction and training. Traditional infusion therapies such as intravenous antibiotics usually treat shorter-term/acute patient conditions, while specialty infusion therapies are more expensive, longer-term drug therapies to address chronic conditions. Typical candidates include patients with cancer, AIDS, nutritional defects, multiple sclerosis, bone marrow inflammation, rheumatoid arthritis, heart disease, hemophilia and other health problems.

Below is a list of some of the most common home infusion therapy treatments prescribed.

- **Total parenteral nutrition (TPN)** — Among the fastest-growing part of the biopharma industry, this involves the intravenous infusion of nutritional substances to patients who are malnourished
- **Enteral** — Involves administering a substance (Ensure, Fibersource) via tube to be absorbed through the gastrointestinal tract
- **Antibiotics** — This is the biggest percentage of therapies administered by market share (28%) and is the easiest area to get started in home infusion²
- **Chemotherapy** — This area will require a larger investment as the drugs need to be mixed and administered in a sterile environment
- **Pain management** — Involving the intravenous administration of narcotics and other drugs designed to relieve pain; this will have strict requirements due to controlled substances regulations
- **Blood products** — Such as intravenous immunoglobulin (IVIG) primarily used for patients with immune deficiencies or diseases
- **Inotropes** — Used to manage various cardiovascular conditions
- **Immune modulators** — Administered to restore the immune system of patients with immune deficiencies as result of infection or chemotherapy
- Other infusion therapies can include hydration, steroids, etc.

Based on what therapies you decide to offer, you'll need to determine the equipment investment required, such as pumps, gravity tubings, syringes, elastomerics and a cleanroom hood, as well as the various types of lines used for intravenous injections.

4 Anticipate the investment.

Like all business ventures, financial planning and due diligence are critically important. Although circumstances will vary, a good benchmark is usually \$250K to \$350K to invest in home infusion pharmacy services, and it can take one to two years to make back the investment. A financial advisor can help you work through the numbers.

Here are a few considerations:

- Office space within the pharmacy for intake/collections, additional staff, infusion bays if you wish to administer infusions on-site, and space for internal nurses (if you don't use an external nursing agency)
- Equipment needed for special handling requirements to comply with sterile pharmacy 797 regulations such as refrigeration, storage and delivery protocols for specialty biologics
- Software to handle inventory and reimbursement
- Warehouse
- Transportation (vans)
- Licensing costs through the DEA and state — talk to your attorney
- Insurance and/or tax implications — talk to your financial advisors

5 Understand the reimbursement environment.

For any home infusion provider to succeed, adequate reimbursement is critical. The payers will be a combination of Medicare, Medicaid, commercial and private pay. The single-largest revenue source for home infusion providers is specialty pharmacy drugs paid for by commercial health plans, which represents nearly \$1.4 billion in annual revenue nationally. Self-paying patients represent the smallest revenue stream at \$59 million.³

Medicare can be particularly complicated in this space. While the drugs themselves are covered by Medicare, home infusion equipment, supplies and services are not. These uncovered expenses make up about 50–60% of the cost of a home infusion, according to the NHIA.⁴ The Medicare Home Infusion Therapy Coverage Act of 2011 that has been introduced in Congress would cover these home health services under Medicare, but progress has stalled in the wake of healthcare reform.

The reimbursement rates for intravenous immunoglobulin, crucial for patients with primary immune deficiencies, neuromuscular disorders, and certain rheumatologic conditions, have been reduced. And in recent years, many private insurance plans and Medicare Part D have given IVIG and other infusible drugs Tier IV status — which means patients pay between 10–30% of co-insurance for the therapy, or forego treatment.⁵ In other cases, insurance plans are dropping coverage of IVIG and other therapies altogether for patients using the therapy off-label, calling it “experimental or medically not necessary.” Legislation is slowly making its way through the system aimed at ensuring greater access to IVIG for patients in all settings.

For pharmacies, these examples illustrate the importance of revenue cycle management including insurance verification of each infusion referral, billing and collections. Home infusion is typically billed via medical claims, as opposed to pharmacy claims, and the claims include multiple codes, so having a reimbursement specialist on staff with infusion expertise can help to maximize your profitability.

6 Staff up. To provide a high level of service and expertise, consider your overall staffing needs and the skill sets you may require:

- **Pharmacist** — A doctor of pharmacy with infusion background
- **Pharmacy tech** — Experience in infusion for mixing
- **Nursing** — With the needed clinical skills (internal or work with external group)
- **Reimbursement specialist** — Who understands the infusion space for intake and collections
- **Inventory manager** — To handle the pharmaceuticals, medical supplies and equipment
- **Drivers** — To deliver the medication
- **Sales team** — As an option to more aggressively pursue business in your region

7 Partner with a GPO. To obtain access to the products you need, find the right GPO that fits your business model. A few who specialize in alternate site products include Armada, Innovatix, GeriMed, Managed Health Care Associates (MHA), Tempest Med and Provista.

Home Infusion Therapy Can Be a Win-Win-Win



For many patients, when it's clinically appropriate, home is often the most convenient and comfortable setting to receive their IV therapies. This is particularly true for older or disabled patients with mobility issues, or for those in rural areas who have to travel great distances to receive infusions at a centralized outpatient setting. It also offers the potential for enhanced quality of life by allowing the patient and family to resume a somewhat normal routine while receiving treatment.



For hospitals, patient safety and preventing hospital-acquired infections are critical, as these infections result in direct costs to hospitals of \$28 to \$45 billion a year and approximately 100,000 patient deaths annually.⁷



For payers, delivery of infusion therapy at an alternate site could cut treatment costs by up to 60% compared to treatment at a hospital setting.⁸

8 Ensure proper accreditation. Participation with Medicare, PBMs and many healthcare payers requires home health pharmacy services accreditation. Establishing your pharmacy as accredited also adds credibility, which can increase referrals and enhance your competitive edge, as well as strengthen patient confidence and trust that they are receiving safe, high-quality care.

Several of the most common accrediting bodies include the Accreditation Commission for Health Care (ACHC), The Joint Commission (JCAHO), and the Community Health Accreditation Program (CHAP). Accreditation programs will require you to have policies and procedures that meet their standards, such as proper setup to deliver medication and proper patient care for therapy, and will likely include an actual site visit. Refer to the organizations' websites for the steps and fees involved with the application. To maintain your accreditation, there may be an annual fee as well as a periodic survey or on-site visit (renewal criteria vary by accrediting body).

9 Step up your sales and marketing. This is a fairly fragmented market, with competitors ranging from a few national chains, to hospitals providing infusion therapy in an ambulatory setting, to small, independently owned providers. The NHIA estimates that there are between 700 and 1,000 home infusion companies in operation today, bringing in revenue of \$9–11 billion/year.⁶

Expect to make an investment in sales and marketing to establish a patient base for your home infusion pharmacy. The first step is to generate awareness that you're adding this service. Accreditation organizations will typically provide you with a press release template so you can announce your expertise. Next, you'll build your referral network with targeted outreach to clinics, hospitals and other care facilities, highlighting the differentiated value you bring to this market and to the patients you'll serve. You may also have paid advertising opportunities at the point of care, such as in-office TVs or product brochures in the waiting rooms. To reach patients' families, consider presenting at a local caregiver support group.

There are many opportunities to get the word out, but it takes focus and energy to make long-lasting connections.

Want to talk more about getting into home infusion?

We're here to help. Call 800.571.2889, email us at alternatesite@mckesson.com, or visit mckessonbop.com/alternatesite.

About the author:

Rob Cannon has been involved in the field of alternate site pharmacy for over 24 years in various capacities from the pharmaceutical, medical, distribution, GPO and wholesale sides of the business. For the past 15 years, he has been focused on home infusion and specialty pharmacy sales with responsibilities ranging from marketing, contracting and operations to leading a private company with 180 employees focused on providing home infusion and specialty pharmacy services.

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