



Using Radio Frequency Identification (RFID) Technology to Optimize an IDN'S 340B Drug Pricing Program

How Emanate Health employed Intelliguard to improve patient safety, optimize staff efficiency, and recoup lost charges in the operating room

The Challenge

The federally regulated 340B Drug Pricing Program enables eligible hospitals to obtain discounts on covered outpatient drugs. Despite the potential financial savings for hospitals, the 340B drug pricing program is highly complex and typically requires additional full-time resources as well as specific split-billing software systems to accurately capture medication utilization and ensure proper reimbursement rates. With potentially hundreds of different drugs in a hospital pharmacy's inventory, this can be a daunting undertaking. Drugs are first purchased at a higher Wholesale Acquisition Cost (WAC) price. If the hospital can properly account for dispensed and administered medications to 340B patients, they are then able to repurchase medication at the lower 340B price point, which results in considerable cost savings.

Like many hospitals and healthcare systems, Emanate Health participates in the 340B Drug Pricing Program. Under the 340B program, drug manufacturers provide discounted outpatient medicines to qualified nonprofit and public health care organizations that serve eligible patients. The objective of the program is to stretch scarce resources as far as possible by using the savings they receive from purchasing drugs at 20 to 60 percent below list price. Hospitals and healthcare systems can then use these funds to reach more eligible patients and provide additional comprehensive services to the community.

There are many challenges when managing a 340B program, including potential audits and the risk of unintentionally violating government regulations. If these rules are not properly followed and inventory is not properly managed,



EMANATE HEALTH INFORMATION

- + **Serving one million residents in Los Angeles, CA**
- + **Large Integrated Delivery Network (IDN)**
- + **16 locations, including 3 Hospitals, Clinics and Physician offices**
- + **3,500 Employees and 1,000 Medical staff**

a corrective action plan is implemented. Like most hospitals, Emanate Health faced several obstacles when managing the program that kept them from taking full advantage of its benefits.

Their medication management system was manual, time consuming, and error prone. This was particularly challenging in the operating room (OR) where they had very little visibility to medication usage. In this environment, drug diversion (both intentional and inadvertent) occurred more frequently, and drugs were more likely to be overlooked and not billed through the 340B program. This resulted in lost medication

charges in their OR and procedural area locations, adding to the substantial financial loss for the 340B program. Paul Morris, Pharm. D., Corporate Director of Pharmacy Services, acknowledged that accurate and consistent manual inventory management was impossible to achieve. He knew an automation solution would address the health system's challenges and enable them to further expand the 340B program, maximizing the hospital's financial outcomes.

Dr. Morris evaluated the potential savings from using automation for Emanate Health by examining purchase data. The top 10 drug expenditures in a year represented about 28% of their total drug spend. He was able to determine that effectively using the 340B program would result in a significant savings in the first year. Through this financial validation, he gained executive approval of a system-wide transformation and expansion of their scope of services, while also justifying the cost of adding automation to their ORs and specialty procedural areas. As a result, Emanate Health researched vendors to help:

- + Better manage their 340B program procedural areas
- + Increase access and control of medication in the OR and procedural areas
- + Tighten controlled substance and reconciliation processes
- + Identify and decrease lost charges in the OR
- + Provide greater visibility to drug data
- + Automate medication inventory management
- + Decrease medication waste

The Solution

Emanate Health weighed the pros and cons of barcode versus Radio Frequency Identification (RFID) technology for medication management. After a thorough analysis, their executive team found Intelliguard® Intelligent Inventory Solutions to be the best option due to its broad product offering and ability to accurately track medication transactions with over 99% accuracy. Dr. Morris believed that RFID solutions delivered more precise data, which would better equip him to make intelligent business decisions from a true data analysis.

They deployed Intelliguard Enterprise in each of their hospitals, including three Pharmacy Stations and 25 Anesthesia Stations. In order to effectively participate in, and benefit from, the 340B program, Emanate Health would need to accurately track medications across their IDN while accomplishing four key outcomes:

“We are used to adding new technologies and the challenges that come with it. However, this system from Intelliguard has enabled us to expand capabilities and reach without having to add a significant amount of staff and training. The technology is well-designed to address the needs of the anesthesia providers while giving us the analytics we require to accurately manage medication in pharmacy.”

— Paul Morris

Corporate Director,
Pharmacy Services
Emanate Health



+ TRACKING MEDICATIONS TO THE ITEM-LEVEL INCLUDING NATIONAL DRUG CODE (NDC)

- + Intelliguard RFID Smart Tags on each medication enable tracking at the item-level to ensure drugs are properly accounted for in the OR.
- + Intelliguard RFID Smart Tags enable more accurate dispensing reports and analytics resulting in recouped OR charges benefiting the 340B program.

+ REDUCING FLOOR STOCK BY TRACKING ALL MEDICATIONS AT ALL TIMES

- + Facilitates precise medication tracking from the pharmacy to the point of administration.

+ SUPPORTING PROVIDER COMPLIANCE

- + Built-in automated workflows ensure provider compliance with hospital standard operating procedures (SOPs).
- + Increases anesthesia provider satisfaction by implementing a technology that does not require a change from existing workflows and processes.
- + Automated waste witness workflows simplified controlled substance reconciliation.

+ COMPLYING WITH FEDERAL AND STATE REGULATIONS

- + 99.99% RFID accuracy on item-level NDC data better prepared Emanate for federal and state audits.
- + Ensures compliance for 340B program audits and mandated program regulations.

The Result

As with any new product or software implementation, there was some staff apprehension. However, both the pharmacy and anesthesia teams found the systems had virtually no learning curve and the hardware installation process was easier than anticipated. Upon completion, end-users reported Intelliguard Enterprise as the easiest technology implementation to-date. Replacing outdated paper-based processes with RFID-automated processing of kits, trays and crash carts freed up valuable time for pharmacy staff to work at the top of their licenses. In addition to enabling accurate medication tracking, Intelliguard Enterprise products improved accountability for controlled substances management, helping to mitigate future diversion events.

Implementing Intelliguard Anesthesia Stations in the operating room resulted in the standardization of anesthesia medication workflows and the ability to track medications at 99.99% accuracy. Intelliguard Anesthesia provided unparalleled product access and security along with comprehensive, automated tracking of medications. Intelliguard RFID delivers 99.99% level of accuracy, ensuring that hospitals and healthcare providers always have what

they need when they need it, and that necessary medications are always at the point of care. Pharmacists and anesthesiologists can spend their time where it's needed most—with patients, and not tracking thousands of medications daily. The clear workflow alignment of the Intelliguard Enterprise system made compliance management simple with data points available in real-time, from any device.



In addition to the recouped OR charges and 340B program savings, Emanate Health realized additional benefits and improvements in the following areas:

Diversion event mitigation—With the implementation of Intelliguard Anesthesia Stations to automatically track controlled substance dispense and waste witness events in the operating room, Emanate Health has mitigated future diversion events while improving visibility of medications and staff accountability.

Regulatory compliance—Real-time tracking of controlled substances ensures hospital staff is thoroughly prepared for potential audits. As a result, Emanate Health has a greater capability to comply with federal and state regulations and pass audits.

Reduction in lost charges—Since implementation, medication charge capture in the operating room has increased and timeliness and accuracy of billing have improved.

Intuitive workflows—Anesthesia and pharmacy providers benefit from implementing an easy-to-use system that seamlessly tracks dispense and return transactions, while providing pharmacy with analytics required for accurate medication management and regulatory compliance.

Storage and security—Intelliguard Anesthesia Stations house all medications, including controlled substances, in secure, locked drawers. The system requires dual authentication to access controlled substances, automatically linking every transaction to the individual logged in.

Labor optimization and patient safety—Pharmacy automated the processing of kit and trays, saving staff time and eliminating restock errors.

Inventory optimization—With improved oversight and tracking of medications, tray par levels and shelf-stock inventory have been significantly reduced.

Supply chain management—Real-time medication visibility provides pharmacy buyers with the confidence that they have the right quantity of product in stock at the right time, eliminating the need for over-purchasing. While the 340B drug discount program has been in effect since 1992, less than 1/3 of 6,200 hospitals in the United States participate in the program. Now, with the advent of RFID for medication inventory tracking in the OR, more hospitals across the country can take advantage of the program and benefit from the financial savings.

“Intelliguard RFID technology enables pharmacy to track medications down to the item-level with incredible accuracy. We now have the data and ability to confidently monitor and reconcile medication transactions in the operating room, resulting in thousands of dollars in recouped monthly 340B Patient Charges.”

— Lori Jackson
340B Program Coordinator
Emanate Health



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