CASE STUDY

Overview
In 2010, Berkshire Health Systems (BHS) opened their employee pharmacy as part of their comprehensive ‘Wellness at Work’ plan to offer better health services to their 3,500 employees and at the same time save money.

Business Situation
BHS realized they needed a convenient yet cost effective way to capture 2nd and 3rd shift employee prescriptions.

Solution
Asteres ScriptCenter® kiosk for 24/7 prescription and OTC pickup.

Benefits
1. Significant capture of employee/family prescriptions on 2nd & 3rd shifts
2. Increased revenues and reduced pharmacy benefit (PBM) costs
3. 24/7 pharmacy services without extending hours or adding staff

A Challenge for Hospitals
Hospitals are faced with increasing challenges as their bottom lines continue to be squeezed by lower medical reimbursements, health care reform, and double-digit prescription rate increases. As hospitals look for ways to save money, pharmacy is increasingly becoming a place to focus. Pharmacies make up 10-20% of a hospital’s operating budget and with the increase in generic prescriptions, potential for 340b drug pricing, and leveraging the use of outpatient pharmacies for employee prescriptions; hospitals can realize significant savings. This case study will explain how hospitals can save money by opening a pharmacy or utilizing an existing outpatient pharmacy to provide prescription services to employees and their families as part of a comprehensive Employee Wellness Program.

Employee Benefits Cost Containment
On average, pharmacy benefit costs currently represent more than 15 percent of employers’ total health care costs and they continue to rise. Trends associated with medical reimbursement and health care reform are expected to increase these numbers and therefore, hospitals will need to continue to look for ways to maximize cost saving efforts.

There are three main ways hospitals are doing this today by
1. implementing Employee Wellness Programs
2. utilizing discounted drug prices for employees
3. lowering their pharmacy benefits management, or PBM, costs by keeping employee prescriptions in-house

Utilizing Wellness Programs
Managing prescription drug benefit costs has become increasingly more difficult as prescription drug costs continue to rise, and the health of covered individuals continues to decline. In response to these trends, employer sites are utilizing a preventative approach to employee benefits. The purpose of the employee wellness program is to improve the overall health status of employees and ultimately reduce medical expenses. There are many ways to implement a wellness program, but most offer incentives for employees to participate in various healthy living activities such as regular check-ups, health monitoring, health education, vaccinations, and prescription drug adherence. Hospitals have realized long term savings when wellness programs are effectively administered and promoted to employees.
BHS Employee Services

- Employee pharmacy with 24/7 prescription pickup through the ScriptCenter kiosk
- Half off already low co-pays for prescriptions
- Wellness Program with Wellness Insurance card offering many prescriptions at $0 co-pay to ensure compliance with medication regimes
- Flu shots and other free immunizations
- Deeply discounted prices on more than 600 OTC items – some of which are available 24/7 in the ScriptCenter kiosk
- $300 credit for each family member to Weight Watchers® program
- $300 credit towards local fitness center
- Free access to a wellness nurse
- Money towards eye glasses and other health related items
- Financial incentives for spouses to participate in the Wellness at Work plan

Advantageous 340b Drug Pricing Programs

The 340b Drug Pricing Program allows health care organizations to acquire outpatient drugs at significantly reduced prices. To qualify for the program, a hospital must be non-profit and serve a high number of indigent patients. Savings for hospitals can be greater than what is achieved with GPO pricing. Under the 340b Drug Pricing Program hospitals are allowed to bill third parties at their contracted rates and keep the difference between the amount paid and the 340b price. As long as the hospital employees receive qualifying medical services from the hospital and go to the contracted pharmacy, the hospital may qualify for the 340b pricing for employee prescriptions. Many hospitals report 340b program savings (from non-discounted pricing) ranging from 30-60 percent. Prior to implementing any 340b program, consult with your legal team to ensure qualification and the appropriate tracking mechanisms are in place to comply with program rules and regulations.

PBM costs

Hospitals use pharmacy benefits managers to help process and pay prescription drug claims. The PBM’s are also responsible for developing and maintaining the drug formulary, contracting with pharmacies, and negotiating discounts and rebates with drug manufacturers. When employees use the in-house pharmacy, the hospital saves PBM costs because they are not required to pay fees for prescriptions filled outside of their network. Not only is it a cost savings when an employee uses the in-house pharmacy, but it also generates revenue when a hospital can collect patient co-pays as opposed to the employee paying them elsewhere. The savings are so great, that hospitals often reduce the co-pays or even eliminate them to encourage employees to keep their pharmacy business in-house.

Case Study

Berkshire Health Systems is a self-insured, not-for-profit organization and the largest employer in Berkshire County, MA. They serve over 160,000 residents and visitors of Berkshire County and surrounding communities with approximately 3,500 highly skilled physicians, nurses, technicians, other caregivers and support staff.
CASE STUDY
Berkshire Health System
Pittsfield, Massachusetts

ScriptCenter is a 24/7 pickup point for prescriptions and OTC’s. Employees can quickly and conveniently pick up and pay for their entire family without waiting in line and even when the pharmacy is closed.

ScriptCenter has increased employee satisfaction and allowed the pharmacy staff to give extra attention to the patients who need it most.

In 2010, Berkshire Health System opened their employee pharmacy at Berkshire Medical Center in Pittsfield, MA. The opening of their employee pharmacy was part of a comprehensive “Wellness at Work” plan to offer better health services to employees and at the same time save money.

Goal to Capture Employee Prescriptions
Berkshire Health System recognized a substantial cost savings if they could keep employee prescriptions in-house. Employees could have access to convenient health and prescription services and the hospital could recognize cost savings by utilizing discounted 340b drug pricing and avoiding PBM fees. Berkshire was able to redeploy the savings from the 340b program to the creation of a new program to provide diabetes medications and testing scripts to low income patients in the community as well as provide low-dose CT lung cancer screening to the community, a service that has proven to identify lung cancer at early stages but is currently non-reimbursable by the insurers. It is truly a win-win for the hospital, the employees and the community.

Introducing the BHS Employee Pharmacy
Knowing how important capturing additional employee prescriptions was to meeting their goal of increasing prescription volume, BHS looked for solutions to attract more employees to the new pharmacy. Since they could not financially justify keeping the employee pharmacy open overnight, they began looking for outside services or technologies to provide 24/7 prescription pickup. BHS installed Asteres ScriptCenter kiosk to offer around the clock prescription pickup to employees without having to keep the pharmacy open extended hours or add additional staff. This allowed BHS to service 2nd and 3rd shift employees they would not have been able to capture with regular daytime pharmacy hours.

<table>
<thead>
<tr>
<th>Service Hours</th>
<th>Pharmacy Hours</th>
<th>ScriptCenter Hours</th>
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<tbody>
<tr>
<td>M-F</td>
<td>7:30 am - 4:30 pm</td>
<td>24/7</td>
</tr>
<tr>
<td>Sat</td>
<td>7:30 am - 1:00 pm</td>
<td>24/7</td>
</tr>
<tr>
<td>Sun</td>
<td>CLOSED</td>
<td>24/7</td>
</tr>
</tbody>
</table>
Total Cost Savings

BHS has seen a significant increase in their employee prescriptions filled in-house. Out of the 1700 enrolled in the hospital’s Wellness Program, 70% had their prescriptions filled in-house. Industry averages show a 10%-14% increase in medical expenses where BHS has seen less than 2% increase in PMPM costs over the last three years. In 2011 alone, Berkshire kept more than 40% of their total costs paid in pharmacy claims in-house.

ScriptCenter has also allowed the pharmacy technicians at BHS to work in additional value-added areas other than traditional checkout roles which can be very time consuming.

Conclusion

BHS offers exceptional pharmacy services and continues to add new benefits for their employees as part of their well-integrated wellness program. Since implementing the employee wellness program and opening their employee pharmacy in 2010, BHS has captured 70% of all of their employee prescriptions resulting in significant savings to the hospital, additional revenues collected from co-pays, and increased employee satisfaction.

About Asteres

Asteres Inc. is a San Diego, CA based company that develops secure self-service kiosks used worldwide to make prescriptions and consumer products more conveniently available. Asteres’ premier product is ScriptCenter, the first prescription pickup kiosk for retail, health care and military pharmacies that allows patients to pickup and pay for their prescriptions even when the pharmacy is closed.

For more information visit: www.asteres.com

References: [i] H&HN research, 2011; [ii] Buck Consultant’s, 2011 Prescription Drug Benefit Survey; [iii] HRSA.gov, Eligibility and Registration