

Maxor®

CASE STUDY

TRANSFORMING PHARMACY OPERATIONS TO DRIVE PROFIT AND COMMUNITY IMPACT



EXECUTIVE SUMMARY

Hospitals and health systems face mounting pressure to improve service capabilities, enhance profitability, and drive growth. **The pharmacy offers significant potential for optimization.** A recent survey of 80 hospital and health system leaders reveals a tremendous interest in streamlining and increasing efficiency, with pharmacy a key area for optimization.¹ Many organizations, however, face hurdles like missed pharmacy services opportunities, low prescription capture rates, and escalating drug prices. This case study demonstrates how one hospital created value with their strategic pharmacy services partner.

FACING THE CHALLENGE

A recent survey revealed that 63% of health system leaders report their organization's pharmacy capture rate is below 50%, with 36% indicating it is under 30%. The data shows many hospitals are not fully capitalizing on revenue opportunities in specialty pharmacies, primarily through access to limited distribution drugs and the inclusion of payer networks.²



PRESCRIPTION LEAKAGE

One of the main challenges for health systems is the prescription capture rate, which has a major impact on financial stability, patient adherence, and operational efficiency. Most hospitals capture less than 50% of prescriptions. Patients might be required to fill prescriptions elsewhere because their insurance network excludes the hospital's specialty pharmacy. This leakage causes a direct loss of revenue and disrupts effective medication management.

The question is, why are hospital pharmacies losing prescriptions? The answer lies in fragmented processes, outdated systems and poor integration with healthcare providers. **These issues result in missed opportunities and gaps in patient care.**

The lack of comprehensive pharmacy services aggravates these issues. Specialty pharmacy services, crucial for managing complex conditions, are often unavailable or poorly integrated. Access to limited distribution drugs (LDD) and inclusion in payer networks are critical components to the success of a hospital's specialty pharmacy and ensuring access for patients.

Average capture
rate comparison:

Industry average:
<50%³

Maxor's average:
67%⁴



RISING DRUG PRICES

Climbing drug costs, particularly for specialty medications, add to the complexity. Higher purchasing costs limit hospitals' ability to recoup expenses through reimbursements, tightening already strained budgets. In 2023, hospitals spent \$115 billion on drug expenses⁵, making drug inventory a significant portion of their direct costs.



STAFFING ISSUES

Employee shortages exacerbate the challenges faced by hospital pharmacies. According to a survey conducted by the American Society of Health-System Pharmacists (ASHP), most pharmacy administrators have experienced technician turnover rates ranging from 21% to 30%.⁶ This high turnover in staff significantly hampers the efficiency of pharmacy operations.

Maxor recruitment

specialists filled open roles at one county hospital managed pharmacy and created a flexible pool of floating pharmacy technicians to supplement ongoing staffing needs, resulting in high patient and provider satisfaction.

LEVERAGING PHARMACY OPERATIONS FOR SUCCESS

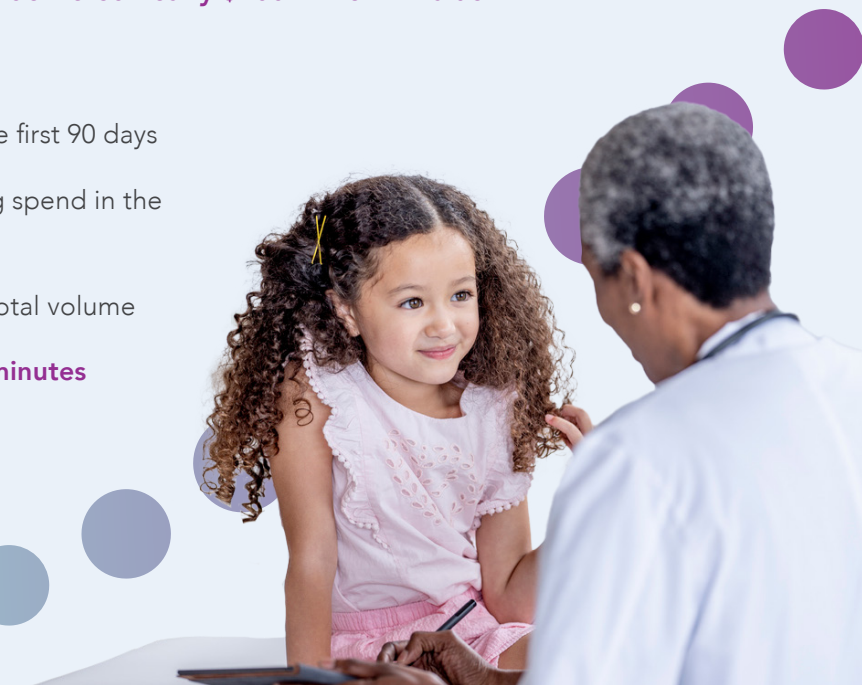
For nearly 100 years, Maxor has helped healthcare leaders tackle pharmacy challenges. Implementing the right strategies can transform pharmacy operations into a driver of positive financial and community outcomes.

SUCCESS STORY: FLIPPING FINANCIALS FROM RED TO BLACK

Partnering with Maxor, a county hospital transformed its pharmacy from a cost center that was losing \$20 million a year into a strategic asset that **generates nearly \$40 million in annual margin today**. Beyond immediate fixes, Maxor took a more integral role in managing the client's outpatient pharmacies and introduced long-term strategies to ensure continuous improvement to inventory management processes and drug price parity, reducing annual spend despite rising volumes. Maxor also implemented a pharmacy benefits management program to reduce drug expenses and a 340B compliance program to adhere to Health Resources and Services Administration (HRSA) regulations. By continuously optimizing and implementing new processes, the hospital was able to launch and expand vital community care initiatives, significantly enhancing its service reach. **To date, the 13-year partnership has delivered nearly \$200 million in value.**

Key achievements:

- »»» Corrected **\$6 million** in inaccurate billing within the first 90 days
- »»» Saved nearly **\$1 million** from the health plan's drug spend in the first year of the contract
- »»» Increased mail order services from **5% to 30%** of total volume
- »»» Reduced prescription turnaround times from **180 minutes to 51 minutes**
- »»» Increased patient satisfaction scores to **92%**, surpassing industry averages



REINVESTING IN THE COMMUNITY

Thanks to the increased capture rates, reduced drug spend and savings from the 340B drug program, the hospital's improved financial situation allowed it to invest in and launch:

- **On-site school clinics** for accessible student healthcare.
- **A mobile health clinic** for patients experiencing homelessness.
- **A trauma and grief education class** to support families.

Strategic reinvestments are crucial to improving community well-being and patient satisfaction.

UNLEASHING PHARMACY POTENTIAL WITH MAXOR

Boost your pharmacy's potential with a reliable, independent partner. **Maxor offers unique strategic efficiencies to grow, replace, or enhance your current operations, increasing health system value.**

Key strategies include:

- » Maximizing 340B program savings and ensuring compliance.
- » Streamlining the supply chain.
- » Managing inventory and achieving drug price parity.
- » Expanding specialty prescription services.
- » Gaining access to limited distribution drugs.
- » Managing the formulary strategically.
- » Capturing more prescription opportunities.
- » Enhancing payer relationships.



Ready to improve your pharmacy economics and expand your capabilities? Visit www.maxor.com for more information.

1 Maxor. (2024). Maxor's 2024 Survey Report.

2 Maxor. (2024). Maxor's 2024 Survey Report.

3 Maxor. (2024, July). Pharmacy Value Market Report. 63% of health system and hospital leaders say their organization's overall pharmacy capture rate is under 50%.

4 Maxor. (2024, July). Pharmacy Value Market Report.

5 American Hospital Association. (n.d.). Costs of caring. Retrieved June 18, 2024, from <https://www.aha.org/costsofcaring>

6 Britt, F. R., & Lineberry, E. (2023, November). Launch a Clinical Shadowing Program for Technicians. Pharmacy Purchasing & Products Magazine. Retrieved August 6, 2024, from <https://www.pppmag.com/article/3181>