Looking at technology strategies for short-cycle dispensing

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Seeking an IMPROVED LTC Cycle

Editor's note: In the following interview, Will Lockwood, senior editor for *ComputerTalk for the Pharmacist* magazine, discusses long-term care issues with Brian E. Beach, PharmD, RPh, FACA, vice president, principal and director of long-term care services at Kelley-Ross LTC Pharmacy in Seattle.

Brian Beach

Will Lockwood: Dispensing for skilled nursing facilities in 14-day-or-less cycles will be required by the Centers for Medicare and Medicaid Services (CMS) beginning Jan. 1, 2013. What are the first steps a pharmacy should take to prepare for this change as it relates to technology in the pharmacy?

Brian Beach: The first thing to do is to really evaluate the impact on the amount of dispensing that's going to be required. If you are doing a 30-day dispense right now and you are essentially doubling or quadrupling your workload, [then] you need to first understand what the workflow impact will be for this and then determine whether you need technology or how to use the technology you have to manage the increase. If you are already at capacity with your staff, you either need to add staff or add technology to take on that workload burden.

The second thing is talking to your facilities, understanding what their needs are, and how changes in the dispensing cycle will impact them. If you are just looking at what you think is best and not finding out what your facilities consider to be their needs, then you may be going down a road and spending a lot of capital on technology that is essentially going to push you out of the business

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you are in, and out of the facilities that you are in.

If the majority is interested in staying with 14-day bingo cards, for instance, then look at technology that supports this fill. If the facilities are looking at something different, such as strip packaging or a multi-dose packaging, then you need to know that. Understanding what your facilities' needs are ultimately as important as understanding your staffing needs. My feeling is, as you are making changes to your process, always involve your customers and facilities so that they don't [believe] as if it is a mandate to them, but instead that they have some say and input into the process.

Lockwood: What do you do when different facilities come back to you with significantly different needs?

Beach: Certainly, there's no one-size fits all approach, and that's one frustration I've had with the short-cycle dispensing mandate that's come down. It says, essentially, that all skilled nursing will fit into this box, and it doesn't necessarily. Luckily, they amended the original legislation to give pharmacies and facilities a choice whether a two-week cycle is right or whether they want to make a business and market-based decision to decrease the time to seven days or less.

And there will be facilities out there for which a daily fill is really beneficial and there's technology that can support that. But if you have a facility that wants everything in bingo cards, a daily fill, for instance, with a standard card clearly doesn't make very much sense. So you may find that all of your facilities are happy with a 14-day or seven-day fill, and you may find that some of your facilities really want to look at a leaner model that's closer to what a hospital runs to reduce waste in Medicare Part A stays and even Medicare Part D stays, and even reduce extra out-of-pocket costs, for example a 2–2–3 or a daily fill. And you may have only one or two facilities that want this, but it is going to impact how you make your decisions.

You may find that you aren't able to offer the shortest cycles immediately. It may end up being a future goal that you can work on with the facility. To give an example from my own experience, we have a skilled nursing facility that we had been doing 30-day fills for years. About three years ago, before any of this short-cycle came up, we discussed switching them to a seven-day fill, with the ultimate goal of going to daily fill. Currently we are on a 3–4 cycle and daily fill is our goal by the end of the year. This is a four-year process that we've undertaken. That may be another key to understand. If you ask you facilities what they need, you want to phrase it that the shortest cycles can be the ultimate goal.

Lockwood: How can technology best integrate with workflow in a 14-day-or-less dispensing cycle?

Beach: From the technological standpoint, you've got three aspects. First, you've got your pharmacy management system, which is where all the data sits and where you have the control over what data is being pushed out to whatever packaging you are talking about. There's how the pharmacy system manages that, and there's how it manages billing, cycle fills, automated billing, and things like that. The goal is to move these repetitive tasks to automation and out of the hands of your day-to-day staff. These repetitive tasks are where technology works best.

Then there's the automation piece, which has to be flexible enough to meet the different needs of your customers. We offer a wide variety of packaging types at our pharmacy: everything from seven-day multi-dose cards for non-skilled nursing facilities to 30-day bingo cards to strip packaging in either unit- or multi-dose and from one dose to 100 days, or whatever is needed. We looked at it as trying to build on different types of packaging, and having

those types of packaging be flexible.

I think the third piece is evolving, and it is that interplay of information from the prescriber or facility to the pharmacy. As you shorten your dispensing cycle, medication changes and the timing of these changes are a critical piece in making sure you can produce a high-quality product that is right when it gets to the facility and is right for the majority of the of the term that the packaging covers. If there's a change, it's all about the timing. Currently we're on hand-written orders and charts from facilities. If the nurses don't fax us the orders in a timely fashion before the next cycle of the meds go up, then as soon as the med strip gets there it's wrong because the information flow wasn't timely. We weren't able to make corrections before the package is sent out to the facility.

One answer to this, we've decided, is moving to an eMAR system with computerized physician order entry. This will speed up the flow of information and accurately capture data and any changes. We can then respond to changes and do reconciliation between the pharmacy and the facility in a much more timely fashion. Even if it is only a medication's pass time that changes, that has an impact on the product we send up and on whether the nurses have the right product at the right time.

Lockwood: As pharmacists look at different types of technology to support them during this change, what questions should they ask their vendors?

Beach: Number one—and let's just stay on the pharmacy side and look at the pharmacy system and the packaging automation—is to ask about how the pharmacy system manages the billing and the filling. We don't really know what the Part D and Medicaid plans are going to require in terms of tracking fills, but we do know that we are going to increase the number of billing cycles that we go through and these are going to be more complex. So you need to know how flexible a pharmacy system is going to be for tracking and reporting a variety of billing cycles and how much detail it can handle. This is critical to ensure during audits that you can prove that you are billing for what's appropriate and that you are delivering it. There's a real risk that you will really increase your staff workload if you aren't able to automate these new fill and bill requirements.

On the automation side, you want to know what the reliability is and what the error rate is. As you start pushing more and more medications through a system, even a .01 per cent error rate is meaningful. There's always going to be some error rate, but you need to know what you can expect. You also want to know how you are going to identify those errors and how you are going to make sure the rate is as low as possible. Next, ask what the vendor's service contract looks like. How do they service their automation? Do they contract out with a company that deals with multiple automation vendors or do they employ in-house technicians that know the ins and outs of every single one of the vendor's products? And then you want to ask about the flexibility of the system, which goes back to what we talked about earlier. If you have 20 facilities, and 18 of them want seven-day, one wants 3–4, and one wants 2–2–3 or daily, then does this one vendor have the ability to manage all these different types of fills? You want to know how the automation is going to work with the different production models you have in mind for meeting the needs of your facilities.

Lockwood: Finally, what's the business decision process when you are looking at technology to address short-cycle filling. Let's assume you have identified the tools you feel will work for the production model you envision and also serve your customers' various needs. How do you figure out if the investment makes financial sense?

Beach: The first thing I remind people of when talking about technology, and I even remind my staff, is that this is something that we are doing not to reduce our overall staffing—automation needs people to run it, no matter what it is—but instead we are looking to it to increase our capacity. So the business thought process is, are you looking to increase capacity? Then it's time to start looking at automation. And the calculation you can make is, to increase to a given capacity level, how much extra staff would you need to bring on compared to the cost of the automation and the staff needed to run it? If a new techni-

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cian is going to cost, say, $60,000 a year including all benefits, and you are going to need two of these technicians to double your capacity from what you are doing today, then how does that compare to a piece of automation that may cost $200,000? Your break-even appears to be less than two years. And if that technology can not only take on the extra capacity, but perhaps even take over some of your existing workload, then you'll have freed up staff time to operate the machine too.

You will also want to take the life span of the technology into consideration as well. Let's say you want it to last five years. Compare it then to the equivalent five-year cost of technicians. Staying with our example, two new technicians are going to cost at least $600,000 over five years, before any increase in cost of benefits or salary. You can compare this number to the cost of the automation amortized over the period, with the addition of service contract costs.

There is one more thing to keep in mind. When we talk about shorter fill cycles, the need for more capacity doesn't necessarily result from bringing on more business, though that may be one of your overall business objectives. Instead, the need to increase capacity can come just from

Continued on page 55 the new processes. If you are

Continued from page 42 moving to two 14-day fills from one 30-day fill, I essentially consider that a doubling of your filling workload. So right there you are going to have a need for greater capacity and new work processes to maintain and improve your service level.

Lockwood: Any final thoughts?

Beach: From a community pharmacy, or an independent long-term care pharmacy standpoint, when you are competing against a national organization, your advantage is service. Some of the big groups out there can probably leverage their size to buy at a cost that may be better than yours, and force you to price at a level that affords only very slim margins to stay competitive. But where you can compete very easily is with service level. It is very important then, when you are thinking about a substantial change in your work process, that you do not put yourself in a position where you compromise this service level just to maintain production.

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