

Distribution Models for Pharmacy

In an Accountable Care Environment, How Do We Make Ends Meet?

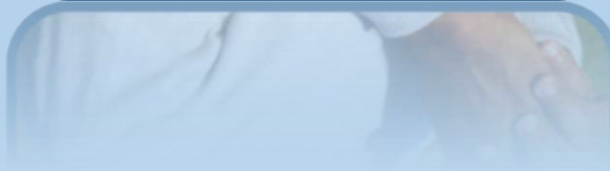
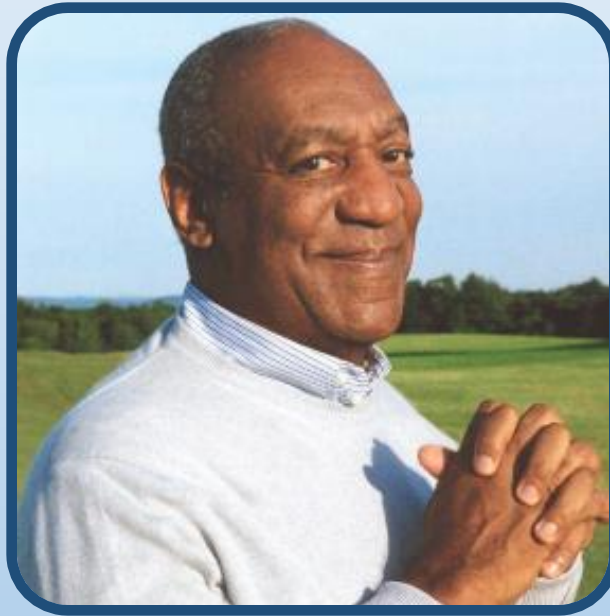
Tina Aramaki, Pharm. D.
VP, Pharmacy Services
Banner Healthcare

Banner Healthcare

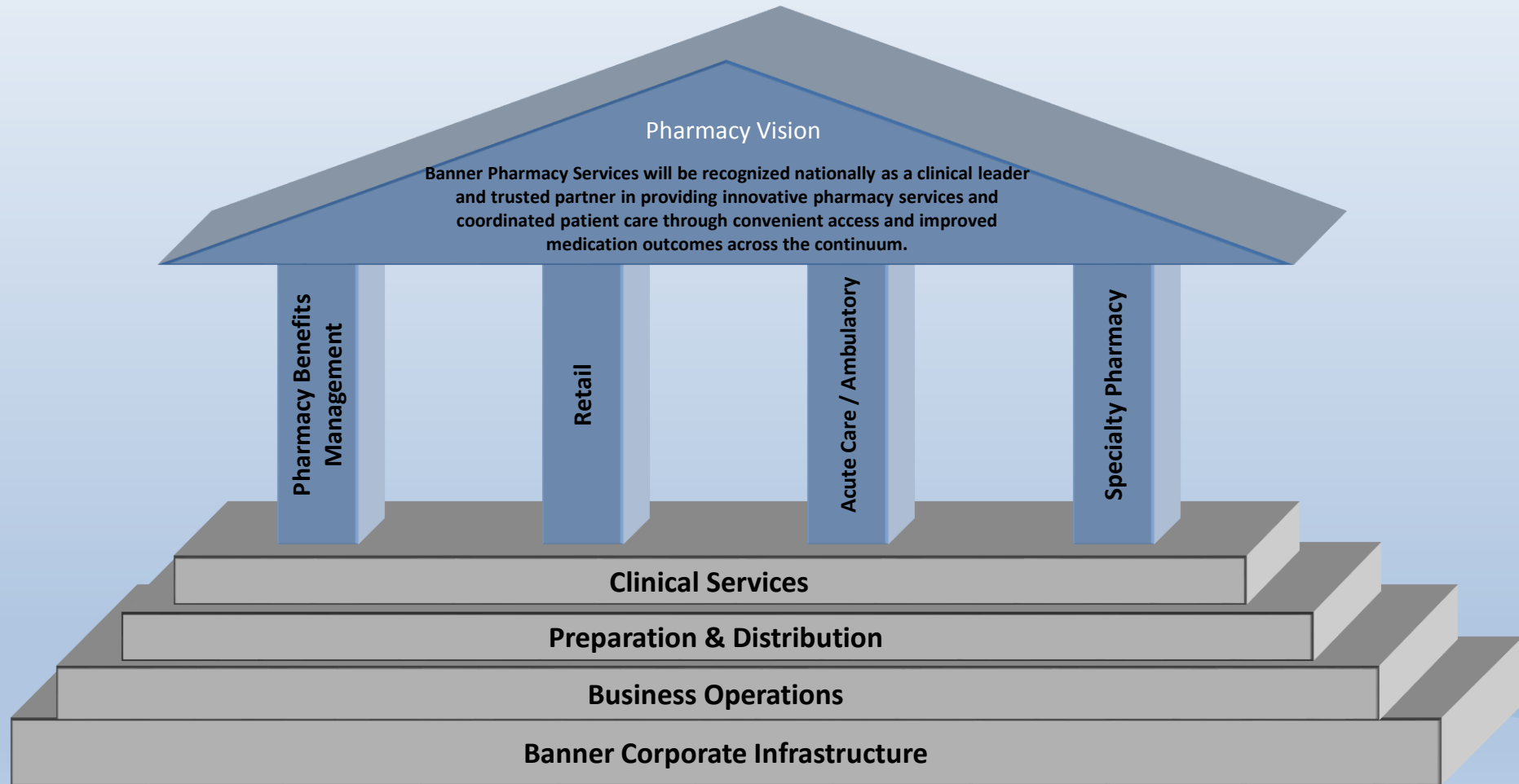
- Non-profit, fully integrated healthcare organization
- Headquartered in Phoenix, AZ
- Approximately 36,000 employees, second largest private employer in Arizona and Northern Colorado
- 24 owned and managed acute-care hospitals across the Western United States
- Expansive medical group in health centers and clinics
- Effectively manage the health and wellness of populations we serve

“Opportunity doesn’t knock. It presents itself after you beat down the door.”

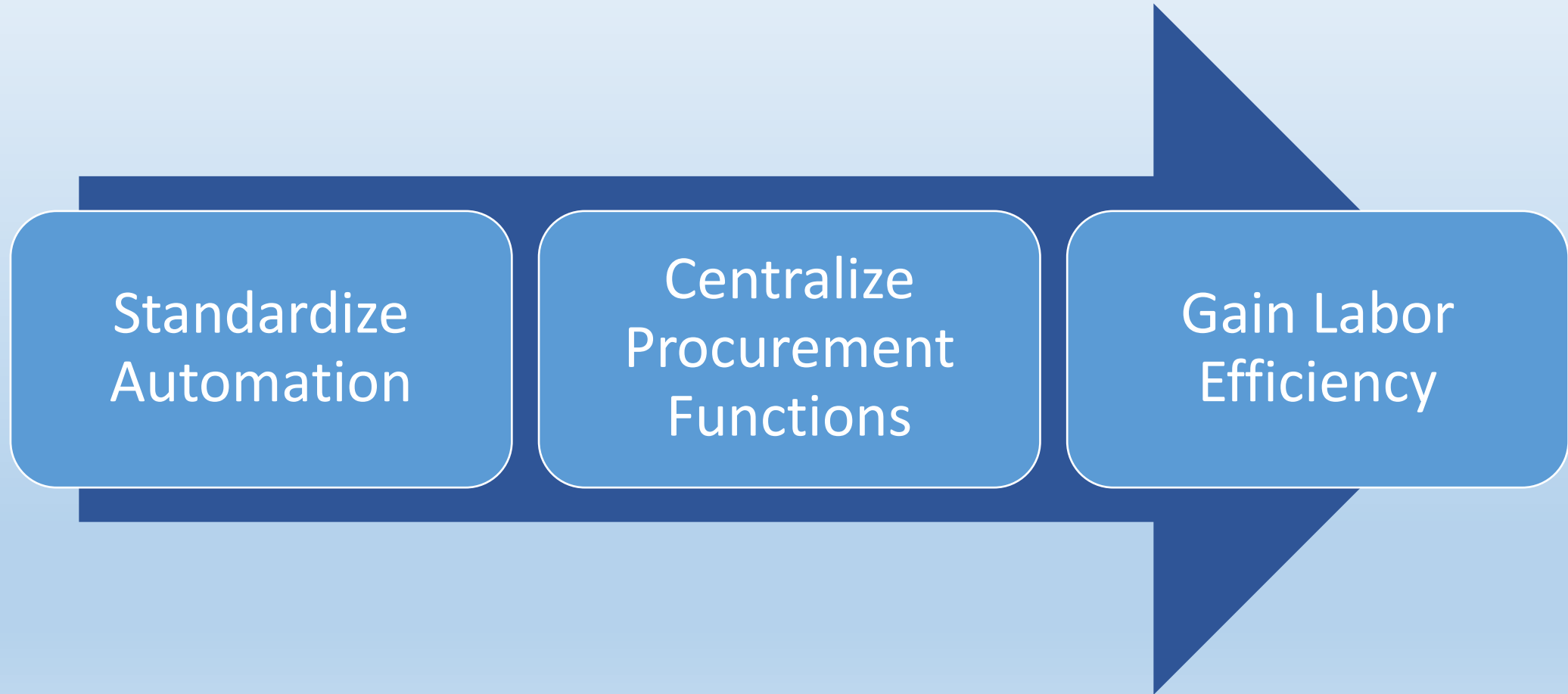
-Bill Cosby



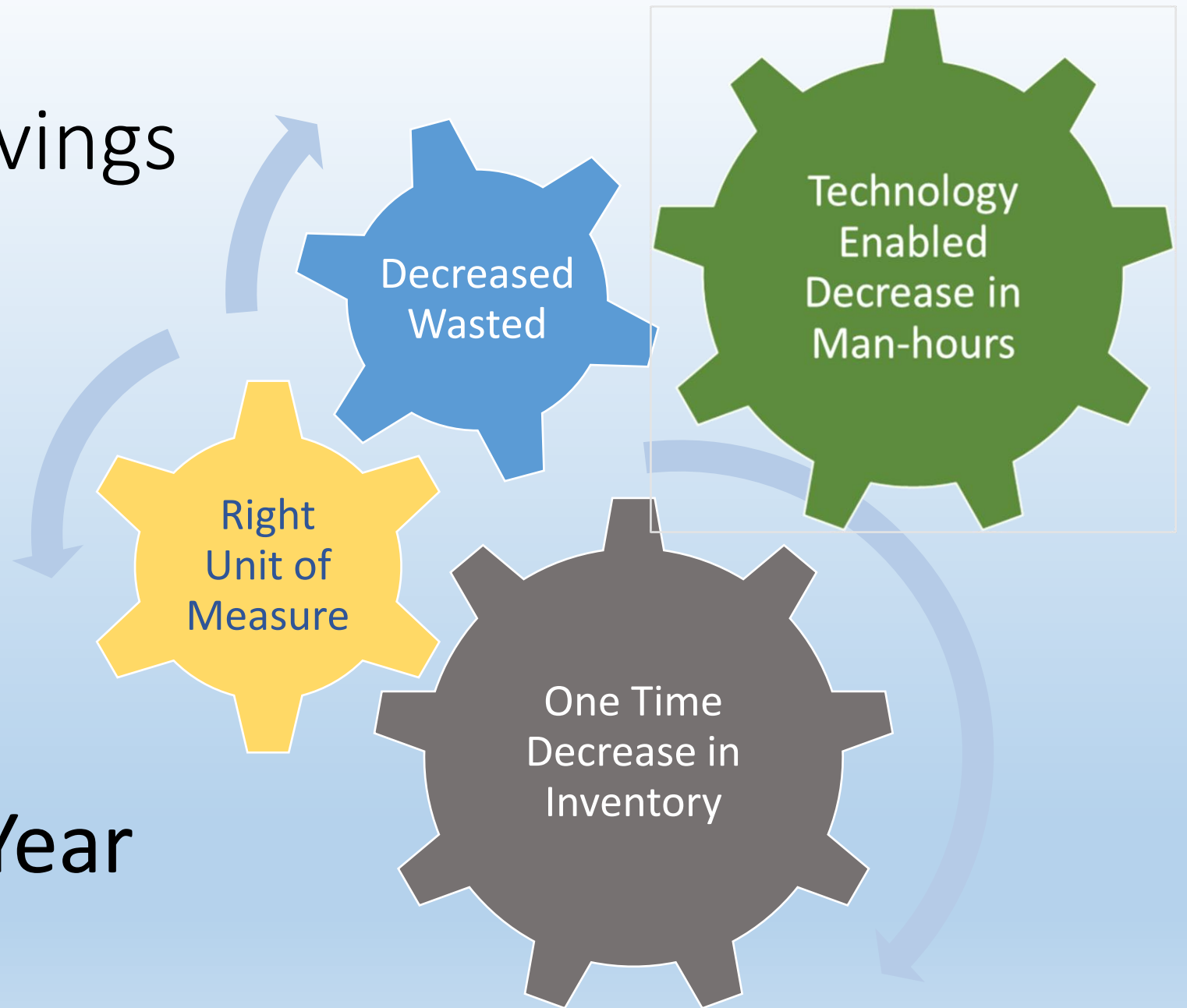
Pharmacy Division Strategy



Pharmacy/Supply Chain Projects

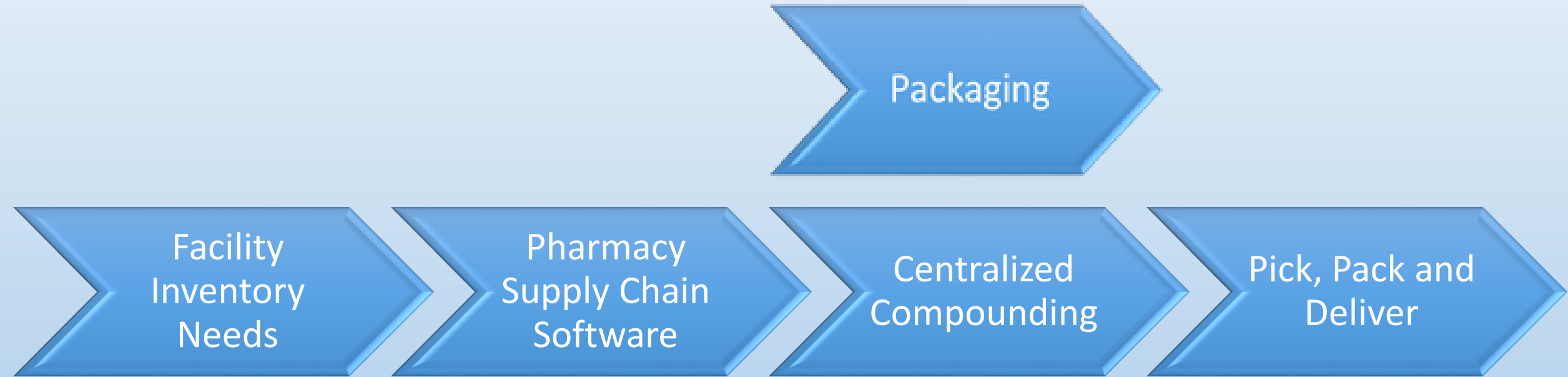


Anticipated Savings



\$1.3 Million/Year

Inventory Management



Disruptive Innovation

- Business Model Innovations

- Combining pharmacy distribution expertise with system supply chain expertise
- Attempting to create a system approach to perpetual inventory
- In sourcing work that has been outsourced
- Positively impact shortage management

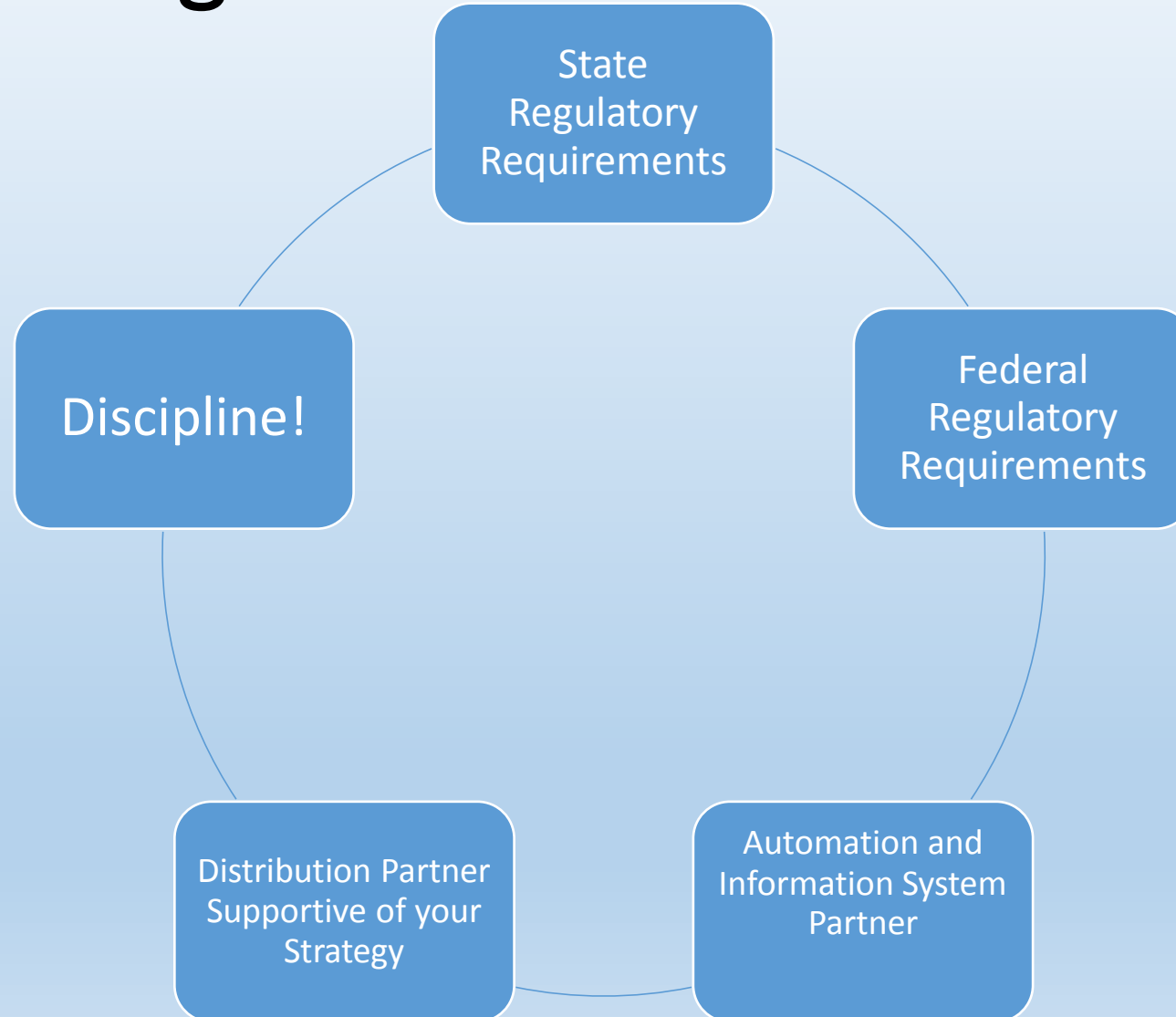
- Technology Enablers

- Capability to see hospital and clinic inventories across the system
- Automated perpetual ordering and bidirectional communication of needed inventory
 - LUM to Banner warehouse
 - Full manufacturer package sizes to our distributor

Pharmacy Decision to Self Distribute

- Opportunities
 - Distribution partners that understand the challenges and support our strategies
 - Hybrid model is the only one that makes sense in the Pharmacy environment
- Challenges
 - Licensure (State and Federal)
 - Capable information systems and technology

Before You Begin!



Discipline – Begin with the End in Mind!

- Management Engineering
 - Workflows (old and new)
- Project Management
 - Stay on task
 - Maintain discipline with identified FTE impacts
- Compliance Expertise
 - Many regulatory challenges with Pharmacy
 - Sterile compounding (USP <797> or cGMP)
 - Non-sterile compounding (USP <795>)
 - Controlled Substances (DEA)

Discipline – Begin with the End in Mind!

- Maintain excellent relations and communication with your distributor and manufacturers
- Don't touch things more than absolutely necessary!
- Assure the return on investment – initially and often throughout
 - Make adjustments in your plans as needed
 - Don't adjust your ROI (unless it is to the positive!)

Mind the Jurassic Park Theorem

Don't be so preoccupied
with whether you CAN
do something without
considering whether
you SHOULD do it!

