

Multiple Interventions to Reduce Delivery Costs in a Health System Pharmacy

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Background

- Specialty medications are high cost, high touch medications that require special storage and handling
- Although medication delivery to patient homes is convenient, it can be expensive for specialty pharmacies
- Patients at the integrated health system specialty pharmacy (IHSSP) have two options for delivery— an overnight delivery method and more expensive same day courier service
- In March 2023, a shipping cost savings initiative was undertaken at the IHSSP as a strategic project

Objectives

- To convert enough courier deliveries to commercial overnight carrier for an even split of both delivery methods
- To reduce the average cost of each delivery by 25% by implementing strategies and monitoring delivery expenses monthly pre- and post-initiative

Methods

EMPLOYEES

April 2023: Rewards programs for top performers x 6 months

Feb 2024: Individual conversation with employees choosing >30% Courier to address barriers

LOGISTICS

Nov 2023: delivery windows expanded an extra hour to reduce the cost of short-turnaround courier deliveries; 2-hour turnaround time became a 4-hour turnaround and 6PM to 9PM window was made 5PM to 9PM

Created a commercial overnight shipping drop-off on Saturday to reduce quantity of same day courier deliveries sent on Saturday.

AUDITING

Nov 2023: Courier invoices monitored throughout initiative to ensure proper charges

March 2024: Analysis of each user's commercial overnight shipping spend; Some users saving \$2-\$4 per overnight shipment by ensuring settings are correct for each delivery

Progress

Figure 1: Courier vs Commercial Overnight Delivery Progress

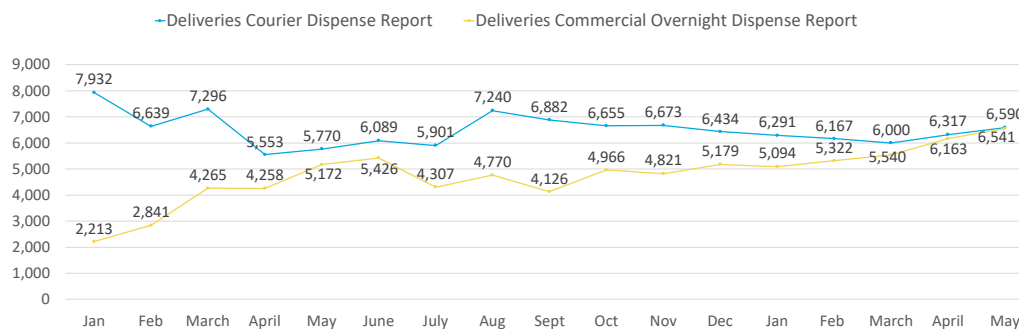
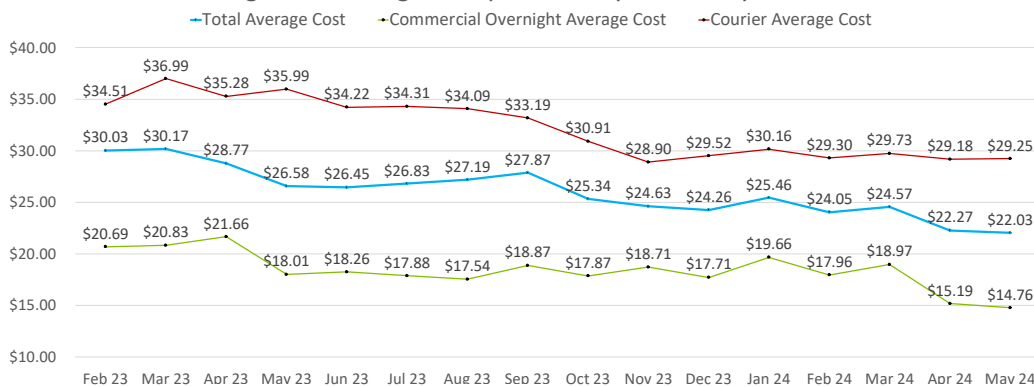


Figure 2: Average Cost per Delivery for OPS by Month



Analysis

- Figure 1: Through regular staff engagement IHSSP team of over 100 employees trending towards 50% commercial overnight shipping goals
- Figure 2: Continued progress towards our savings goals per delivery
 - Trending towards a million dollars in savings in one year
 - Savings of 25% per delivery

Barriers/Limitation

- Failed delivery attempts require quick action from patient outreach with a repeat delivery attempt. Lack of prompt response resulted in damaged cold-ships
- Regular weekly follow-up is needed to continue to brainstorm new ideas to meet savings goals; vacations and PTO slowed progress
- Staff training is vital to ensure success
- Payor requirements for signature upon delivery change frequently, therefore project goals may change
- Monitoring losses due to commercial overnight shipping (errors/delays) was vital early on, but IHSSP soon realized that the savings far outweighed losses

Future Directions

- IT will be creating a hard stop within our software system to stop cold-ships from being shipped via commercial overnight carrier based on payor requirements
- Our IHSSP is looking for the hard stop to help meet payor requirements and reduce product loss if a patient is not home to sign for a cold-shipment via commercial overnight carrier

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