

Health System Fortifies 340B Compliance Systems to Safeguard Reimbursements



CHALLENGE

The Henry Ford Health System (HFHS) relies upon the 340B program to expand med access to Detroit-area residents. Managers wanted to standardize and update their 340B policies and procedures to maintain continued access while simultaneously enrolling more eligible patients.

SOLUTION

Managers engaged AmerisourceBergen Pharmacy Healthcare Solutions (PHS) consultants to revise processes and conduct mock audits to identify issues and develop corrective actions.

OUTCOME

- Strengthened 340B regulatory profile to improve compliance stance
 - Standardized and streamlined compliance processes across all pharmacies
 - Upgraded pharmacy database to support compliance with National Drug Code (NDC)-to-NDC 340B compliance
- Upgraded 340B audit readiness
 - New systems and processes to more quickly and efficiently gather relevant data before, during and after internal and external audits
- Boosted eligible patient enlistment rate to serve more people and to save money for the non-profit



The Henry Ford Health System

The Henry Ford Health System (HFHS) is a leading integrated health network in the Detroit, Michigan area. Its nearly 25,000 employees operate out of six hospitals (2,400 beds total), 29 medical centers and facilities, eight Emergency Departments and 24 pharmacies. Collectively these employees and facilities serve the needs of 99,700 hospital patients and 3.77 million outpatients per year.

In 2015, HFHS posted revenue of \$5.1 billion along with a narrow, net margin of 2.2 percent. Remaining financially viable is a notable accomplishment for a health system that operates in a city that recently emerged from bankruptcy. The economic conditions have increased the number of indigent and low-income residents needing assistance.

In response, HFHS provides charity and uncompensated care—the most recent figures totaling \$299 million. While making a valuable contribution, HFHS has taken further measures to expand access to medications.

“The PHS consultants helped us to revise and streamline our 340B systems and processes. As a result, our regulatory profile is much stronger and we’ve achieved financial savings by identifying and enrolling eligible patients at a higher rate.”

Ed Szandzik, Vice President
for In-Patient Pharmacy,
Henry Ford Health System

"The needs of our community outstrip our available resources," says Ed Szandzik, vice president for in-patient pharmacy for HFHS. "So to boost access to drugs for hundreds of thousands more people each year, we draw upon the 340B Program."



CHALLENGE

Strengthening 340B Processes

With so many patients relying upon HFHS for medications, managers wanted to do everything they could to ensure they met the 340B program's requirements. "We've always been serious about compliance," says Alexander Mansour, MBA, Director of Finance and 340B Compliance Officer. Szandzik states, "We wanted to standardize our processes across both our retail and clinic pharmacies. Our goals were to promote consistency among them as well as to increase the efficiency of our 340B operations."

Szandzik's team had the relevant purchasing and billing data. But he needed help with mining the data to validate the matching of 340B drugs with eligible patients. "Naturally, we wanted to identify and address transactions that weren't lining up. But our spreadsheets and processes were making that more difficult than it needed to be."

Beyond ensuring day-to-day 340B compliance, Mansour also wanted to conduct internal audits of all his pharmacies. This would help prepare them to pass the government's review when it came due.

"Given the complexity of the 340B program, I wanted to hire industry expertise to help us bridge the gap between where we were and where I wanted us to be," says Mansour.

SOLUTION

AmerisourceBergen Pharmacy Healthcare Solutions (PHS)

"We chose PHS because over the years, they've demonstrated their mastery in the 304B space," recalls Szandzik.

Soon after, PHS consultants formed a cross-functional team—including the System's EMR manager, 340B program administrator and pharmacy purchasing manager—to document current-state processes and the flow of information. They then revised the processes to leverage Microsoft® Access® and Excel® to identify and address any discrepancies.

The solutions were validated using mock audits of HFHS' pharmacies. To deliver a realistic experience, PHS specialists mirrored Health Resources and Services Administration (HRSA) audit procedures. The internal audits allowed managers to identify and correct deficiencies.

"The iterative process progressively tightened our procedures to make our compliance profile stronger with each pass," explains Szandzik.

PHS consultants also updated HFHS's 340B reporting process. This enables staffers to conduct monthly, quarterly and annual internal audits. Moreover, they can quickly and easily generate program reports that satisfy audit requirements. Thus, the data is readily available for review by HFHS specialists and HRSA auditors before, during and after an audit.



OUTCOME

Strengthened 340B Regulatory Profile to Safeguard Access for Patients

"The changes and updates we made increased my confidence in our program's compliance," explains Szandzik. "Everyone has a better understanding of the program requirements, so we've reduced our risk by lowering the number of NDC-to-NDC mismatches over time."

Updated 340B Processes to Be Faster, Easier and More Effective

The PHS consultants helped Szandzik upgrade his 340B reporting procedures. Consequently, gathering and presenting relevant data for audits is "much faster and easier for our team," says Szandzik.

"So we more closely monitor transactions for compliance, and it allows us to identify eligible patients that we previously missed to increase our savings."

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