



# Case Study

## Pharmacy provides critical link in rural care continuum

### Abstract

Access to pharmacy services is essential to health care in any community. In rural areas, losing just one pharmacy might force patients to seek pharmacy services elsewhere, often resulting in primary care outmigration and an overall impact to availability of local health care.

To improve the continuum of care in Pender, Neb., and curb consumer outmigration for pharmacy services, Pender Community Hospital District Inc. and Pender Care Centre District Inc. joined forces in May 2014 to purchase a local retail pharmacy. The hospital subsequently qualified for the federal 340B Drug Pricing Program, a discount prescription drug program designed to expand access for low-income or uninsured/underinsured patients. The hospital then entered a contractual agreement with The Apothecary Shop, extending the 340B Program's benefits to the pharmacy.

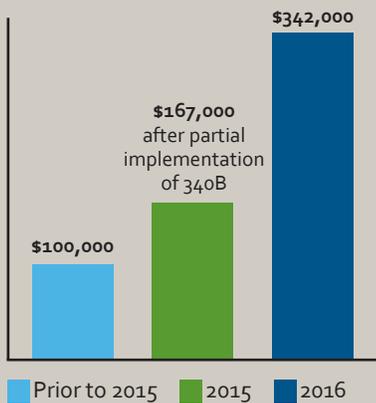
Encouraged by early success in Pender, the Care Centre District opened a pharmacy in nearby Wisner, which had been without pharmacy services for over a year, and began pursuing contractual agreements with providers who qualify for the 340B Program, thereby expanding their reach and reducing outmigration of health services from these areas.

### Opportunity

Pender Community Hospital District Inc., a State of Nebraska hospital district, owns Pender Community Hospital and clinics in nearby Pender, Bancroft, Beemer and Emerson. It shares its board of directors with Pender Care Centre District Inc., a Nebraska nonprofit corporation that operates the local nursing home.

Through its strategic planning process, the board concluded that a commercial pharmacy serving outpatient customers would be beneficial to its long-term goals, which included a single campus to house the hospital, outpatient clinics, medical clinic and pharmacy, thereby providing a more comprehensive continuum of care in a single location. It would also create the opportunity to qualify for the 340B Drug Pricing Program—which increases access for low-income and uninsured/underinsured populations by making prescription drugs more affordable—and enable the nursing home to benefit from the proximity of a local provider.

## Hospital's Annual Charity Care Spending



As a result of savings from the 340B Program, Pender Community Hospital more than tripled its annual charity care in the community.

## Partnership Approach

Pender Community Hospital District and Pender Care Centre District work with a common interest, resulting in open communication and transparent decision making.

In May 2014, the hospital loaned the Care Centre District the monies to purchase The Apothecary Shop, a local pharmacy housed in the Pender Medical Clinic facility. Subsequently, the hospital became qualified to participate in the 340B Program to obtain discounts from drug manufacturers and pass the savings on to low-income patients as a way of expanding access through affordability. Through its partnership with the Care Centre District, the hospital contractually extended its 340B Program participation to include The Apothecary Shop. Further, the nursing home owned by the Pender Care Centre District, which previously obtained pharmacy services through a vendor outside the community, began using the new pharmacy as well, creating a more complete continuum of care locally.

## Key Steps

- November 2013 – Pender Community Hospital District purchases four rural health clinics.
- May 2014 – Hospital loans Pender Care Centre District monies to purchase The Apothecary Shop, Pender's local pharmacy of nearly 80 years.
- January 2015 – Apothecary Shop becomes pharmacy services provider to local nursing home owned by the Care Centre District.
- May 2015 – Pharmacy in nearby town of Wisner, Neb., closes, leaving the community without local pharmacy services.
- January 2016 – Hospital and Care Centre District/Apothecary Shop execute contract for 340B Program, resulting in significant savings for the hospital and patients.
- May 2016 – Apothecary Shop begins providing pharmacy services to long-term care facilities in Wisner.
- July 2016 – Care Centre District opens second pharmacy in Wisner.
- December 2016 – Apothecary Shop begins providing pharmacy services to long-term care facilities in nearby Wakefield, Neb.
- January 2017 – Wisner pharmacy begins participating in 340B Program.
- March 2018 – Apothecary Shop plans to move to the new Pender Medical Clinic on the hospital campus. Pharmacy will include drive-through service.

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**“By restoring and retaining local pharmaceutical services, we have brought new life to our communities. We have delivered on our commitment to improving the continuum of care in northeast Nebraska and keeping care local.”**

– Melissa Kelly, CEO, Pender Community Hospital

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## Results

Since purchasing The Apothecary Shop, the Community Hospital and Care Centre District collectively have realized \$1.5 million in incremental revenue from pharmaceutical operations and participation in the 340B Program. The revenue has made relocation of the Pender pharmacy and clinic to the hospital campus possible. In addition, the hospital provided \$342,000 of charity care in 2016, three times what it provided before initiating the 340B Program.

The nursing home in Pender began using The Apothecary Shop, which improved turnaround times in obtaining new medications or changes to medications, as well as the overall delivery of services, by transitioning to a local vendor. The Apothecary Shop subsequently expanded its services to long-term facilities in two nearby communities.

In the first six months after its acquisition by the hospital/Care Centre District, The Apothecary Shop experienced a 50 percent increase in pharmacy prescriptions, indicating the return of customers who were previously taking their business elsewhere. This reversal of outmigration was due in part to the hospital's local media public relations and direct to consumer marketing initiatives that featured the new, local community pharmacist at the helm of The Apothecary Shop.

Encouraged by this early success in Pender, the Care Centre District opened The Wisner Apothecary in nearby Wisner, which had been without a pharmacy for over a year. Since that time, most of the local business has returned to the community for pharmacy services. The Wisner Apothecary began pursuing contractual agreements with providers—including the Pender Community Hospital—that qualify for the 340B Program, thereby expanding their reach and reducing outmigration of health services from the Wisner community as well.

## Lessons Learned

**Shared Goal:** The pharmacy in Pender opened while insurance agreements were still being finalized, delaying transactions among the pharmacy, insurance companies and patients. Lessons learned here helped Pender Care Centre District establish a solid plan and timeline for opening the pharmacy in Wisner.

**Openness and Sharing:** Pender Community Hospital District contracted with four retail pharmacies in the area to begin participating in the 340B Program. Experience with opening the Pender and Wisner pharmacies informed contract negotiations with the four additional pharmacies, and allowed for open sharing of how the 340B Program can benefit both parties.

**Persistence:** The Hospital and Care Centre District jointly pursued the purchase of the pharmacy in Pender for a year before the previous owners agreed to sell. Opening the pharmacy in Wisner also required a full year of preparation, including discussions with city officials and the search for a suitable building.

## Community Partners

Pender Community Hospital District Inc. is a State of Nebraska hospital district providing a continuum of exceptional healthcare services in a healing environment. Pender Community Hospital, a 21-bed critical access hospital located in northeast Nebraska, serves a population of 18,000.

Pender Care Centre District Inc. is a Nebraska nonprofit corporation dedicated to improving the continuum of care within the region of northeast Nebraska. The organization operates the Legacy Garden Rehabilitation and Living Center and two area pharmacies.

## About Bryan Health

Bryan Health is a Nebraska-governed, nonprofit health system that cares for patients, educates tomorrow's health care providers, motivates our community with fitness and health programs, and collaborates to continually improve how we serve others.

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