



## Transitional Care

(Source: Article prepared by Jim Frederick & published by Drug Store News)

*Background: In the U.S. 1-in-5 hospital patients are readmitted into the hospital within 30 days of their discharge. The biggest factors in this trend have to do with medications — either through medication errors, nonadherence or adverse drug events. That's according to the Centers for Medicare and Medicaid Services, which put the cost of those readmissions at US\$25 billion or more a year. Other estimates set the cost as high as US\$44 billion, according to physician Stephen Jencks, a health consultant and senior fellow at the Institute for Healthcare Improvement.*

*With better systems for transitioning patients from the hospital to the home or long-term-care center and improved coordination of care between the hospital and a local safety net of health providers including pharmacies, clinics and physician groups the vast majority of those readmissions could be avoided, Jencks and other health experts said.*

Curbing hospital costs through medication management is an active ongoing project for pharmaceutical wholesalers. It's no secret that "high-cost hospital care ... is a major driver of national health expenditures," said Karen Utterback, VP strategy and business development at McKesson's Extended Care Solutions Group. In a September report, Utterback said getting and keeping patients out of hospitals and back into the home care setting is a critical ingredient in the urgent national campaign for cost containment.

"If you want to tame national health expenditures, .... you must lower inpatient hospitalization rates, and one of the best ways to do that is through expanded use of home care services," she wrote. "Home care can be the alternative care delivery model that can have the biggest impact on health spending by reducing the instances and costs of inpatient hospitalization."

The high cost of hospital readmissions has become a high priority issue for health reform advocates. "Ineffective care transition processes lead to adverse events and higher hospital readmission rates and costs," the Joint Commission's Center for Transforming Healthcare noted in a report. "One study estimated that 80% of serious medical errors involve miscommunication during the hand-off between medical providers." However, noted the Joint Commission, "Readmissions within 30 days of discharge can often be prevented by providing a safe and effective transition of care from the hospital to home or another setting." And among the collaborative care activities that can have a "very positive effects on transitions," its report added, is "medication reconciliation, with the involvement of pharmacists."

NEHI, a national health policy institute, agreed. In a study, the group found that a large percentage of hospital readmissions are caused by medication-related adverse events. "Medication management is at the core of advanced discharge planning and transitional care," the health policy group reported. "This reflects three realities — adverse events are a major cause of avoidable hospital readmissions; more post-discharge adverse events are

*(continued on page 2)*

## In Brief . . .

♦ Brazilian wholesaler and retailer **Profarma** has exercised its right to acquire the remaining shares of drug store chain **Drogarias Tamoio** for R\$130 million (US\$34.1 million). Drogarias Tamoio is headquartered in Rio de Janeiro and operates 61 stores. This acquisition, along with Profarma's two existing retail chains - Drogasmil / Farmalife - brings the company's total stores in Rio de Janeiro to 129 stores, ranking it as the 2nd largest drugstore chain in the state (in number of stores) and ranking it among the country's 12 largest chains. Separately, Profarma reported an 8.6% increase in gross consolidated revenues (to R\$1,072 million /US\$281.3 million) and a 6.5% increase in gross profit (to R\$108.2 million/US\$28.4 million) for its 3rd quarter. Sales in the Pharmaceutical Distribution division rose 10.9% in the quarter while the Retail division's sales grew 15.8%.

♦ **Suzuken** (Japan) reported a 10.3% increase in net sales (to ¥1,035,695 million/US\$8.4 billion) and a 117% increase in operating income (to ¥5,878 million / US\$47.6 million) for its fiscal second quarter ended September 30th. Net sales in the Pharmaceutical Distribution segment rose 10.6% to ¥987,423 million/US\$8.0 billion in the period.

♦ Total global spending on prescription drugs could reach US\$1.4 trillion by 2020, according to the new 'Global Medicines Use in 2020' report from **IMS Institute for Healthcare Informatics**. The combination of increased patient access to medicines across the world and high-priced drugs for chronic diseases will result in a compound annual growth rate of 4%-7% over the next five years. The report adds that the average cost per dose will be 30 cents by 2020, and 4.5 trillion doses of medicine will be dispensed, an increase of 24% from 2015.

♦ **Accenture** is reporting new research that forecasts the number of retail clinics in the United States will reach 2,805 by 2017, with the capacity for 25 million patient visits. "Retail clinics are shifting to a clinical focus with more sophisticated services for consumers who want walk-in convenience for their basic health needs," said *Kristin Ficery*, Accenture's managing director of health consulting. "This shift provides a release valve for strained health systems, as they prioritize more critical patient cases, and will give consumers another option for addressing their healthcare needs on their own terms." There is expected to be 2,150 clinics in the US by the end of the year.

*(continued on page 2)*

related to drugs than other causes; and lack of adherence to medications prescribed at discharge has been shown to be a driver of post-discharge adverse drug [events]." NEHI urged the creation of integrated, multidisciplinary healthcare teams — including community pharmacists — to improve post-discharge patients' health and lower hospitalization costs.

Much of the flow of patients back into the hospital can be traced to medication nonadherence. "The lack of adherence — not taking medications, not taking the right medications or taking the

*(continued on page 2)*

## Transitional Care (cont.) . . .

right medications the wrong way — is estimated to be the cause of nearly one-third of readmissions of patients with chronic medical illnesses,” McKesson’s Utterback noted.

It’s a problem that goes right to the heart of community pharmacy’s core competencies. Boosting adherence levels among post-discharge patients is an increasingly critical focus for pharmacy providers, particularly those that are allying with hospital systems to reduce readmissions and extend the continuum of care back into the community and the patient home.

Chain and independent pharmacies around the U.S. are stepping up efforts to partner with local hospital groups and health systems in a massive campaign to create a long-term, post-discharge safety net for patients after their release from the hospital. With support from their wholesaler partners, many independents also are forming post-discharge patient-care networks.

Community pharmacy, said NACDS Foundation president Kathleen Jaeger, has an important role to play “in helping patients to avoid hospital readmissions and adverse events post-discharge.”

By participating in post-discharge transitions of care and coordinated-care models, pharmacy providers are helping to drive a fundamental shift in the healthcare system. “While the sickest patients will continue to be served in acute care settings, it’s clear that many patients with lower acuity will be served in different settings — whether that’s a community hospital, a surgery center, a clinic, a physician’s office or even the home,” George Barrett, chairman and CEO of Cardinal Health, reported. “This has been at the heart of our strategy to serve patients across the continuum of care.”

To that end, the Cardinal Health Foundation established a funding program, dubbed the E3 Patient Safety Grant, to spur innovative transitional care programs at hospitals around the United States. Among other projects, E3 sponsor Red the Bridges of Care Partnership between Culpeper Regional Hospital in Culpeper, Virginia, and the Rappahannock-Rapidan Community Services Board/Area Agency on Aging. Employing hospital case managers, social workers and “senior advocates” to help post-discharge patients obtain needed medications and follow-up services, the two health entities “collaborated to provide care during the transition from hospital to home for residents in the rural county of Culpeper,” Cardinal reported. “Their overarching goal was to reduce 30-day readmissions for Medicare patients who had been diagnosed with diabetes, chronic obstructive pulmonary disease, heart failure or acute myocardial infarction,” noted Dianne Radigan, VP community relations for Cardinal. “The results? Culpeper Regional Hospital experienced a 23% decrease in readmissions for hospital-to-home patients, a 44% decrease in readmissions for nursing home patients and more than US\$1 million in savings.”

## Japanese Wholesalers Report Mid-Year Financials

(Source: PharmaJapan)

Four leading pharmaceutical distributors in Japan saw their combined wholesaling sales soar 7.0% in April to September, thanks to high demand for novel hepatitis C drugs, but they barely made profits with their average operating margin standing at 0.82%, according to a Jiho tally.

The four; Alfresa Holdings, Medipal Holdings, Suzuken, and Toho Holdings reported a total of 3.72 trillion yen (US\$30.1

billion) in their revenues from the pharmaceutical wholesaling business. Although the 7.0% increase was the highest sales growth in five years, their average operating margin failed to reach the 1% mark seen as a threshold for “reasonable profit rates.”

While the four companies suffered a chilling effect from the sales tax hike a year earlier, their revenues bounced back in the latest six month period as the tax woes tapered off and hepatitis C treatments newly launched by Gilead Sciences and BristolMyers performed strongly. All four companies enjoyed growth in both sales and profits.

Revenues from hepatitis C medicines accounted for 27% of the rise in sales at Alfresa and Medipal, and 35% for Suzuken. Toho had not disclosed its ratio as of November 6. While all four majors deal in products by BristolMyers, Gilead drugs are mainly sold by Suzuken and Toho. This has apparently pushed up the ratio for Suzuken, compared to Alfresa and Medipal.

The number of hepatitis C products handled also affected the growth rates in sales for each company, with Suzuken and Toho seeing their sales leap 10.6% and 7.6%, respectively, against 5.6% and 5.0% for Medipal and Alfresa.

Meanwhile, the four companies’ combined operating profits in the wholesaling business grew 69.6% to 30.7 billion yen (US\$24 million), since, on top of favorable hepatitis C drug sales, retrenchment efforts for selling, general and administrative (SGA) costs paid off, including the optimization of logistics. The four shaved their combined SGA rate by 1.0%.

For the full year, Medipal foresees a rise of 5.6% in sales, Suzuken 9.5%, and Toho 7.6% all on a consolidated basis including nonwholesaling businesses. The companies expect the hepatitis C bonanza to continue throughout the fiscal year, with the growth rates more or less the same as their six-month upswing.

At the end of September, the valuebased delivery price settlement rates with healthcare providers came to 96.6% for Medipal, 98.1% for Alfresa, 87.3% for Suzuken, and 98.2% for Toho, helped by the penalty medical fee cut rule introduced last year. The settlement rate represents the proportion of products whose delivery prices have been determined versus all products sold to customers including goods delivered without settling prices.

## In Brief(cont.) . . .

- ◆ The WHO’s *Global Tuberculosis Report 2015* has indicated that TB is now the world’s leading infectious disease as compared to HIV/AIDS, with an estimated 3.3% of the total 9.6 million cases in 2015 being multidrug-resistant TB (MDR-TB). The report ranks Kenya, Tanzania, Uganda, DR Congo, Ethiopia, Mozambique, Nigeria and Zimbabwe as the highest TB-burden countries in Africa. The findings outlined the need to tackle diagnosis & treatment gaps to better address the situation.

- ◆ Bayer is making drugs with a market value of just under €1.5 million/US\$1.6 million available free of charge to aid organizations and authorities in Turkey, Greece and Austria to treat refugees. The biggest share of the donation - which includes ointments, pain relievers and antibiotics - will go to Turkey.

- ◆ China’s Food and Drug Administration is cracking down on drugmakers, rejecting 11 applications for generic treatments in a move widely seen as an effort to bolster confidence in the country’s biopharma industry by demanding that players meet higher standards.

(Sources: Bayer, Drug Store News, FierceBiotech, IFPMA, Live Mint, Pharma Times, Profarma, Suzuken and The East African)