

# Oneida Business Committee Agenda Request

1. Meeting Date Requested: 10 / 26 / 16

## 2. General Information:

Session: ☒ Open ☐ Executive - See instructions for the applicable laws, then choose one:

Agenda Header:

☒ Accept as Information only

☐ Action - please describe:

## 3. Supporting Materials

☒ Report ☐ Resolution ☐ Contract

☐ Other:

1.

3.

2.

4.

☐ Business Committee signature required

## 4. Budget Information

☐ Budgeted - Tribal Contribution

☐ Budgeted - Grant Funded

☐ Unbudgeted

## 5. Submission

Authorized Sponsor / Liaison:

Primary Requestor/Submitter:

Your Name, Title / Dept. or Tribal Member

Additional Requestor:

Name, Title / Dept.

Additional Requestor:

Name, Title / Dept.

## Oneida Business Committee Agenda Request

### 6. Cover Memo:

Describe the purpose, background/history, and action requested:

Follow-up to a motion from the 10/12/16 BC meeting.

"Motion by Fawn Billie to accept the close-out report; to include the sales comparison; and request the report to be released from executive session by placing it into open session for the October 26, 2016, regular Business Committee meeting, seconded by Jennifer Webster. Motion carried unanimously:"

Attachment 1 - Updated Supply Cost spreadsheet to include numbers for July, August, and September

Attachment 2 - is a new spreadsheet to show the Supply Cost line that includes the Accounts Payable adjustments and credits

Attachment 3 - is the SALES comparison that was requested.

NOTE: Year End close is not complete so adjusting entries are not included, if any.

1) Save a copy of this form for your records.

2) Print this form as a \*.pdf OR print and scan this form in as \*.pdf.

3) E-mail this form and all supporting materials in a **SINGLE** \*.pdf file to: [BC\\_Agenda\\_Requests@oneidanation.org](mailto:BC_Agenda_Requests@oneidanation.org)

## Pharmaceutical SUPPLY COST Comparison FY 2015-2016

**UPDATED** to reflect July, August, and September

	<b>2015</b>	<b>2016</b>	<b>Difference FY 2015 - FY 2016</b>
Oct	\$ 196,748.00	\$ 85,207.00	\$ 111,541.00
Nov	\$ 256,413.00	\$ 326,363.00	\$ (69,950.00)
Dec	\$ 309,868.00	\$ 345,392.00	\$ (35,524.00)
Jan	\$ 301,469.00	\$ 352,296.00	\$ (50,827.00)
Feb	\$ 255,780.00	\$ 362,550.00	\$ (106,770.00)
Mar	\$ 295,109.00	\$ 699,387.00	\$ (404,278.00)
Apr	\$ 263,815.00	\$ 1,249,506.00	\$ (985,691.00)
May	\$ 254,287.00	\$ 1,406,536.00	\$ (1,152,249.00)
Jun	\$ 294,215.00	\$ 2,155,289.00	\$ (1,861,074.00)
Jul	\$ 321,804.00	\$ 334,021.00	\$ (12,217.00)
Aug	\$ 279,179.00	\$ 316,040.00	\$ (36,861.00)
Sep	\$ 493,469.00	\$ 412,693.00	\$ 80,776.00
Adj	\$ 142,505.00	TBD*	
	<b>\$ 3,664,661.00</b>	<b>\$ 8,045,280.00</b>	<b>\$ (4,523,124.00)</b>
<b>Note:*</b>	As of the completion of this report the Year end close is not complete.		

Source: Detail Report

## Pharmaceutical SUPPLY COST Comparison FY 2015 – 2016

(includes A/P adjustments and credits)

	<b>FY 2015 Supply Cost</b>	<b>FY 2016* Supply Cost</b>	<b>Difference FY 2016 - FY 2015</b>
Oct	\$ 288,239.30	\$ 298,756.63	\$ (10,517.33)
Nov	\$ 256,331.53	\$ 322,788.63	\$ (66,457.10)
Dec	\$ 309,630.71	\$ 345,101.56	\$ (35,470.85)
Jan	\$ 300,754.29	\$ 352,296.22	\$ (51,541.93)
Feb	\$ 255,724.04	\$ 360,537.85	\$ (104,813.81)
Mar	\$ 300,562.60	\$ 699,387.23	\$ (398,824.63)
Apr	\$ 269,668.02	\$ 1,245,078.03	\$ (975,410.01)
May	\$ 254,286.85	\$ 1,406,249.34	\$ (1,151,962.49)
Jun	\$ 305,027.47	\$ 2,151,735.48	\$ (1,846,708.01)
Jul	\$ 321,597.11	\$ 334,021.08	\$ (12,423.97)
Aug	\$ 274,874.37	\$ 316,418.74	\$ (41,544.37)
Sep	\$ 527,964.02	\$ 413,391.06	\$ 114,572.96
Adj	\$ -	\$ -	
	<b>\$ 3,664,660.31</b>	<b>\$ 8,245,761.85</b>	<b>\$ (4,581,101.54)</b>
<b>Note:*</b>	The final G/L close is not reflected in the above numbers. That close will occur on Thursday, Oct 27.		

Source: ITB, 10/17/16, Expense line 700134

## Pharmaceutical SALES Comparison FY 2015 – 2016

	<b>2015</b>	<b>2016**</b>	<b>Difference FY 2015 - FY 2016</b>
Oct	\$ 2,473,261.82	\$ 2,723,815.78	\$ (250,553.96)
Nov	\$ 2,128,453.26	\$ 2,586,237.51	\$ (457,784.25)
Dec	\$ 2,581,635.46	\$ 2,710,024.30	\$ (128,388.84)
Jan	\$ 2,529,792.34	\$ 3,217,683.72	\$ (687,891.38)
Feb	\$ 2,446,428.64	\$ 3,268,582.83	\$ (822,154.19)
Mar	\$ 2,651,429.00	\$ 3,115,983.21	\$ (464,554.21)
Apr	\$ 2,538,722.88	\$ 2,074,604.51	\$ 464,118.37
May	\$ 2,481,745.31	\$ 2,158,824.78	\$ 322,920.53
Jun	\$ 2,829,878.15	\$ 3,028,283.40	\$ (198,405.25)
Jul	\$ 2,632,345.97	\$ 2,543,432.96	\$ 88,913.01
Aug	\$ 2,634,728.91	\$ 2,611,131.18	\$ 23,597.73
Sep	\$ 2,694,063.94	\$ 2,940,745.38	\$ (246,681.44)
Adj	\$ -	\$ -	
	<b>\$ 30,622,485.68</b>	<b>\$ 32,979,349.56</b>	<b>\$ (2,356,863.88)</b>
<b>Note:**</b>	Optum overpaid in the beginning of CY 2016 and will be refunded this new FY. A year end journal entry will be reflected in the final G/L close reducing the YTD Sales.		

Source: ITB, 10/17/16, Revenue line 400000

**To:** Oneida Business Committee

**From:** Ravinder Vir, MD, MBA, FACP  
Debra Danforth RN, BSN  
Oneida Comprehensive Health Division Directors

**Date:** September 23, 2016

**Re:** Pharmacy Loss of 340B Closeout Report

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**The Direct Impacts are listed below.**

**Drop in net revenue**

- Initially, the most obvious effect was the drop in net revenue for all prescriptions filled when the 340-B contract expired.
- Pharmacy expenditures for supplies averaged \$320,000.-\$400,000 per month prior to the loss of the 340-B contract. After the loss of the contract, average expenditures jumped to \$1,200,000+ per month from March thru June, 2016.
- Our initial estimate of increased cost as a result of the loss of the 340-B contract was \$3.5-\$4 million in March.
- **The total impact as of June 30, 2016 was \$4,812,406.**
- The charts attached indicates the impact on our expenditures as a result of the loss of the 340B contract.

**Ordering Process for drugs more tedious and time consuming**

- The ordering process went from an average of 1-hour per day to 2.5 to 3 hours per day because our account number with McKesson was changed. With a new account number, our perpetual ordering system was suspended. Our staff had to manually submit each order daily and scan for equivalent medications with the lowest cost.
- This was a strain on key personnel, because of the added work load. The staff could see daily the price of daily invoices increasing 10-times the normal or more. Staff were frustrated and would go home at night distraught knowing how much more we had to pay for everything and there was nothing that we could do about it.



- All employees in the pharmacy felt over-worked and stressed out on a daily basis.
- The loss of the 340B contract jeopardized the Flu Vaccine order for Community Health. The pharmacy did work to re-instate our contract to the 2016 flu vaccine contract after the 340-b contract was re-instated.

### **Efforts to Mitigate the Situation**

- In an effort to offset the large price increase, the Division granted permission to dispense only 30-days of all medications at a time. This helped initially for the first two months, but it did increase the pharmacy workload because now we were filling every prescription monthly and no 90-day supplies were given. This created extra workload and our prescription volumes went up by 25-50% with the same staffing in the pharmacy.
- The effort to minimize 90-day supplies caused work backlogs. Technicians were filling and pharmacists were checking double the normal daily volume. This was a strain on the staff and increased the wait times for prescriptions to be completed.
- Numerous patient complaints were received because patients liked the convenience of 90 day supplies.
- As of 7/1/16 most prescriptions have now been restored to 90 day refills but there are still a few that remain outstanding which are being changed as they are identified.
- Patients that traveled from outside the immediate area were forced to make additional trips to the Pharmacy to pick up medications every 30 days placing a greater financial burden on transportation.
- Verifying correct Intaleree pricing per our contract
- Making formulary changes to less expensive alternatives.

Now that the contract has been re-instated the pharmacy continues to review and evaluate the inventory on a daily basis to assure accurate pricing resulting in added staff time to this process. Previously, the ordering process was an hour per day in staff time now requires an additional 2-2.5 hours to complete this task. Certain drugs are preferred on 340-B that were not preferred previously. On-hand quantities and preferred drugs are continuously monitored to assure we purchase all medications at the lowest

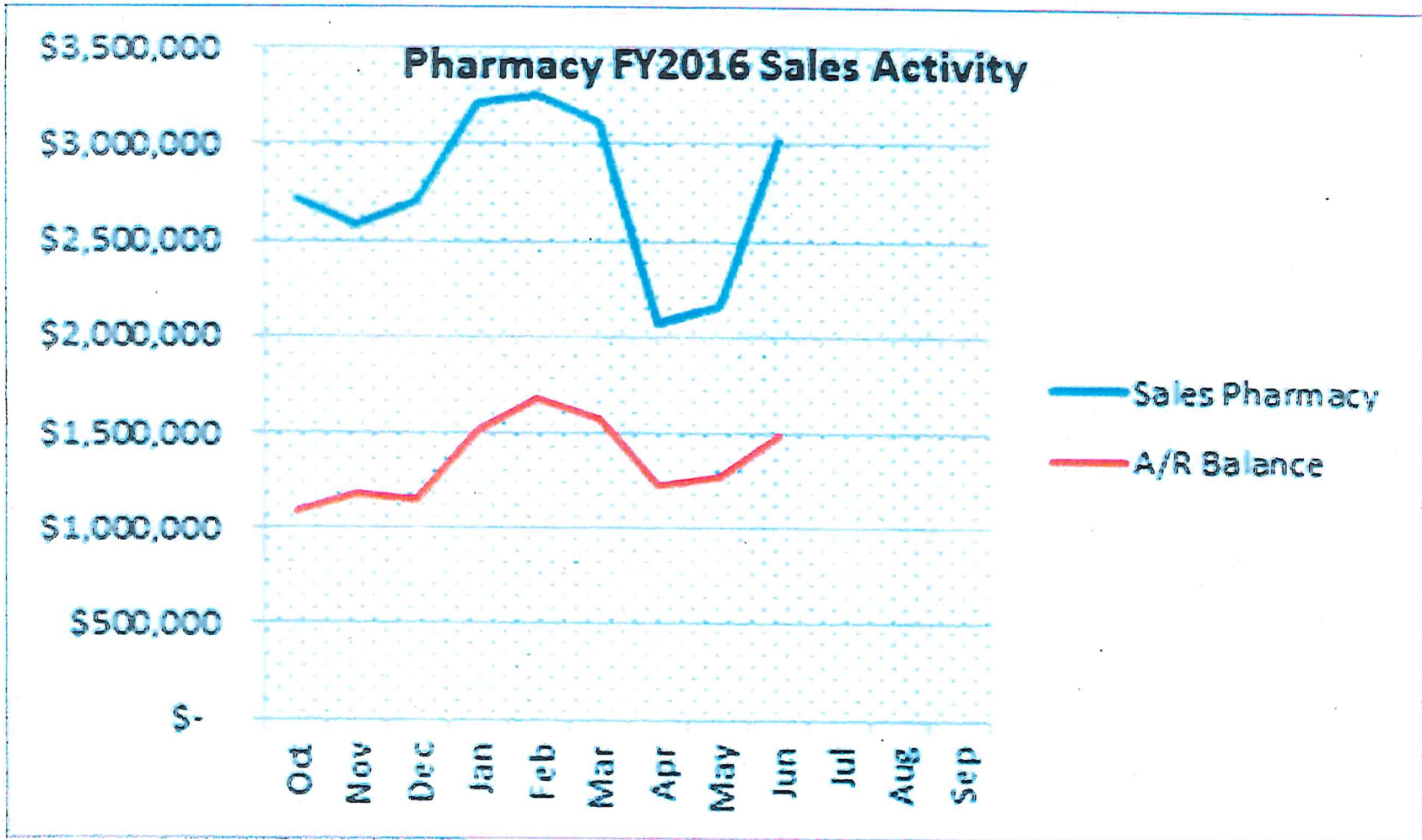
possible costs. Our staff are very dedicated to this task on a daily basis! This will continue until we are certain that all pricing has been transitioned to the 340-B pricing.

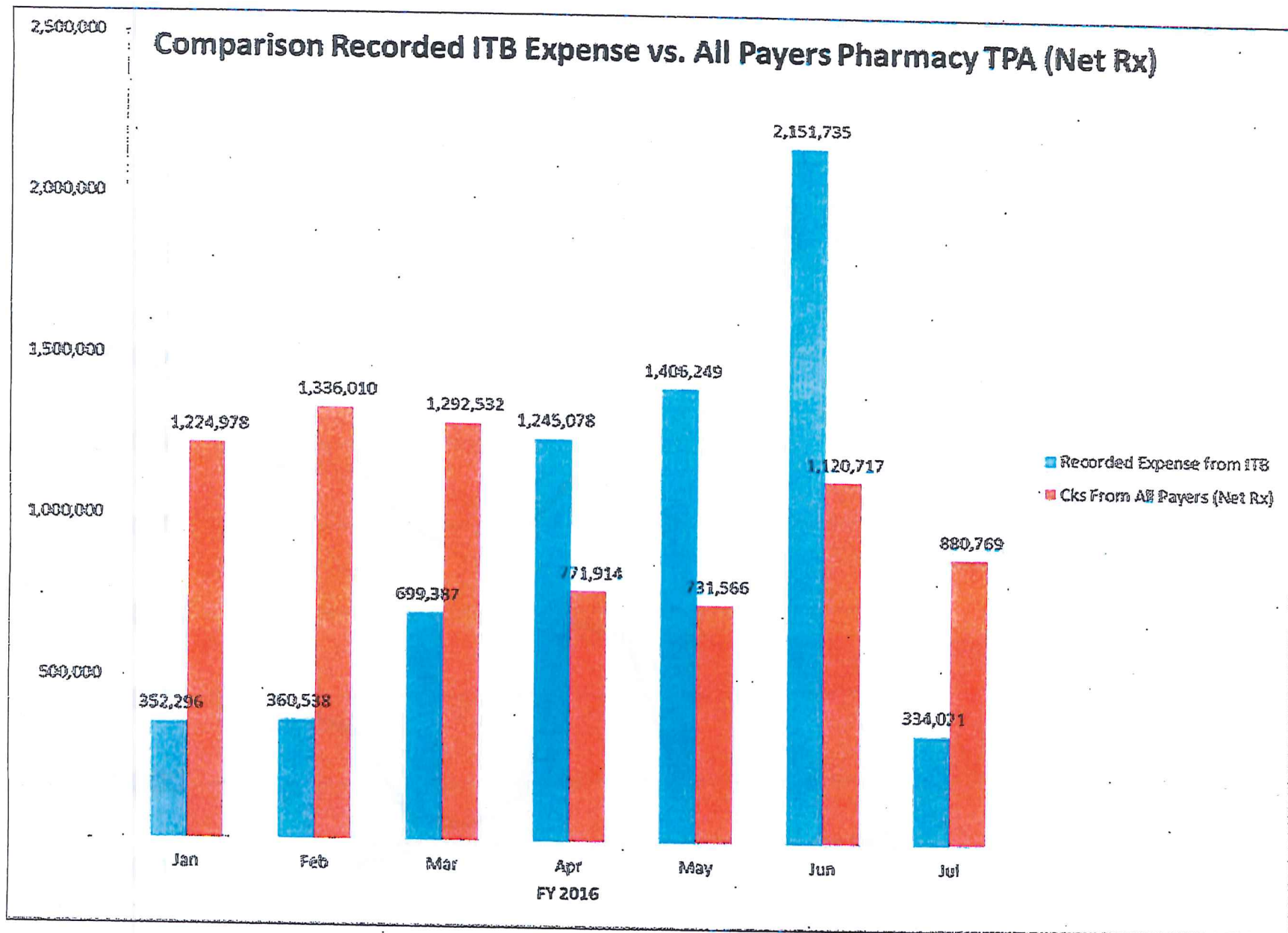
### **Opportunity Costs**

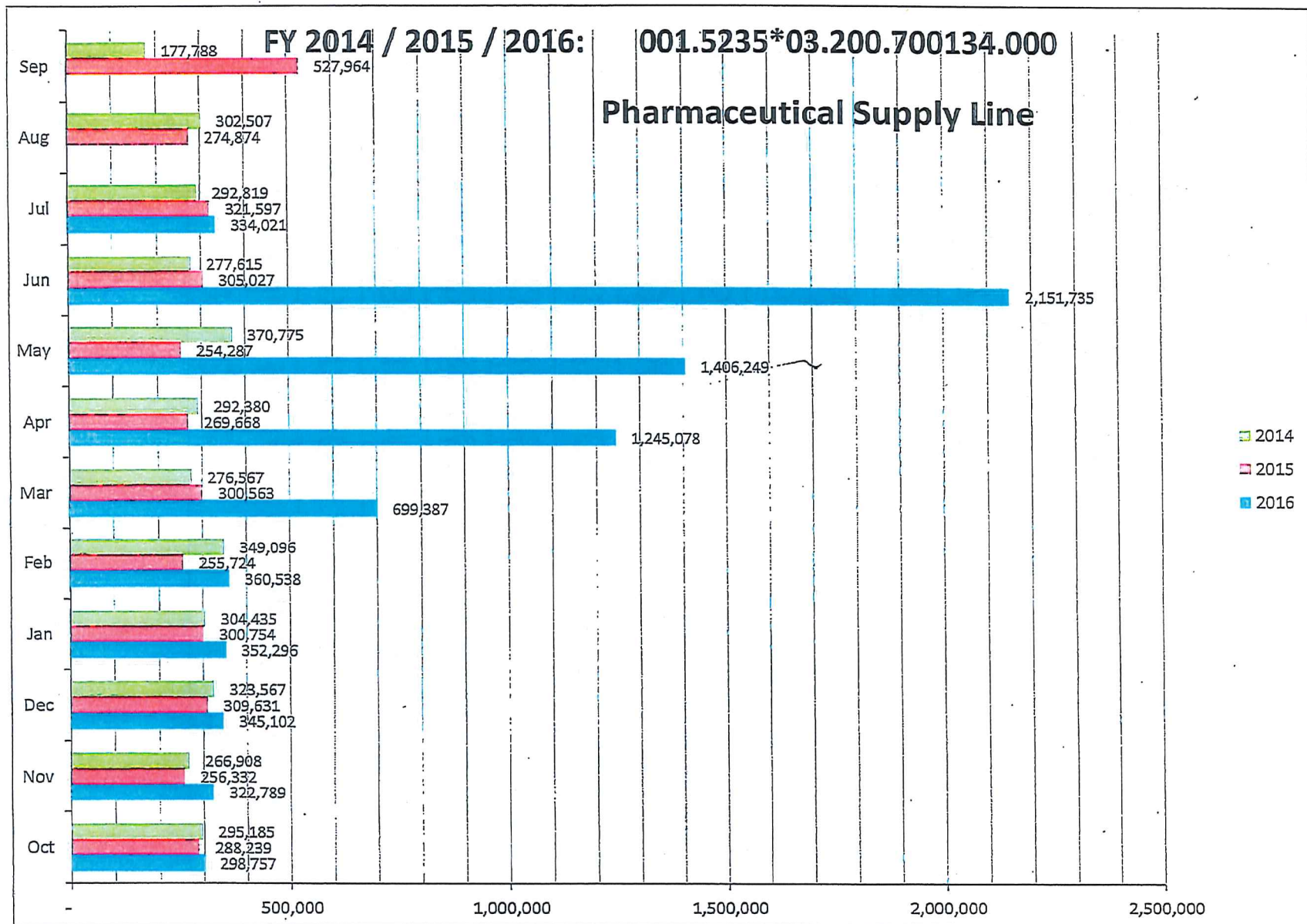
The major opportunity lost to the Division and the Nation as a result of the added costs incurred by the loss of the 340-B contract is the inability to utilize the carry over funds from FY 2015 to develop a contingency plan for continued operation of the health division for future endeavors. Such endeavors include the formation of a contingency plan to address issues such as Sequestration, government shutdown, minor expansion projects, operational costs to avoid reducing priority levels for Purchased and Referred Care expenses etc.

It is unfortunate that this situation occurred, however this situation has been resolved effectively to restore the recertification responsibility back to the Health Division. This will avoid such instances from occurring in the future.









## Pharmaceutical supply Cost Comparison FY 2015-2016

	<b>FY 2015</b>	<b>FY 2016</b>
	<b>Invoice Pd Amt</b>	<b>Invoice Pd Amt</b>
<b>Oct</b>	\$196,748.00	\$85,207.00
<b>Nov</b>	\$256,413.00	\$326,363.00
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<b>Jun</b>	\$294,215.00	\$2,155,289.00
<b>Jul</b>	\$321,804.00	
<b>Aug</b>	\$279,179.00	
<b>Sep</b>	\$493,469.00	
<b>Adjust</b>	\$142,505.00	
	\$3,664,660.00	\$6,982,526.00