

CASE STUDY



Utilization Analytics Rx0 solution

**Shore Medical Center achieves more
using McKesson's Utilization Analytics**

Improving financial performance by integrating
purchasing, usage and reimbursement data



Situation

Shore Medical Center is a quality healthcare hub in coastal New Jersey, dedicated to clinical excellence and efficient allocation of funds. Specialized care includes an ambulatory infusion center, a hospital-based cancer center, and two outpatient centers for cancer and IV therapy – specialized care that requires a range of therapeutic medications.

For outpatient pharmacy services, Shore did not use a formulary, and instead provided drugs based on cost considerations and insurance approval. Pharmacy director Matthew Piskun quickly discovered that prior authorization does not necessarily equal reimbursement. Piskun was charged with determining Shore's profit margin; however, three disconnected systems tracked purchasing, usage, and reimbursement – resulting in conflicting data related to drug prices, costs charged to third parties and patients, reimbursement, and overall profitability. Continual price changes and insurance authorizations complicated the already-complex issue, so Shore brought in trusted partner McKesson to integrate the disparate data and provide a clear picture of their financial performance.



Shore Medical earned over a **quarter million in profits** the first year



Customer profile

- One of few independent hospitals in New Jersey
- 199 licensed beds
- 2 outpatient infusion centers
- More than 370 physicians
- 6 Centers of Excellence for cancer, cardiovascular, orthopedic, emergency, maternity and pediatric care

Impact that counts

- Eliminated \$250,000 in losses the first year
- Realized profits of \$270,000
- Additional savings guided by a dedicated McKesson analyst
- Actionable data allows systems to respond to changing cost factors
- Fast deployment: 4-6 months
- Staff time savings through integrated data and expert support

Solution

McKesson Utilization Analytics integrates purchasing, usage and reimbursement data to provide accurate utilization cost and profitability information. Since Shore was already a McKesson customer, their cost feed was available and easy to integrate with Utilization Analytics. The hospital's IT team then worked with McKesson to add charge and reimbursement data from one system and dispense data from a different system.



“The use of retrospective data meant **we were able to save money immediately**. It blew my mind to see how much money we had been losing by not having this in place. I find tremendous value in the process. That analyst is incredibly important.”

— **Matthew Piskun, PharmD, MBA**
Director of Pharmacy, Oncology
and Infusion Services
Shore Medical Center

Straightforward presentation on an interactive dashboard allowed the Shore clinical pharmacy team, revenue cycle team, and the McKesson analyst to examine the disparate data, and identify many cost fluctuations and savings opportunities. Drugs with low profit margins were eliminated from clinic treatment options as customers were offered therapeutic alternatives that optimized reimbursement. The McKesson support team helped Shore save time by keeping track of secondary insurance reimbursement and revenue issues that had been previously addressed, eliminating a potential cause of duplicate efforts.

Results

With Utilization Analytics, data is always complete, accurate and available on the dashboard with customizable reports. The solution provides functionality and in-depth analysis to meet Shore’s needs, along with timely, customized guidance from McKesson. The tool will continue to add value as the team identifies more saving opportunities.

Since the solution integrated the previous 24 months of data, allowing for historical analysis, Shore did not have to wait until end of the quarter to analyze the revenue cycle and start saving money right away. The staggering amount of revenue lost prior to implementing McKesson’s Utilization Analytics provided clear evidence of the solution’s value — and Shore extended the contract.

The program continues to provide value as drug costs fluctuate, insurance plans change, and new types of treatments, such as biosimilars, emerge. McKesson’s Utilization Analytics solution transformed previously unutilized data into a complete picture of financial performance — and transformed losses into profitability.

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