

PRACTICAL TIPS FOR PREVENTING THE DIR HANGOVER

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CASH FLOW SLOWS DOWN. IF IT HURTS NOW, WILL HURT WORSE THEN.

- New reductions in prescription receipts at the point of sale
- DIR lag from the previous year withholding from current (lower) reimbursements/deposits
- Inflationary impact on cost to dispense

TREAT THE PAIN

- Implementation of operational efficiencies
- Medication synchronization and inventory controls
- Lowering the cost to dispense
- Layering on services to prescriptions
- Expand current non-dispensing revenue
- Acquire new non-dispensing revenue

AVOID THE INJURY ALTOGETHER

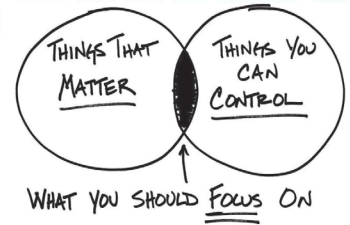
- Advance knowledge of where (and when) it will occur
- Med sync as many prescriptions as possible
- Determine your current cost to dispense and cut expenses
- Begin setting back reserves to cover potential “injury” period
- Implement efficiencies into service delivery today so you can scale non-dispensing services quickly
- **Look for new non-dispensing revenue that can begin paying off over the next 6-12 months**
 - Need some ideas? Check out NCPA's Diversified Revenue Opportunities web page.

IMPLEMENT COST-SAVING MEASURES AND OPERATIONAL EFFICIENCIES LIKE

- Scaling MedSync
- Centralizing operations and inventory
- Optimizing buy plan
- Optimizing work schedules/wages
- Repricing vials, labels, etc.
- Measuring billable services and prescriptions
- Scaling current and seeking out new non-dispensing revenue
- Assessing automation and technology
- Partnering with colleagues to “share” expenses

USE 2023 TO PREPARE

- At least one 2023 plan is implementing the lowest net price provisions in 2024 – Humana Medicare plans.
- Opportunity to use plans that implement early to learn how the impact will be felt moving forward.
- Better understand and estimate the timing and amounts of plans that have DIRs in 2023 to be able to anticipate how long into 2024 you will still owe for 2023 DIRs.
- Make plan to earmark dollars for the overlapping period in 2024.
- Look at workflow modifications to accommodate lowest net pricing in 2024.



WORKFLOW MODIFICATIONS

- Begin to develop strategy for what a lowest net price adjudication will cause you to do in 2024.
- DIR transparency will allow you to make real-time business decisions on a script-by-script basis.
- Evaluate your COGs on the item, consider therapeutic substitutions, splitting combo products, etc.
- Access to real-time final pricing can assist in understanding desired participation in plan moving forward.
- Lowest net pricing makes fall 2023 plan selection more important than ever – assist patients with evaluating plans in 2023 and 2024.

ENGAGE YOUR PSAO OR IN-HOUSE CONTRACTING ENTITY

- The Centers for Medicare & Medicaid Services acknowledges the lag in DIR payments and how it can cause problems for pharmacies because of the DIR hangover.
- Engage your contracting partner to see if the Part D plan PBMs are able to spread out the collection of 2023 DIRs to avoid creating a cash flow crunch.
- It is exclusively a PBM decision, but engaging in the discussion can't hurt.