



Penn Highlands Optimizes Net Savings to Expand and Improve Patient Access

Customer Profile

Penn Highlands Healthcare implemented a \$180 million plan designed to enhance access to critical services and advanced care for Northwestern/Central Pennsylvania residents. Expanding patient services at many hospital campuses and outpatient facilities in the 34-county region is expensive. This explosive growth requires collaborative technology partnerships that optimize net savings and support the health system's financial vision.

The Challenge

Ten years ago, Penn Highlands extensive growth plans created concerns with transparency, trust, and scalability. Although the health system had extensive data moving into its 340B ecosystem, technology resources were unavailable to provide split billing functionality correctly or effectively. Penn Highlands implemented Omnicell 340B to address this challenge due to the solution's flexibility and ability to eliminate existing manual processes.

Because other marketplace vendors did not support a combined WAC, GPO, and a 340B billing solution, it became nearly impossible for Penn Highlands to capture a correct NDC. Three or four different manufacturers are often available for the same product on a shelf, making it difficult to capture the valid primary NDC.

Penn Highlands' referral capture program (Claims Guard) generated significant revenue and required a robust solution without downtime nor the time-consuming audits its previous solution often incurred. Initially, Penn Highlands was only achieving \$8 to \$10 million savings a year with its existing solution. Supplementing this revenue loss became a top leadership priority. Intricately crossing tax IDS to capture multi-facility transactions for the health system's 400 physicians became critical.



Penn Highlands Healthcare
Northwestern/Central Pennsylvania

Challenge

- Multiple pharmacy automation systems
- Split billing solution to support combined WAC, GPO, and 340B needs
- Financial stressors due to imposed manufacturer restrictions
- Preventing script capture leakage by intricately crossing tax IDs to capture multi-facility transactions
- Avoid disruption to staffing procedures

Solution

- Omnicell 340B

Impact

- Bypassed manufacturer restrictions by transitioning contract pharmacies to entity-owned pharmacies
- \$40 million in OrderLink savings alone for fiscal year end 2023
- \$22 million in contract pharmacy savings
- Total net savings of \$62 million for the fiscal year end has helped them recoup a significant part of their revenue loss to fund capital equipment and specialty care centers for the community

The Solution

Penn Highlands' third-party administrator prior to implementing Omnicell 340B could not handle the vast amounts of data feeding into its 340B system or provide the needed customer service. A solid, scalable product with minimal discrepancies to support growth was non-negotiable.

Furthermore, in an effort to bypass manufacturer 340B discount restrictions on contract pharmacies, Penn Highlands purchased multiple independent contract pharmacies and transitioned them to entity-owned facilities.

However, fully realizing the revenue from this effort required a complex integration process as an administrator was needed to monitor data around virtual inventories, partial fills, transition/close the account ledger, and remove the manufacturer blocks/restrictions.

By capitalizing on Omnicell's cohesive management structure to ease the data integration, they were able to implement the solution at five hospitals.

The Impact

Operational efficiency increased significantly with Omnicell 340B, but intangibles like trust, transparency, and scalability immensely supplemented Penn Highlands' quantitative metrics. Penn Highlands knew most third-party providers could help them adjudicate claims, receive claim checks, and distribute funds, but a customer-service oriented partnership with Omnicell provided frequent touchpoints with staff and eliminated any potential auditing frustration.

As beneficiaries of Omnicell 340B's reporting over the years, Penn Highlands' leadership has visibility into the continuous outcomes around stay stats and net savings. In fact, the hospital realized \$40 million in OrderLink savings by the end of the 2023 fiscal year and another \$22 million in contract pharmacy savings supplies needed financial growth capital. This net savings has helped the health system recoup a significant part of their revenue loss to fund capital equipment and specialty care centers for the community.

Using Net Savings to Expand Growth

Penn Highlands is excited to expand its partnership with Omnicell through whole system cabinet integration, automation of medication management with end-to-end inventory visibility, and specialty pharmacy services offerings. The health system can rest assured that its continued net savings will only increase through Omnicell 340B and help offset any future investment.

"The revenue from our 340B processes have allowed us to operate a free clinic and have a discount cash prescription program for uninsured/underinsured patients at our pharmacies."

"Hearing patient testimony about being able to afford desperately needed medications and not having to choose which ones to fill on a monthly basis makes it worthwhile." High priced fertility prescriptions are more attainable with the 340B cash program for patients."

"Patients no longer have to incur significant travel to see neurology, rheumatology, neonatology, and women's health specialists."

Eric Iorfido,
Director of 340B, Penn Highlands Healthcare
