

# SPECIALTY DRUG DISTRIBUTION AND THE HOSPITAL PHARMACY



SEPTEMBER 2018 TECH BRIEF FOR HEALTH CARE TALENT NETWORK

## Specialty Pharmacies are Expanding

In 2015, specialty medications accounted for **one-third of all spending** on drugs in the United States and spending continues to rise each year. A **4-year old study determined** that roughly half of spending on specialty drugs was for cancer, rheumatoid arthritis, and multiple sclerosis. These were followed by HIV, hepatitis C, respiratory conditions, anticoagulants, growth deficiency, and transplants. Investigational medications, i.e. compounds or therapies that are being studied but have not yet been approved, can also be managed by a specialty pharmacy such as a hospital or long-term care pharmacy.

Medicare defines any drug for which the negotiated price is above a **\$670 per month** threshold, as a **specialty** drug. Drugs are also identified as specialty when it has special handling requirements, for example if it is only available via a limited distributions network or it is part of a **“high touch” therapy** for patients with complex diseases.

Hospital pharmacies stock a large range of medications and therefore require additional training for their workforce. They are also open 24/7 and as a result need a larger knowledgeable and skilled workforce than a commercial pharmacy of commensurate size. According to **Pharmacy Commerce**, the cold chain segment of the pharmacy supply chain is growing at a 5-6% rate per year (this would be mostly specialty drugs) slightly higher than other drugs. In other words, both the market and the complexity of the market is growing, hence more staff will be needed.

## Labor Force Takeaway

The Board of Specialty Pharmacies (BSP), located in Washington, DC, **offers training and certification**. Testing is done through a third party – Prometric. BPS board certifications are available in eleven specialties: ambulatory care, cardiology, critical care, geriatric, infectious diseases, nuclear, nutrition support, oncology, pediatric, pharmacotherapy and psychiatric pharmacy.

TAN recommends **two of the specialties** be included in the Industry Valued Credential (IVC) HCTN list:

1. **Pharmacotherapy** – a general study of the safe, appropriate and economical use of medications as part of interprofessional treatment teams in a variety of settings, including hospitals and health systems.
2. **Oncology Pharmacy** - treatment assessment and monitoring for potential adverse drug reactions and interactions as cancer care will be a growing field as the population ages.

Requirements for BSP certifications are high and on par with Life Sciences IVCs. The intention of this recommendation is to promote NJ as a location for expansion of the specialty pharmacy supply chain, including the hospital pharmacy. By expanding career paths upward, spaces are created for others to attain.

# High Complexity, High Touch Therapy Drugs

"High-touch services", which naturally drive up the cost of pharmacotherapies, can refer to:

- higher degree of complexity in supply chain and distribution
- administration of the therapy, such as intravenous or
- patient management, i.e. high levels of ancillary and follow-up care needed to ensure that the drug spend is not "wasted" on patients who might drop out of treatment or perish from side effects.

The "**Specialty Pharmacy**" designation is quickly expanding beyond intravenous drugs. Sub-specialties are breaking off into separate businesses. For example:

– **Compounding Pharmacies** are new and cater to dermatologicals, cosmeceuticals and veterinary pharmaceuticals. This is essentially an artisan pharmacy which hand-mixes ointments, flavored ingestibles or any specialty dosage form. Professional organizations offering guidance for sterile compounding are: the ASHP (American Society of Health-System Pharmacists) and the Institute for Safe Medication Practices. Facilities must meet 503B FDA facility requirements established in the Quality Compounding Act of 2013, and meet USP 797 compliance guidelines. Sterile compounding equipment such as laminar flow hoods, plus storage and handling of cold and frozen compounds (with redundant power and cold chain certification) are musts. Note that the Board of Specialty Pharmacies will offer a certification in Compounded Sterile Preparations starting next year.

**Local examples:**



**Tiffany Natural Pharmacy**  
Westfield



**Hometown Pharmacy & Compounding**  
Bloomingdale

– **Mail-Order Pharmacies** – This market segment of specialty pharmacies is undergoing rapid growth and change, especially as injectables are being mailed for patient use rather than being administered by IV in a clinical setting.

There are, of course, illegal and counterfeit drug pharmacies as shown by the National Association of Boards of Pharmacy in their [program report for State and Federal regulators](#).

Mail order is an important segment for New Jersey. **Express Scripts** employs over 500 people in Franklin Lakes and Lincoln Park. OptimumRx in Basking Ridge is undergoing big changes since [May 2018](#). [A New Jersey appeals court](#) threw out a \$6.7 billion contract between the State and OptimumRx for prescription drug benefit management. It ordered that the contract covering NJ's 835,000 public workers be rebid.

– **IV and Infusion Centers with Associated Pharmacies** – Special permits are required for the operation of this type of specialty pharmacy practice. It involves both a clinic and a *sterile* compounding pharmacy.

With a projected annual growth rate of about 20% per year according to the AMCP (American Society of Managed Care), New Jersey would benefit from supporting this industry through workforce development.

