Pharmaceutical Cost Savings Initiatives, Sourcing, and Logistical IT solutions

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CPE Information and Disclosures

LCDR Dischert, LCDR Aniagyei, MAJ Tuala, Mr. Marion and Mr. Cunningham declare no conflicts of interest, real or apparent, and no financial interests in any company, product, or service mentioned in this program, including grants, employment, gifts, stock holdings, and honoraria.

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CPE Information

• Target Audience: Pharmacists & Technicians
• ACPE#: 0202-0000-16-173-L04-P/T
• Activity Type: Knowledge-based

Learning Objectives

• State DLA-Troop Support and the Customer Pharmacy Operations Center's (CPOC) role in cost saving initiatives
• Use the DMLSS Catalog to locate and procure product alternatives
• Understand how the DMLSS Strategic Sourcing module assists the customer in identifying cost avoidance opportunities
• List and describe planned IT enhancements for the DMLSS customer

Self-Assessment Question 1

DLA-Troop Support Pharmacy Cost Savings initiatives include which of the following?

A. National Contract Compliance
B. Brand to Generic Conversion
C. Distribution and Pricing Agreement
D. All of the above

Self-Assessment Question 2

• What is the best way to search the catalog for alternatives?
Self-Assessment Question 3

- How can the DMLSS Strategic Sourcing module assist the customer in identifying cost avoidance opportunities?

Self-Assessment Question 4

- What are at least two IT enhancements planned for DMLSS?

CPOC: Total Service

- DLA Contract Support and Tech Evaluations;
  - Prime Vendor, Reverse Distributor, Medical Readiness, National Contracts
- Brand to Generic (B2G) Conversions
- National Contract Compliance
- Vaccines and Cold Chain Management
- CPOC Monthly Bulletin and SITREP

CPOC: Total Service

- National shortages; finding alternatives
- Medical Master Catalog (MMC)
- Trade Agreements Act Compliance
- OCONUS DEA Controlled Substance Manager
- TIRF REMS Manager
- Foreign Military Sales (FMS)

DLA Cost Savings Initiatives

- Brand to Generic
- National Contracts
- Distribution and Pricing Agreements

Brand to Generic Cost Avoidance

<table>
<thead>
<tr>
<th>Drug</th>
<th>Total Spend</th>
<th>Cost if only Brand Purchased</th>
<th>Estimated Cost Avoidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CELECOXIB</td>
<td>$10,768,194</td>
<td>$16,839,820</td>
<td>$6,071,626</td>
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<tr>
<td>VALDEPOFEN</td>
<td>$2,451,887</td>
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<td>CANDESARTAN</td>
<td>$2,046,672</td>
<td>$4,671,720</td>
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<td>RIVALKITONE/PROGUANIL</td>
<td>$6,336,274</td>
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<td>$2,359,374</td>
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<tr>
<td>ESZOPICLONE</td>
<td>$2,765,146</td>
<td>$4,593,496</td>
<td>$1,827,350</td>
</tr>
</tbody>
</table>

FY 2016 Estimated Cost Avoidance: $26.7 Million
Monthly TELCON with DHA POD South (PEC), DVA, BoP, IHS pharmacists and contracting officers
- Develop requirements and identify opportunities
- Requirements based
- DLA awarded 47 NCs since May 2013
- Source Selection Evaluation Boards
- Site visits to manufacturers/repackagers
- Calculate customers' projected monthly usage and send to PPV contractors 30 days prior to effective date
- Ensure greater availability for customers
- Better production forecasting for industry partners

Joint National Contracts

National Contract Compliance

Off Contract Spend Impact

Prime Vendor DAPA Program

Strategic Relationships

- Distribution and Pricing Agreements (DAPAs)
  - DLA initiated pricing vehicle.
  - Establishes and manages pricing with manufacturers and/or distributors
    - Medical material are placed in DLA’s Prime Vendor program.
  - Access to products that DoD will have been otherwise excluded.

- Defense Health Agency (DHA) Pharmacy Operations Division
  - PEB, DoD P&T Committee, Home Delivery (TMOP), UF BPAs
- DoD Pharmacy and Medical Logistics Consultants
  - MTFs, Fleet, readiness requirements, pricing, metrics, credits and data analysis
- Department of Veterans Affairs (DVA)
  - Joint pharmaceutical national contracts, Federal Supply Schedule
Summary: This document discusses the importance of the DMLSS (DoD Medical Logistics Support System) Catalog, which is the single best source for determining products and pricing in the DoD. It highlights the significance of the catalog for strategic relationships and outlines the searching options available.

Key Points:
- **Industry Partners**: Manufacturers/suppliers and wholesalers - Product availability, sales data, government pricing, TAA compliance, shortages
- **Joint Medical Logistics Functional Development Center**: DMLSS ordering/sourcing and inventory management system
- **Other Federal Agencies**: FDA, DEA, USPHS, CDC - Drug Shortages, Recalls, Controlled Substances, stockpiles

**Strategic Relationships**
- **DMLSS Catalog**
  - Why is the DMLSS Catalog Important?
  - It is the single best source for determining products and pricing in the DoD
  - Items cataloged means the products have been vetted to some degree

**Expenditure by Type of Pharmaceutical Marketing (2012)**
- **$15 Billion** Total Expenditure
  - $90 Million - Detailing
  - $3.1 Billion - Clinical trials
  - $2.1 Billion - Samples
  - $5.7 Billion - Educational and promotional meetings
  - $1.3 Million - Promotional mailings
  - $1.2 Billion - Advertisements (print)
  - $2.6 Billion - Direct-to-consumer advertising

Strategic Sourcing

• Why is strategic sourcing so important?
  – “Enables the DMLSS application to consistently identify and obtain the best item at the best available price using the best procurement alternative available to a site”

• How many people have used the Strategic Sourcing module in DMLSS?

Strategic Sourcing

• Leveraging Strategic Sourcing
  – The benefits of using versus not using Strategic Sourcing
  – Example of a facility using Strategic Sourcing for Pharmaceuticals

Strategic Sourcing

Production Site X

<table>
<thead>
<tr>
<th>Cost Avoidance by Fiscal Year (FY)</th>
<th>As of June 2016</th>
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</thead>
<tbody>
<tr>
<td>FY 2015</td>
<td>200,000</td>
</tr>
<tr>
<td>FY 2016</td>
<td>400,000</td>
</tr>
<tr>
<td>Total FY</td>
<td>600,000</td>
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<tr>
<td>Relational</td>
<td>1,000,000</td>
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<td></td>
<td>1,200,000</td>
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<tr>
<td></td>
<td>1,400,000</td>
</tr>
<tr>
<td></td>
<td>1,600,000</td>
</tr>
</tbody>
</table>

Source: JMLFDC - DMLSS Production Site, name withheld, June 2016

Strategic Sourcing – Extended

Joint Medical Asset Repository (JMAR)

• Enterprise Metrics
  • Defense Logistics Agency (DLA)
  • Performance Based Assessment (PBA)
  • Department of Defense (DoD) or Service Specific

Source: Joint Medical Asset Repository (JMAR), June 2016
Strategic Sourcing

Drugs With Big Price Hikes
Some brand medicines for heart problems, skin conditions, high blood pressure, parasite infections, and kidney issues have had enormous price spikes recently.

- Daraprim 25 mg
- Novacort
- Alcortin A
- Aloquin
- Lithostat 250 mg
- Zestril 5 mg
- Glumetza 1000 mg
- Isuprel 1 ml
- Tenormin 50 mg

Source: DRX, a unit of Connecture Inc., Bloomberg. Note: Price change calculated from late Dec 2014 through Jan 15, 2016

Strategic Sourcing

Returned View – Equivalent Preferred Item

Strategic Sourcing

Customer Area Inventory Management (CAIM)

- Equivalent Preferred Item
- Better Source Same Item
- Move to Ecommerce
- Equivalent Item Better Source
- Move Brand Drug to Generic Equivalent

- Privileged access – coordinate with local DMLSS Administrator

Strategic Sourcing

What to check and why it is important
- Why does information change
- Why is it good to “hold” an item versus completely reject
**IT Enhancements**

- Narcotics Ordering Review and Approval (NORA)
  - Allows approved personnel to submit narcotics orders (Schedule 2) electronically
  - DLA is currently using for OCONUS ordering

- Point of Care, Inventory Management System (POC IMS)
  - Example, Script-Pro interface
  - Allows customer to manage inventory via a POC system such as Script-Pro versus DMLSS/CAIM

**Key Points**

- CPOC’s role in cost initiatives
- Catalog search
- Benefits of Strategic Sourcing
- IT Enhancements

**Answer To Self-Assessment Question 1**

DLA-Troop Support Pharmacy Cost Savings initiatives include which of the following?

A. National Contract Compliance
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C. Distribution and Pricing Agreement
D. All of the above

**Answer To Self-Assessment Questions 2**

- What is the best way to search the catalog for alternatives?
  - Scope Search, (starting with the customer catalog, then progressing through the LOG/MTF catalog and then checking Sourced Items)

**Answer To Self-Assessment Question 3**

- How can the DMLSS Strategic Sourcing module assists the customer in identifying cost avoidance opportunities?
  - By identifying the best item at the best available price using the best procurement alternative available
Answer To Self-Assessment Question 4

• What are at least two IT enhancements planned for DMLSS?
  – NORA and POC-IMS

Contact and Follow-up Information

• Joint Medical Logistics Functional Development Center (JMLFDC)
  – usarmy.detrick.medcom-jmlfdc.list.jmlfdc-all@mail.mil
• Customer Pharmacy Operations Center (CPOC)
  – cpoc@dla.mil
• Defense Medical Logistics Enterprise Solution

Contact and Follow-up Information

• MHS Genesis
• DMLSS Resource Center
• DMLSS eLearning Portal
  – https://jml149.dmlss.detrick.army.mil/DMLSSU/

Closing Remarks

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