

Q&A with Andy Reeves, RPh, CEO of OptiMed Specialty Pharmacy, a National Specialty and Infusion Pharmacy dedicated to Managing Patients with Complex Healthcare Needs



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- Andy Reeves, RPh

CEOCFO: *Mr. Reeves, what is the focus and vision at OptiMed Specialty Pharmacy today?*

Mr. Reeves: OptiMed’s vision and focus is to be the leader and innovator in healthcare, and our organization is evolving in several different sectors. We have our specialty pharmacy, an infusion center, and home infusion services. All our services are related to drug delivery, and also share the mission of offering innovative ways to deliver value in the healthcare system. With the costs of medications escalating the way they have been in recent years and the approval of more and more expensive specialty medications, employer groups and health plans are struggling with the question of “where is the value?” We have been working with industry stakeholders around value-based delivery of these specialty medications and demonstrating the value that they contribute to health. These relationships involving the delivery of value-based care are contributing to our growth and have opened the door for many new partnerships and opportunities.

CEOCFO: *Would you give us a little background on specialty medications? When are they used; how are they used; why do we need them?*

Mr. Reeves: That is a great question because even the healthcare industry itself is struggling to define specialty medications. In general, they are expensive medications for which payers desire greater oversight, and depending on who you talk to the definition of “expensive” varies. CMS places any drug over six hundred dollars per month in their specialty tier. Usually high cost specialty medications can require special storage conditions or administration challenges. They often are injectable; however, there are more oral meds entering the specialty space. There is usually a significant degree of risk associated with the use specialty medications necessitating additional monitoring, intervention, or coordination of care. As a result, there is a need for a much more patient-centric approach to the distribution of specialty medications to patients. Specialty medication utilization is currently about 2 percent of all medication utilization but is contributing to nearly 40% of

the pharmacy spend. Specialty medications have been traditionally used to treat chronic, complex and rare medical conditions; however, there is a growing number of specialty medications becoming available to treat more common conditions such as high cholesterol. We need specialty medications because they are providing novel treatment options, and sometimes cures, for medical conditions that have poor, limited, or no other available agents.

CEO CFO: *Do you work with doctors? Do you work with the patients? Who is your base?*

Mr. Reeves: We consider ourselves to have four different customers segments. There is the patient, who we always consider the ultimate customer, because if the patient does well then everyone does well. We also work closely with third-party payers or insurers. There are the pharmaceutical manufacturers who are interested in data on their product's fulfillment and patient outcomes. And finally there are the healthcare providers who we work in tandem with as a member of the patients' healthcare team. Our consistent communications with our patients and our ability to track outcomes contributes value to the healthcare system. We are able to bring these four customers together as we leverage the complementary expertise that exists in the different segments of healthcare delivery and implement and test multipronged, patient-focused solutions. OptiMed leverages digital communication strategies and access to comprehensive health data sources to develop innovative care delivery models and drive value-based treatment decisions. Through our willingness to share accountability and financial risk, we enhance and extend the work of our partnering healthcare customer base.

CEO CFO: *Do you have an inventory of medications that you are able to provide? Do you actually create the medications?*

Mr. Reeves: We do not create the medications. That is called pharmaceutical compounding, which is another niche in the pharmacy marketplace. It is not considered specialty pharmacy. Our inventory is all FDA approved medications that are manufactured by registered pharmaceutical manufacturers. We procure our medication through proven pharmaceutical distribution channels and maintain an inventory. Maintaining a proper supply channel is very important in the market as counterfeit medications can enter the supply chain if one does not have proper procurement policies in place. We purchase our medications either directly from the manufacturer or from approved licensed wholesalers. We maintain a very tight supply channel.

CEO CFO: *Do you need to vet any of the medications? Do you only work with FDA approved medications?*

Mr. Reeves: We only utilize FDA approved medications. However, we do still do some vetting of the medications we distribute. Not all medications approved by the FDA offer the same therapeutic advantages and we do not advocate for products with a high price tag and low value proposition which contribute to the escalation of healthcare costs. Our mission in dealing with specialty medications is to promote the utilization of products that are demonstrated to improve patient outcomes and deliver value to the healthcare system.

CEO CFO: *The whole process is much more complex than one would think just looking from the outside!*

Mr. Reeves: It is a very complex process that is difficult to see from the outside. There are so many extra components that go into ensuring

proper delivery of specialty medications and providing quality patient care. There are third party accrediting agencies that validate the internal processes and care programs of specialty pharmacies. Manufacturers and payers are beginning to recognize the value of this external validation and limiting their distributors and networks only to include accredited organizations like OptiMed.

CEOCFO: *Would you tell us about your partnership with PMD Healthcare and if that typical?*

Mr. Reeves: Some aspects of the partnership are typical. OptiMed offers some hub services to PMD patients such as patient insurance benefits investigation and access to patient financial resources. These things are seen commonly throughout the specialty industry. Other elements of the partnership are more innovative and atypical. If you look at the patient-centric focus of specialty pharmacies like OptiMed, a large component of our service is related coordination of the patient's care for the disease state as a whole, not just the fulfillment of a medication order. In the case of PMD and OptiMed's partnership we know that patients with lung disorders such as cystic fibrosis, lung transplant, and other pulmonary diseases are frequent utilizers of high cost specialty medications. In addition, these conditions demand high-touch patient-focused care programs to ensure the best health outcomes. PMD manufactures a device called an in-home spirometer that is utilized in these disease states to remotely measure and report a patient's lung function without the patient having to go to a healthcare provider to receive an expensive test. When the patient uses their spirometer, the device uploads the data to a portal that can be monitored by the physician. However, with constraints being placed on physician's time, their availability to review this data is limited. Therefore, we partner with these providers to help augment the care they are able to provide. OptiMed's clinical team of pharmacist and nurses are available to provide monitoring of the data as part of our care plan for these diseases. We identify warning signs or other signals that are indicative of disease progression and alert the provider to intervene. This fits well into our workflow as we communicate regularly with our patients regarding medication and medication related issues. This helps prevent ER visits or hospitalizations which are major contributors to healthcare costs in these disease states. Therefore, this is a mutually beneficial relationship for PMD, OptiMed, and the patients. The partnership works well because PMD, as a manufacturer, needs the infrastructure of OptiMed for direct to patient distribution of their product, and OptiMed has the ability to help coordinate the care and access to their target population.

CEOCFO: *Would you give us an example of what you do at OptiMed that might be different than other organizations?*

Mr. Reeves: A big differentiator is our attention to details. A great example of how this attention to details translates into something concrete is with patient adherence rates. Poor adherence is a huge cost driver related to medication use and it is compounded even more when you look at expensive specialty medications. If you are paying thousands of dollars a month for a medication and the patient is not taking it accurately or correctly it is going to adversely affect the desired outcome. The two industry standards for tracking adherence are percent days covered, or PDC and medication possession ratio, or MPR. Both of these metrics are calculated using claim or billing history. Therefore, they tell you that a claim was billed but not necessarily if the medication was taken or used. This can create the wrong motivation for pharmacies; to

send medication to create better MPR and PDC metrics. With our detailed focus, OptiMed collects data on how many doses of medication the patient actually has on hand at the time of each fill in order to calculate what we call “Clinical Adherence”. There are times when a patient gets a medication and they should withhold it. An example of this is with medications that suppress the immune system, typically in rheumatoid arthritis and psoriasis. Therefore, patients who are sick should withhold the medication because the risk of serious infection. This is a clinically adherent patient even though there may be a delay in billing the claim for their next fill. An example of this detailed approach to adherence equates to better outcomes is with OptiMed’s OptiMize Psoriasis program. We looked at the details of our psoriasis patients and that although MPR and PDC were above the industry standard target, we saw clinical adherence deteriorate in the summertime. UV light is actually an effective treatment for psoriasis and we were able to speculate that through increased sun exposure during the summer patients were experiencing less disease symptoms and were not taking their medication as prescribed. However, although psoriasis is seen on the skin, it is a systemic inflammatory disease and there are cardiovascular and other risks for these patients beyond just the skin manifestations. Therefore, we created a program to intervene; engaging patients, providing more information about their medical condition, and the comorbid risks associated with psoriasis. Through the use of our clinical adherence we were able to gather insight that others cannot see, which allowed us to intervene to reduce health risks and prevent unnecessary medical events.

CEO CFO: *What has changed in your approach over time?*

Mr. Reeves: Over the past three years we have transitioned our approach from a fee service mindset to a value-based mindset. We have to take into account the payer perspective. We are caring for patients with difficult medical conditions and very expensive medications. OptiMed’s objective has to be to ensure those expensive medications are providing value in exchange for the cost they are adding to the healthcare system. We do this by being active members of the patient’s care team; assessing outcomes, communication with providers, improving adherence, and engaging patient’s in their care. We attempt to see the different perspectives of all the stakeholders; the manufacture, payer, provider, and most importantly, the patient. We can look at that whole picture. We connect those dots to try to pull things together that make sense that contribute to providing the most value.

CEO CFO: *What is the competitive landscape?*

Mr. Reeves: The specialty pharmacy marketplace is becoming very competitive. The landscape has shown some pretty good organic growth and a strong pipeline in the past several years; therefore, more business are trying to enter this market space. There are greater barriers to entry than there were 5-7 years ago. These barriers are fueling a significant amount of mergers and acquisitions, creating some consolidation in the market but not enough to offset new entries. A strong pharmaceutical pipeline for specialty medications is creating additional opportunities with manufacturers. Pharmaceutical companies understand that the success of their product relates patient adherence, engagement, and ensuring any risks associated with the medication are properly managed and mitigated—all which are services of a well-designed specialty pharmacy. Manufacturers are limiting their distribution of medications to only a certain number of pharmacies that can demonstrate effective delivery of

these services. A good example of this is with medications used to treat orphan diseases. Orphan diseases are those that affect fewer than 200,000 people nationwide. There are over seven hundred and fifty medications in the pipeline targeting orphan conditions. Many of these medications are approved to treat a disease that may only have few hundred patients in the entire United States with that condition. As such, manufacturers are not going to distribute these products through the normal distribution channels; they are going to utilize a limited distribution network. In this instance, it may only be one pharmacy in the United States. Large and small pharmacies are aggressively seeking to be part of this market space.

CEOCFO: *How do you reach out to potential customers? Is the provider industry aware of OptiMed?*

Mr. Reeves: Outreach and recognition is one of our strategic objectives. We are known regionally, but have less awareness on a national scale. We are starting to utilize more digital media, sales staff, and other public communications venues to reach out to potential customers. In the past our outreach has been direct to provider through relationships and word of mouth. The beginning of 2017 we created the position of Vice President of Industry Relations and Business Development to increase outreach with manufacturer, payers, and other industry stakeholders.

CEOCFO: *We came upon OptiMed as you were recognized on the Inc 5000 list, so clearly business is good. Would you tell us about the recognition and how you continue on the trajectory?*

Mr. Reeves: The recognition has been wonderful! We were ranked 712th out of the 5000 companies that made the INC5000 list. In addition, we ranked 52nd in healthcare related companies and were one of the top 5 specialty pharmacies. Our plan to maintain robust growth is centered around increasing recognition and developing additional innovative programs centered on creating value. To maintain our growth trajectory we have laid out a well-developed strategic plan for where we are going as an organization. As being innovators in the industry, we are continually looking to the future of value-based medicine and making sure our offerings are aligned to the market conditions. We have some key advantages that are likely to help maintain our growth trajectory.

CEOCFO: *What do you look for in your people who are talking with patients, as it is always quite delicate and needs the right touch as well as the knowledge?*

Mr. Reeves: In a word, empathic. People who can put themselves in the patient's perspective and understand the patient's frustrations and feelings as they are being diagnosed with a new condition and prescribed a new treatment regimen. I will say that our HR team has done a really great job with recruitment and our company culture is aligned to allow our employees to fully engage patients. We always focus on the patient first, because as I said earlier, if that patient wins with better health outcomes, all the stakeholders win.

CEOCFO: *Why should people choose OptiMed Specialty Pharmacy?*

Mr. Reeves: People should choose OptiMed for our approach to maximizing value and our attention to details. We are always in a continuous quality improvement mode. We continue to innovate and partner with different stakeholders to ensure cost and value are aligned.