

How Data Analytics Unlock Pharmacy Supply Chain Savings

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Pharmacy costs are continuing to increase, meaning hospitals must implement ways to monitor and control spend. With little to no visibility into the market, hospital leaders may find this to be a difficult task. However, you can make a major impact on your pharmacy expense by tackling two common supply chain struggles: Drug shortages and lack of pricing transparency.

You rely on your GPO contracts to provide market competitive pricing, but how can you ensure your pricing remains competitive in a dynamic market? By failing to continually monitor market fluctuations, you could be leaving substantial savings on the table. Gaining total control over your pharmaceutical spend means using data to provide insight into what you, and your peer institutions, are currently paying for the same or alternative drugs you're currently purchasing. This level of insight will maximize your savings opportunities. Without this knowledge, your hospital's pharmacy supply chain could struggle to keep up with the pack.

Managing the Missing

One of the main drivers of cost for the pharmacy supply chain is drug shortages. When supplies of generic drugs are running low, many hospitals must turn to alternative, and often more expensive, options. If you're not careful, these shortages can have a major impact on your pharmacy's overall expense. The best way to prepare for and to manage expense during drug shortages is to consistently monitor your pharmacy spend and use data analytics tools to learn what others are spending for the same products. Knowing what pricing is available will enable your supply chain to negotiate lower costs.

You Don't Know What You Don't Know

Another factor inflating cost for hospital pharmacies is the lack of pricing transparency. Historically, pharmacy supply chain teams have had no insight into cost savings amongst their peers in therapeutic drug classes, allowing opportunity for variance. The more data and analytics you have, the better your supply chain will be able to improve efficiency and maximize savings.

Where Do You Stand?

Arguably one of the most important items to consider when managing pharmacy expense is volume. Instead of relying on spend trends and benchmarking, hospitals need access to real data to understand where they are overspending and how they can fix it. Analytics that break down spend by account type and therapeutic drug class can help pinpoint exactly where you need to focus your attention. Additionally, data analytics that use unbiased data representing all major GPOs provide the leverage needed to prepare for future contract negotiations. Utilizing reporting tools that show your positioning based on spend and market share are necessary to support your pricing requests when negotiating with suppliers. If you know where you stand against the market, you can identify fair pricing and savings opportunities.

Between pricing volatility during drug shortages and lack of visibility into drug pricing, the pharmacy supply chain can seem uncontrollable. Your pharmacy supply chain team needs to know what they're up against and needs the right resources in order to achieve success. Analytics tools that give your team a clear view of your pharmacy expense, provide the data necessary to compare pricing and prepare them for negotiations are the fuel your pharmacy team needs to significantly impact your financial health and quickly increase your savings and efficiency.

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