

## Decoding Pharmacy Class of Trade

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### **Objectives**





### **Basics of Class of Trade**

#### Clinic – Retail Walk-in

Outpatient facility that provides treatment for routine family illnesses and preventative healthcare services to the general public

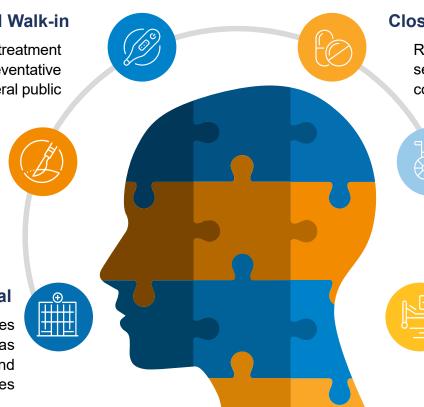
#### **Outpatient Center – Clinic**

Healthcare facility that provides ambulatory services to the general public

#### **Acute Care Hospital**

In-patient facility that provides patients with such services as emergency, intensive care and medical-surgical services

Reference: https://www.iqvia.com/-/media/iqvia/pdfs/us/white-paper/2023/theimportance-of-class-of-trade-in-master-data-governance.pdf



#### **Closed-Door Mail Service**

Retail Pharmacy that provides by-mailservice-only prescription and over the counter drugs to the general public

#### **Home Health Nursing Homes**

Extended-care facility that provides medical nursing or custodial care to people who cannot care for themselves but who do not require hospitalization

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Long-Term Care

Not open to the public and work within the closed communities of LTC-site residents (assisted living, residential care, etc.)



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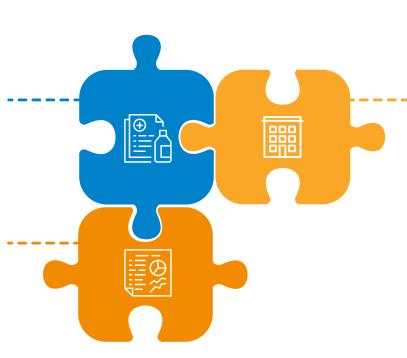
### **Class of Trade: Limitations & Controversies**

### Lack of Standardization & Consistency

COT assignment comes at the discretion of vendor and is based on a variety of factors including DEA numbers, HINs, name, billing, and more

#### Ambiguity & Rigidity

Ambiguity of definition and rigidity of classification leads to suboptimal contracting for GPOs and drug pricing for healthsystems



### Health System Expansion & COT Assignments

One system may have multiple settings (i.e. acute, ambulatory, clinic) but are restricted to one COT through manufacturer/vendor restrictions



### **Class of Trade: Limitations & Controversies**



### **Denial of Eligibility**

Same drug and service may be delivered by a health-system but vendor/manufacturer denies clinic COT



#### Uncompromising

Many vendors/manufacturers refuse to provide agnostic COT even if services are identical



### **Pricing Difference**

Pricing difference has significant impact on facility supply expense and reimbursement margins

COT Pricing	Acute	Ambulatory	Clinic
Drug #1	\$4,192.50	\$6,168.33	\$3,708.31
Drug #2	\$3,762.51	\$3,762.51	\$1,191.24



### Conclusion

### COT is Complicated

Interconnected stakeholders, pricing variations, regulatory nuances, and technological demands converge to complicate the landscape

### Lack of Flexibility

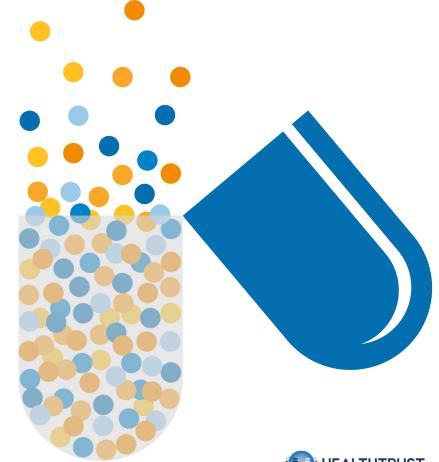
There are benefits, but lack of flexibility from manufacturers around assignment has led to profound impacts on business viability for health systems across the country

### GPO Advocacy

The GPO will continue to advocate for the most fair and equitable pricing for all members

### **Know Your Principles**

Learn and apply COT principals in considerations of facility or system initiatives





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- Senior Pharmacy Director

### **Contact the Pharmacy Team**

- Submit a general request on the HealthTrust website at <u>HealthTrustpg.com/ihp/resources</u>
- Contact Mohammed Elayan, PharmD, Director of Oncology Pharmacy Clinical Services at: <u>Mohammed.Elayan@HealthTrustPG.com</u>



# Thank You

