

# ABSOLUTE SCOOP

## DID YOU KNOW?

- The U.S. currently has nearly 60 million seniors.
- Ohio has 2.5 million seniors (25% of the population).
- By 2030, the U.S. forecast is 72 million seniors.

## 2024 SENIOR CARE OUTLOOK

Written by Kevin Fearon, RPh, MBA Chief Operating Officer

Happy New Year! We hope you all had a joyous holiday season!

Healthcare systems are continuing to face opportunities and challenges with the record breaking growth of seniors that are stressing and changing health care systems across the globe. In the United States, the gray tsunami is upon us with 11,000 seniors a day crossing the 65 year old threshold. The U.S. currently has nearly 60 million seniors, with Ohio at 2.5 million - representing 25% of the population. By 2030, the U.S. forecast is 72 million seniors. These demographics are favorable and offer an opportunity for meeting nursing facilities' census in order to care for these individuals. However, the industry has to overcome two monumental challenges of **securing adequate reimbursement** and **developing a stable and skilled labor force**.

Nursing facilities and pharmacies will be presented with additional volume and demands from the senior population growth, but each are facing critical challenges concerning financial health and sustainability. Long Term Care (LTC) Facilities most important problem is reimbursement, with rebasing that is several years overdue along with other reimbursement reform, including the proposed *Minimum Staffing Mandate* which is irrational and under-funded in facilities undergoing a workforce crisis.

In LTC Pharmacies, there are similar challenges of inadequate reimbursement for prescription drugs from *Pharmacy Benefit Managers (PBMs)* in addition to the *Centers for Medicare and Medicaid Services' (CMS)* rollout of the *Inflation Reduction Act (IRA)*. The IRA is a law that provides benefits of lower drug costs and expanded benefits to Medicare coverage; however, it also recklessly harms manufacturers and pharmacies with severe cost cutting on the most popular and costly medications. The rollout began this year with Insulin capped at \$35.00/month and over the next few years will be followed by an additional 10 medications that have the largest Medicare spend (chart below). The drugs on the list are calculated by the greatest overall dollar spend so it is determined by both price and volume. This will help curb nursing facilities' drug costs.

IRA Phase 1 Drug List 2024-2027

Drug	Use	Medicare Spend	Enrollees
Eliquis	blood thinner	\$16.5 billion	3.7 million
Jardiance	diabetes, heart failure	\$7 billion	1.6 million
Xarelto	blood thinner	\$6 billion	1.3 million
Januvia	diabetes	\$4 billion	869,000
Farxiga	diabetes, heart failure, chronic kidney disease	\$3.3 billion	799,000
Entresto	heart failure	\$2.9 billion	587,000
Enbrel	rheumatoid arthritis, psoriasis	\$2.8 billion	48,000
Imbruvica	blood cancers	\$2.7 billion	20,000
Stelara	psoriasis, arthritis, crohn's disease, ulcerative colitis	\$2.6 billion	22,000
Novolog (several pens)	diabetes	\$2.6 billion	777,000

Source: Centers for Medicare & Medicaid Services

The law has financial benefits to Medicare consumers but has many unintended consequences to drug manufacturers and pharmacies. Pharma has filed multiple lawsuits and anticipates this will become a Supreme Court ruling if a fair and equitable settlement is not obtained. Absolute Pharmacy is participating in finding solutions that are good for all stakeholders and will continue to pursue other initiatives that sustain our lean production management systems while this is being resolved. We all need to acknowledge that the U.S. healthcare delivery system must reform and that the amount spent on health care financing is unsustainable. U.S. healthcare costs represent 18% of the *Gross Domestic Product (GDP)*, which is the highest in the world; however, we rank lower in performance measures.

We believe healthcare businesses must change and commit to reform with lean practices. In light of this, Absolute is focused on two initiatives: **Artificial Intelligence (AI)** and **Verification**. AI is in its infancy stage for pharmacy, and we view it as having very high potential to improve accuracy by increasing throughput while mitigating labor shortages. In LTC Pharmacy, nearly all drug orders are manually transferred from electronic media (PCC, Matrix and others) into our pharmacy operating system, and AI could facilitate parts of this process. We will be experimenting with various tasks suitable for AI throughout 2024 and the future.

Verification is a second initiative that is underway. In November 2023, the pharmacy installed a second multi-dose packaging machine called the SynMed Ultra. This machine can photo metrically capture the geometry, color, and presence of each medication. Defects are presented to the operator to further inspect if a suspected error occurred. The verification system will take us a few years to fully refine, but we are very excited for the potential impact it could have on both quality and production.

Both of these initiatives will assist our 24/7 pharmacy operations by automating tedious process steps that are workforce dependent while enhancing accuracy and timely delivery to patients. These initiatives are steps for our future, recognizing that healthcare reform must occur and the providers that adapt to change and discover best practices to deliver quality will thrive.

**Even in the face of reimbursement and regulatory challenges, we believe reform presents opportunities to become a better pharmacy provider, serving the needs of the LTC community and senior population.**

**Thank you for your continued partnership! We look forward to a prosperous 2024!**

## About the Author



*Outside of work, Kevin enjoys time with his wife, Vicki, his adult children, and grandchildren. He loves pranks and activities including boating, snow-skiing, pickleball, and hiking.*

Kevin Fearon is currently the Chief Operating Officer at Absolute Pharmacy. Kevin joined us in 2011 and contributed to Absolute Pharmacy's expansion of product offerings, technology solutions, and growth of servicing over 10,000 patients. Kevin has broad pharmacy experience beginning his career in hospital and transitioning to institutional practice in LTC for the last 38 years. He held national leadership positions in Best Practice for over 15 years where he interacted with Boards of Pharmacy and automation companies. Kevin is a graduate of The Ohio State University College of Pharmacy and Baldwin Wallace University, where he obtained an MBA. He is the past President of ASCP and Chairman of the Board.

## WHAT IS A NEW YEAR'S RESOLUTION?

SOMETHING THAT GOES IN ONE YEAR AND OUT THE OTHER.



## WHERE CAN YOU FIND COMEDIANS ON NEW YEAR'S EVE?

WAITING FOR THE PUNCHLINE..