Erik Reaveley

Chief Strategy Officer
SRX

In this Voices interview, Skilled Nursing News sits down with SRX chief strategy officer Erik Reaveley to learn how managing pharmacy spend is key during COVID-19, how the right technology can help skilled nursing facility (SNF) operators capture millions of dollars in rebates, and what SNF operators should know about managing rebates during the pandemic.

Editor's note: This interview has been edited for length and clarity.

SRX is a data-driven technology platform for skilled nursing and long-term care facilities. Their technology automates all areas related to pharmacy spend, including rebates, drug utilization, and reconciliation and reporting. Learn more at SRX-tech.com.

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Q: Skilled Nursing News: What stops along your career do you most draw from in your position today as Chief Strategy Officer at SRX?

Erik Reaveley: I was working with workers' compensation before there were pharmacy benefit managers, and I was exposed to all of the different types of pharmacy contracts. I began from the ground floor, calling and working with everyone: community pharmacies, independent pharmacies, and then large corporate pharmacies, Walgreens or Rite Aid or whoever it may be.

From there, I started working on the development of a true pharmacy benefit manager. I was able to rely on my experience within the pharmacy space to develop an understanding of technology and how, when you are able to marry technology with good contracts and clinical capabilities, you can bring products to the marketplace that benefit the payers.

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Based off of all this experience and more, I've been able to bring these management principles to an area that, again, traditionally has been unmanaged.

Q: Skilled Nursing News: In what ways does SRX reduce pharmacy costs while ensuring that the most cost effective medications are selected?

Reaveley: At SRX, we have clinicians, pharmacists and others with experience in the pharmacy benefit world. When we engage with a customer for the first time, we'll pull in all of their data, do a trend analysis, and have our pharmacists sit down with various groups that we're onboarding. We'll convene a P&T (pharmacy and therapeutics) committee, and there we'll identify those areas where they're able to maximize their dollars while also fulfilling clinical needs.

We also identify areas of waste, and help them understand that if two medications have the same efficacy, we can help them select the medication that has the lowest cost profile. We'll never sacrifice quality at the expense of cost, but when facing a choice between two that have the same efficacy, we'll help our customers develop strategies they can implement. We don't have a formulary at SRX — we help our customers develop the strategies to suit them best.

> **Our system is automated. Our program is transparent. They know what they're going to get paid."**

Q: Skilled Nursing News: What is the drug utilization review, and how does it interact with drug formularies?

Reaveley: Drug formularies mean looking at the medications and understanding which ones are the most advantageous based on patient population. Drug utilization reviews look a little more at a granular level. For example, a drug utilization review could put a max date supply in place, or a max quantity in place. It may examine influence and help identify waste.

An influence is a medication that can't be returned. There's a lot of waste there — once the patient's discharged, it's got to be thrown away. We may look at it and help them understand the doses and quantities that are most advantageous. Traditionally, pharmacies will dispense a 30-day supply on generics and a 14- to 15-day via name brands. That's the standard, but that's not always what's best. SNFs may be able to reduce their waste if they were to do a 10-day supply on a name brand or maybe a 23-day supply on a generic. It just depends on what their data tells us.

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Q: Skilled Nursing News: What insight can you provide to operators regarding making pharmacy contract improvements?

Reaveley: First, without seeing an invoice, it's difficult to know what areas that a SNF can improve upon. SRX is a technology company, so we will review all of the data and experience that our customers had over the last six months to a year, and we'll ingest that all into our system and analyze their contracts and help them identify the areas in which they can find improvement.

Maybe they can get some improvement on generics. Maybe they can get some improvement on IVs. Instead of getting all of their OTC through the pharmacy, maybe they can utilize their GPO contracts a little bit better, so that they're using the OTC meds through their house supply versus getting those filled through a pharmacy.

There are a lot of ways we can help our customers understand their pharmacy contracts and thus negotiate something more advantageous. The point is to have a technology backbone that's able to ingest all of the various drug compendiums that are out there.

Q: Skilled Nursing News: How do operators integrate adjudication into their existing pharmacy relationships, and how does it affect contract rates?

Reaveley: Pharmacy adjudication has been in place in the pharmacy world for the better part of 30 years. When an individual goes to the local pharmacy — say, a Blue Cross Blue Shield member going to a Walgreens — they present a pharmacy card. The technician plugs that all into the system. The patient gets their antibiotic filled and magically, it sends back to them that the patient owes a $5 copay and it's on formulary. That's all done through an adjudication system. This is something that pharmacies deal with every day.

When a facility is dealing with Medicare part A, where the facility is paying the bill, they have contracts with their long-term care pharmacy. At some point they sat down with their medical director and clinicians and came up with rules that they want adhered to, but because they're the payer and because the patient is usually only in the facility for about 30 days, there isn't necessarily a pharmacy plan — a card that they can use to adjudicate all of these rules. SRX fills that gap.

We have an adjudication platform, our own bin and processing information. The long-term care pharmacy, when they go to fill that prescription, they're able to submit those claims to the plan online and then bounce off of the rules that that facility has agreed to. SRX is able to provide those same real-time interactions as when a patient's getting their prescription filled through the long-term care pharmacy.

> **"These operators are on the front lines. They are the ones fighting the good fight every day. Our goal is to deliver technologies that make their jobs easier."**

Additionally, we're able to look at therapeutic interchanges and we can make sure that those happen right when the patient's medications are being filled and sent to the facility. Oftentimes, facilities will have therapeutic interchange letters with the prescribers. However, those interchanges don't take place because it's really up to the pharmacy to make sure that they take care and they administer those interchanges. Through adjudication, SRX is able to act as a backstop. If the long-term care pharmacy fails to identify that there's a therapeutic interchange in place, we will send back a message and make sure that those therapeutic interchanges take place.

Q: Skilled Nursing News: What would you say to operators who might be looking at other ways to cut costs?

Reaveley: We talked about formularies and we've talked about cost containment strategies, whether that's our drug utilization reviews, or looking at reconciliation, where at the end of the month we take those reports and identify opportunities for credits.

The third leg on that three-legged stool is rebates, and that's fairly obvious. The intention of rebates is always to get dollars back to the payer of those bills. In this case, that's the facility. They're the group paying for the actual medications that are being administered to the patients. SRX is an obvious way for operators to cut costs. When you factor rebates into that, it helps you identify the medications that have the lowest net cost. Those are real dollars that are going back into the facility's pocket every single quarter.

Our system is automated. We're going to adjudicate the bills and leverage our relationships with the long-term care pharmacy to gather the data that we need to apply for these rebate dollars. We integrate with EMRs and all of the various drug compendiums. We have direct relationships with pharma manufacturers. We use all of these levers to create an automated system that makes the rebate process incredibly easy for operators. At the end of the day, there's not much that the facility needs to do.

> **"When a facility is dealing with Medicare part A, where the facility is paying the bill, they have contracts with their long-term care pharmacy. Because they're the payer and because the patient is usually only in the facility for about 30 days, there isn't necessarily a pharmacy plan. SRX fills that gap."**

Our program is transparent. They know what they're going to get paid. They know when they're going to be paid. We disclose our partners. We help our operators understand what they need to do to maximize those dollars. We've seen their pharmacy bills reduce anywhere from 15 percent to 20 percent. When you're looking at something that is their second or third largest expense on their P&L, those are huge dollars. At times, that can be the difference between being profitable at the end of each month or not.

Q: Skilled Nursing News: Are there other ways in which SRX is bringing innovation to the long-term care marketplace?

Reaveley: Again, SRX is a technology platform, and we continue to reinvest in building capabilities that bring value to our customers. We've developed relationships with pharma manufacturers on vaccine direct programs, where we're able to facilitate opportunities for our customers to buy vaccines for the flu directly from the manufacturer. Facilities aren't just vaccinating or providing flu vaccines to patients. They need to provide flu vaccines to all of their employees as well.

Additionally, and at the beginning of the pandemic, we identified an opportunity to develop a communication platform for the various operators that we work with. That's Bridge, which provides facilities a medium in which they can provide mass communication to not only their employees but to the families of their patients. This mobile application allows operators to send text messages and emails, voice messages, even videos from their phone, to contact lists. There's also an audit function so that they can actually show that those communications have gone out.

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These operators are on the front lines. They are the ones fighting the good fight every day. It's not easy. For the most part, they're doing this through grit. Our goal is to deliver technologies that make their jobs easier.

Q: Skilled Nursing News: 2020, obviously, was a year of unprecedented challenges. What makes you hopeful about skilled nursing in 2021?

Reaveley: Skilled nursing was on the front lines. They didn't get to take a time out and say, "We need to sit back and try to figure out how to manage this mess." Other areas in our society were able to do that. It wasn't easy, but people in health care, specifically skilled nursing facilities, had to take it in stride.

If you look at the ways that people have been able to manage and adhere to all of the new regulations while still providing great care, skilled nursing is paramount to our health care system in the United States. Without skilled nursing and long-term care facilities, our hospitals would be overflowing, or worse, people would go home before they were able to safely care for themselves. It is unprecedented, in terms of the challenges they have faced, but if you really look at what skilled nursing facilities have done over the past year, they have risen to the occasion. I expect that same grit, determination and innovation to continue.