

Home Infusion Market Report



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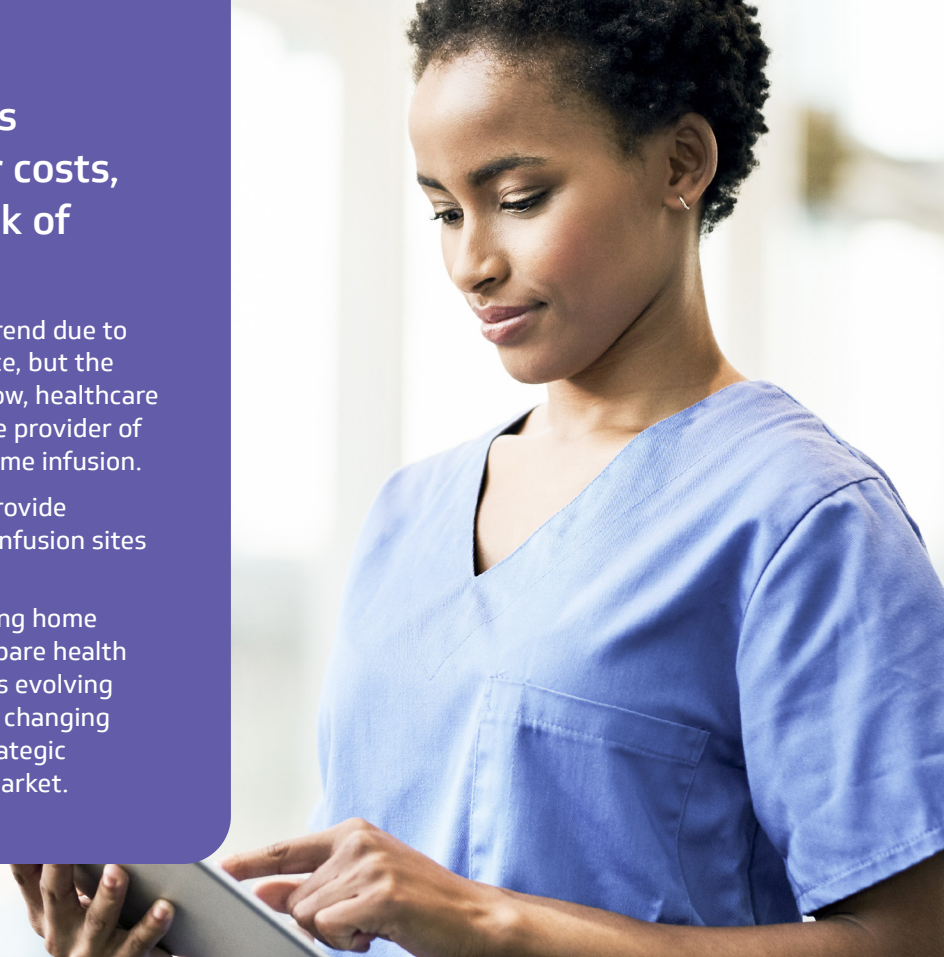
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Services provided to patients in their home allow for lower costs, more timely care and less risk of infections.

Moving services to the home is an ongoing trend due to evolving payer policies and patient preference, but the COVID-19 pandemic accelerated adoption. Now, healthcare organizations have the opportunity to be the provider of choice for many home-based services like home infusion.

Health systems need to have the ability to provide non-hospital based infusions in ambulatory infusion sites or the home.

This report provides insights into the changing home infusion pharmacy practice landscape to prepare health systems and hospitals to be successful in this evolving market. We examine the impetus behind this changing trend, summarize critical issues and offer strategic planning insights for this transformational market.

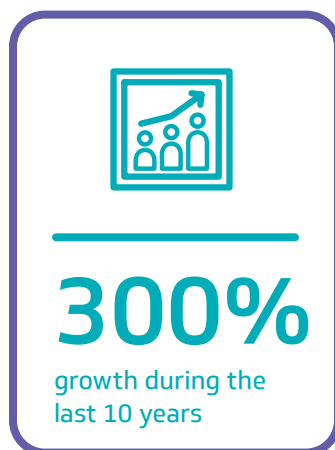


Current U.S. market landscape

Home infusion pharmacy is a \$19 billion dollar industry that has seen 300% growth during the last 10 years, according to the National Home Infusion Association.¹ Currently, this market is dominated by three primary providers who

account for 60% of the market share, with the rest of the market being highly fragmented by more than 974 regional and national providers.²

U.S. home infusion market^{1,3,8}



The increasing availability of drugs for use in the home infusion care setting⁶

550+

drugs in market

280+

drugs in Phase I/II development

~100

drugs in Phase III review

Home infusion therapeutic classes

When discussing home infusion pharmacy, it is important to understand the different therapies and services required to support these therapies. Traditional infusion therapies are generally a continuation of an acute care therapy that was started in the hospital, such as anti-infectives, hydration, parenteral and enteral nutrition and limited chemotherapy.

Specialty infusion is generally started and prescribed from the outpatient clinic or prescriber's practice, such as immune globulin, monoclonal antibodies and other infusion biologic medications.



IVIg products, often used in home infusion, have experienced a 10x growth rate since 1990¹

Key factors driving the growth of home infusion

Demographic and behavioral factors

- Growing geriatric population with decreased mobility
- Increase in immunocompromised patients, pediatric patients and more patients with chronic diseases (e.g., diabetes)
- Rising preferences and popularity for home care²

Cost-effectiveness

- Declining physician-administered drug reimbursement rates driving infusion and specialty drugs into the home and ambulatory settings. This could reduce specialty drug costs by \$4 billion per year.³

Improved access to therapies

- More access to treatment, especially limited distribution drugs, that would otherwise be difficult to acquire due to payer-mandated policies, limited or exclusive distribution as well as trade barriers
- Increase in the diversity of therapies available for home infusion, ranging from nutritional to specialized treatments for chronic and rare diseases in categories such as IVIg and oncology
- Demand for long-term treatments for illnesses that cannot be addressed with oral medications, such as hemophilia

Decreasing length of stay

Many patients remain in the hospital to complete their course of intravenous anti-infective therapy before they can be transitioned to oral medications. Some of these patients can safely be transitioned to home much earlier with an effective home infusion service, lowering the total cost of care.

Site of care insights for administering injectable medications

Developed by the Vizient Center for Pharmacy Practice Excellence, the Vizient Site of Care database identifies the top medications with attributes for safe and effective home infusion use, including route of administration, self-administration, hazardous drug classification, infusion time, benefit type and severe allergic Rxn/ADR.

For more information contact your Vizient representative or PharmacyQuestions@vizientinc.com.

Decreasing hospitalizations and rehospitalizations

Patients who present to the emergency department with many conditions that require intravenous therapies can be diverted to home infusion after clinical assessment. These patients receive robust clinical monitoring from a pharmacist and nurse in the home, which allows them to identify clinical problems early and implement treatment plans with the prescriber to avoid readmissions.

Managing payer site of care restrictions and other barriers

Payers are implementing restrictions on the site of administration for many specialty infusion and injected biologics. These restrictions require the drug to be administered at a lower cost site of care, such as the home, limiting the number of infusions that are authorized in the hospital outpatient infusion center.

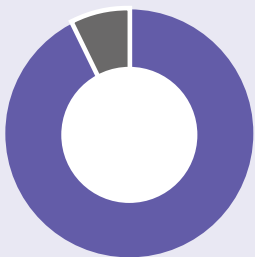
Payers are also limiting their specialty pharmacy networks and increasing the use of prior authorizations for managing the utilization of high-cost specialty infused medications. This results in white bagging from the payer-specified specialty pharmacy. White bagging occurs when insurance companies make coverage of needed patient-specific medications contingent on the medication being distributed from a third party specialty pharmacy versus allowing providers to buy and then bill for the medication and its administration. Home infusion pharmacies often bill to the medical benefit and can avoid some of these payer imposed restrictions.

Proposed expansion of Medicare Part B home infusion coverage

Coverage for home infusion drugs is currently limited to drugs that require an external infusion pump. With the passage of the 21st Century Cures Act, home infusion now covers professional services provided in the home on the days when a nurse is present and administering the medication.

While this expansion is a benefit to the patient, many drugs appropriate for home infusion need to be administered daily between nursing visits. This limits the ability for a home infusion pharmacy to be appropriately reimbursed for these services. Lobbying efforts are underway to expand these benefits. If successful, there is potential for many other drugs to be safely administered in the home for Medicare beneficiaries.

The growing trend of payer-imposed white bagging complicates delivery and dispensing, creates coverage and access barriers and potentially hinders patient care.⁹



92%

According to a recent Vizient member survey, 92% of respondents experienced patient care issues due to problems with medication received through white bagging.

N=143

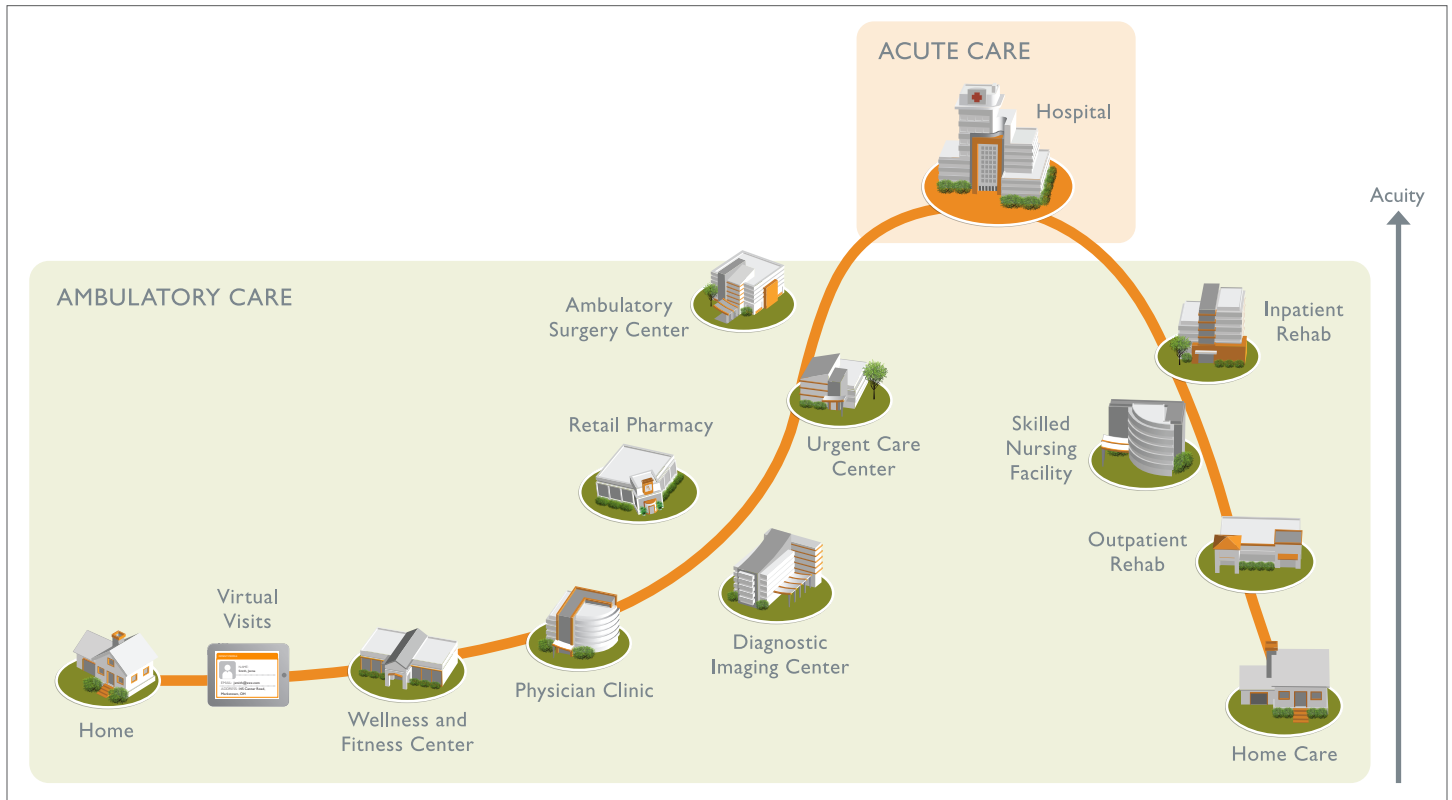


\$310M/YR

Estimated labor expense required to manage the additional clinical, operational, logistical and patient care work associated with white bagging to prevent negative patient and financial outcomes.

Impact analysis of home infusion stakeholders

The following chart depicts the relationship between Acute Care and Ambulatory Care as healthcare transforms into alternate settings.



Source: Sg2 Analysis, 2022

Where is your home infusion ambulatory opportunity?



Expand your market

- Position your organization for home and alternative site infusions
- Work synergistically with payers' site of care policies



Decrease costs for payers and employers

- Provide payers and employers cost savings
- Develop value-based strategies across the enterprise
- Optimize operations aligned with strategic needs of health system and partners



Patient

- Provide alternative site of care options for patients
- Improve patient satisfaction by allowing them to receive treatment in the comfort of their home

Considerations for hospitals and health systems

For healthcare organizations to succeed in the evolving home infusion space, an end-to-end, multi-disciplinary approach is vital. This is required to maintain high standards of patient safety and satisfaction, including continuity of care, and to secure an organization's financial success.

Home infusion services require significant operational and clinical support services, such as:

- Benefits investigation, prior authorizations and payer network access
- Clinical pharmacy services
- Sterile compounding
- Infusion pumps and supplies
- Home delivery
- 24/7 On-call availability
- Skilled IV nursing services direct or through coordination with an outside agency
- Accounts receivable management to ensure payment for provision of care

Opportunities

As the pipeline of specialty drugs increases, health systems and hospitals can look for strategies across specialty pharmacy and home infusion to improve continuity of care for the patient and improve reimbursement and revenue. Home infusion is often billed as a medical benefit, which can help avoid some payer restrictions while also serving as a revenue channel.

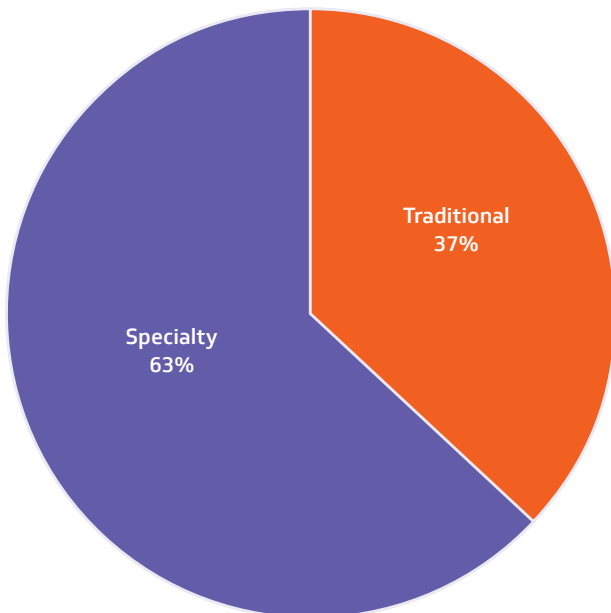


Whether your health system is evolving or creating a home infusion strategy, we can help.

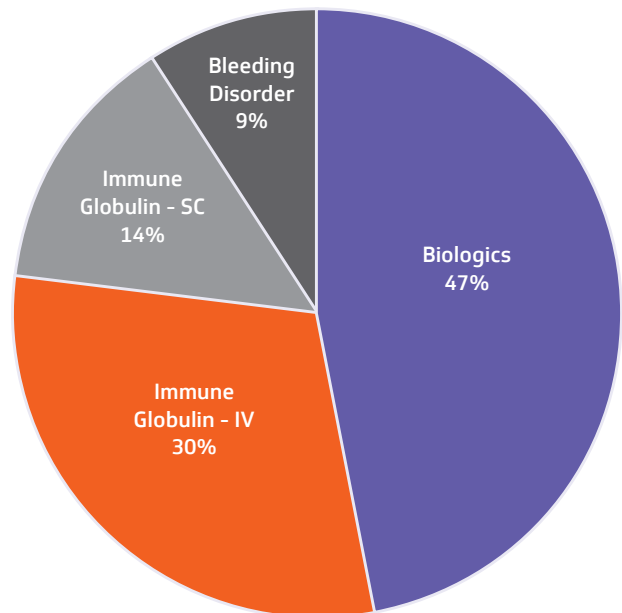
Start a conversation with us to learn more.

9.5% of specialty infusion patients contribute 63% of all revenue for the typical provider⁶

Revenue distribution by typical provider



Specialty revenue by product category



Preparing for a future with home infusion

The time to make investments in home infusion services is now. Hospital leaders responsible for strategy should understand this market shift requires an “all in” approach for end-to-end care. Healthcare organizations who are dedicated to this multi-disciplinary approach will reap the rewards with patients and payers in the home infusion market now and in the future.

How Vizient can help

As leaders, the following questions can help you define how you want to develop your home infusion strategy:

- How will your organization navigate the impact of white bagging?
- Do you have a home infusion strategy that aligns to your overall revenue growth strategy?
- Which payers in your market are implementing site of care restrictions?
- Do you have a strong process to maintain infusion drugs within your system by offering home infusion services?
- Who currently provides home infusion services for your health system? Can this service be insourced or outsourced via a managed services agreement or joint venture to financially benefit the health system?
- Do you have enough script volume to support these services today?
- What investments are you willing to make long-term to stand up home infusion services (e.g., staffing, accreditation, payer contracting)?
- How can your health system incorporate a home infusion strategy into its emergency department transition process, length of stay and rehospitalization initiatives?

Develop your winning strategy

Vizient has home infusion experts and analytics available to help you define your winning strategy.

Vizient experts help evaluate and implement a site of care strategy, key to improving access and ensuring continuity of care across the health system, including:

- Review of current specialty, infusion and home infusion pharmacy strategies and operations to identify areas of efficiency and additional volume capture
- Identify pharmacy services and financial plan required to capture new site of care business opportunities, including review of payer agreements
- Design operations roadmap for new or enhanced services, with fast and efficient infrastructure and workflow implementation including full insourcing and implementation support for health system ownership of home infusion services
- Home infusion contract pharmacy 340B optimization strategy



The Vizient pharmacy advisory team helped one member, a nearly 500 bed acute care facility located on the West coast, capture more than \$4.6 million in infusion pharmacy revenue.

Contact us at PharmacyQuestions@vizientinc.com to learn more and get an assessment of your home infusion strategies and operations.

Vizient home infusion experts



Brian Hardy

RPh, MBA, Associate Vice President, Ambulatory Pharmacy Consulting Solutions

Brian has more than 18 years of experience in the healthcare industry in multiple retail and ambulatory pharmacy market segments. He is responsible for helping healthcare organizations identify opportunities for implementing or expanding ambulatory, infusion central fill and/or home delivery and specialty pharmacy operations. Brian is a member of the Academy of Managed Care Pharmacy as well as the National Community Pharmacists Association.



Steven Kennedy

PharmD, CSP, Senior Consulting Solutions Director

Steven began his career as a home infusion clinical pharmacist and has more than 30 years of healthcare experience in infusion and specialty pharmacy operations. His background includes the oversight of home infusion pharmacies for a national pharmacy where he guided pharmacy services integration during mergers and acquisitions, USP standards compliance, business growth and unique patient care models for limited distribution drugs. In his role at Vizient, Steve helps guide health systems with assessing, optimizing and implementing specialty, infusion and retail pharmacy business lines.

We can help identify and implement your home infusion opportunities to optimize clinical care.

➔ Connect with our experts today at PharmacyQuestions@vizientinc.com.

References

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