

Cutting Drug Costs



Prescription drugs are high on the list of hospitals' biggest expenses. Whenever prices of drugs go up, it's the hospitals that bear the brunt of the increases, as these costs have a direct impact on their budgets.

The Trump administration has promised to take a hard stand against rising drug costs, although no final decisions about healthcare reform have been made just yet. That means it's up to hospitals to manage expenses wherever they can.

To help mitigate the impact of rising medication prices on their budgets and bottom lines, hospitals can try the following helpful strategies:

Explore alternative drugs. Physicians should check for any less costly alternatives that would still be just as efficient and safe for treating a patient's condition. Expensive drugs should only be ordered if the alternatives aren't as effective.

Identify medications that have gotten more expensive. Ask your electronic health records (EHR) vendor or your IT department about the possibility of creating a data analytics tool to highlight medications that have recently increased in price. Pharmacy staff can use this tool to work with clinicians and see if a more cost-effective drug is available.

Negotiate discounts via volume purchasing. Hospitals can opt to buy prescription drugs in bulk through a group purchasing organisation made up of several different facilities and providers. The organisation works directly with drug manufacturers to obtain various drugs at lower costs.

Manage medication inventories. Take a closer look at the drugs kept in supply cabinets. Make sure drugs are being used, and double-check to make sure extra orders aren't being made for medications in high supply. If any drugs aren't being prescribed often, stop keeping them on hand.

Consider extended dating. Many drugs are simply thrown out once their expiration date passes, but some may still be safe for patients. It might be a good idea to partner with an analytical laboratory and check if these drugs are still stable and usable for treatment. (And if you're throwing out large amounts of expired drugs that can't be used, it's wise to adjust your ordering process to reduce waste.)

Use pharmaceutical consignment services. Your hospital may occasionally need certain high-cost drugs that aren't prescribed enough to keep them on hand regularly. In this situation, take advantage of consignment services that'll allow you to have these medications delivered as needed. That way, you won't have to store them in-house and run the risk of them going unused.

Update your practice's EHR to help with smart prescribing. Many EHRs can be customised to give clinicians a "suggested drug list" with cheaper, generic alternatives to costly brand-name medications. Some even rank drugs by price to help physicians make the most cost-effective choices. If this isn't already a feature in your EHR, ask your vendor if it can be included.

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