



Dispensary of Hope Bridges the Price Gap

CHARITABLE DRUG DISTRIBUTION SYSTEM SET TO GROW

GREG POPE

Without insurance or the ability to afford medication, 55-year-old Gary Waller's chronic respiratory disease was worsening. Securing medicine his physician prescribed had proven to be more challenging than accessing a primary care physician.

Sadly, Gary's case is not unique. Millions of Americans lack access to health care coverage resulting in barriers to medication needed in order to remain productive and healthy, with a high quality of life. Due to gaps in preventive care and medication access, these individuals are more likely to develop a health condition, to have a health condition become acute, or worse. The situation is not only costly to individuals and society, it carries an urgent moral and economic imperative to act.

Most urban and suburban communities have agencies and solutions for challenges associated with poverty, including shelters for the homeless, organized distribution systems to address food insecurity, social welfare agencies caring for the endangered and public transit options for those with limited or no means of transportation. Even though they often are misused or abused, emergency rooms also provide a certain degree of medical access.

But access to medicine is a greater challenge. Some patients must prioritize which prescriptions to fill and which to set aside, based on affordability. Some cut pills into pieces to make the prescription last longer, even though cutting the pills reduces the dosage. They may "borrow" medication from friends or family — medicine that may

not be appropriate in compound or dosage.

The inability to afford medicine for oneself or a loved one brings stress and mental anguish — a level of despair that cannot be fully articulated, yet can impede the healing process in acute illness and amplify the effect of chronic conditions.

Big pharmacy and drugstore chains are limited in the ways they can help with drug pricing. Health care clinics for the most vulnerable often are unable to provide the breadth of inventory that covers all of their patients' requirements, and some hospitals lack outpatient retail dispensing capability.

TAXED SAFETY NET

Though the Affordable Care Act increased the number of Americans with health insurance, it wasn't designed as a solution for universal coverage, and now there are questions about its future. Add to this the diminished potency of the federal 340B low-cost drug program, which will exacerbate an already taxed safety net.

The Dispensary of Hope, founded in Nashville, Tennessee, began with a doctor who determined how to gather and donate unexpired sample medications from local physicians to free clinics and pharmacies. In 2007, Saint Thomas Health, part of Ascension, created a business plan to collect



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such sample medications from all over the country and donate them to pharmacies and clinics serving uninsured and low-income persons. The Dispensary of Hope's unusual supply chain helps match need — the lack of insurance and high

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out-of-pocket costs that make essential medication unaffordable for the lowest-income, chronically ill Americans — to a wide-scale collection and distribution system for donated medication, including surplus inventory from drug manufacturers. The product reaches qualified patients via clinic networks and pharmacies that dispense the inventory for free.

Saint Thomas Health pharmacy leader David Neu, PharmD, is credited with the idea of building a network of charitable pharmacies sponsored by not-for-profit hospitals and similar community organizations — a new network to reach the underserved. As a regulatory-compliant domestic supply chain for donated prescription medicine, the Dispensary of Hope provides access to medication for uninsured patients by working collaboratively with drug manufacturers, health systems and other safety-net entities to coordinate access to medication — how Gary Waller eventually received the medication he needed.

ACCESS AND SCALE

The medication access dilemma is not a new problem, but solving it had challenged almost every practical and theoretical intervention. Scale was difficult to achieve due to federal regulations and the complexity of interstate pharmaceutical distribution. A pharmacy is designed to dispense medicine and thus move large volumes of surplus. Volume was needed to make the network practical and efficient.

To be successful the network needed three things: 1) quality and consistency in available donated inventory, 2) collaborative pharmacies willing to serve as points of distribution and 3) in-

vestors willing to fund the innovation. In its early years, it always seemed Dispensary of Hope was simultaneously teetering upon the precipice of greatness or collapse.

The first significant financial support came from the Saint Thomas Health Foundation, and then from a foundation overseen by the Daughters of Charity, its founding sponsor. With additional funding from many philanthropic organizations in Tennessee, as well as from individuals, it was possible to develop of a unique and fully licensed supply chain process powered by the Physician Sample Donation Program.

The network and its strategies changed rapidly and dramatically over the years, but the basic concept of a three-legged stool remained the same. By 2011, the Dispensary of Hope had these strong results:

- Collected and distributed tens of millions of dollars' worth of branded sample pharmaceuticals for those most in need
- Built a physician practice donor network, which has included more than 1,300 physician practices
- Created a state-wide and interregional network of dispensing sites
- Built its proprietary software system to manage inventory, track patient access and ensure pharmaceutical pedigree — a key feature for regulatory compliance
- Delivered a major return on investment to the community, as well as alleviated significant bad debt levels for community hospitals

Financial stability has remained a long-term goal. In 2012, *The Stanford Social Innovation Review* included an article about the Dispensary's work. Alison Lawton, founder of the Mindset Social Innovation Foundation in Vancouver, Canada, was intrigued. She and Graham Dover, the foundation's executive director, made a trip to Nashville and eventually offered both funding and strategic planning assistance.

Dover, a PhD in social innovation, brought keen insight for business modeling, scaling strategy and exposing operational inefficacy that often dooms social enterprise in its quest for sustainability. By early 2014, he and Chris Palombo, CEO of Dispensary of Hope, had drafted a five-year



scaling plan that forecast more than 2 million 30-day prescription fills and the long-elusive financial break-even point by 2020.

Two more major events occurred in 2014: First, The Catholic Health Association awarded the Dispensary its prestigious Achievement Citation at the 2014 Catholic Health Assembly, recognition that further solidified Dispensary of Hope's reputation and propelled its adoption by CHA members.

Second, Ascension decided to make the Dispensary of Hope a national priority, no longer confined to just Saint Thomas Health. Up to that point, Saint Thomas Health had invested time and resources to keep the enterprise solvent as it tested models and worked to gain broad support. Local funders were becoming increasingly reluctant to support a project that was national in scope.

Upon visiting and touring the cramped 10,000 square-foot warehouse packed with donations of branded samples and manufacturer-provided generic medications, Anthony R. Tersigni, president and CEO of Ascension, agreed it was time to take the Dispensary's mission beyond Nashville.

Not only was funding now a national priority for Ascension, Tersigni encouraged us to think more broadly about partners, connecting Dispensary of Hope with The Advisory Board Company, the Society of St. Vincent de Paul's National Council and the Robert Wood Johnson Foundation. The greatest gift, however, has been the manner in which both Saint Thomas Health and Ascension have viewed Dispensary as a national community benefit alliance, freely welcoming all who desire help.

A BRIGHT FUTURE

In 2017, the Dispensary of Hope provided the medicine to fill more than 800,000 prescriptions for uninsured persons across the United States, and the organization plans to fill more than 1 million prescriptions in 2018 — all free of charge. Currently, insulin and inhalers are the two items in the greatest demand, for which we continue to pursue solutions.

Dispensary presently works with 144 charitable pharmacies in 27 states and the District of Columbia. Charitable pharmacy partner sites pay an annual fee, currently \$12,500, to support operating costs such as shipping, and partner clinics and pharmacies can view and order from the Dispensary of Hope's inventory in real time, thanks to a proprietary software system. The formulary

is broad, and Dispensary distributes almost 300 of the most needed medicines and strengths — excluding opiates, similar scheduled narcotics and oral contraceptives — to pharmacies specifically designed to serve those who would otherwise be unable to afford or access the drugs prescribed to them.

Dispensary of Hope has ended its collection of sample medication and accepts its now stable inventory directly from the pharmaceutical industry, with manufacturers and distributors generously taking the lead in serving uninsured, low-income Americans. Additionally, corporate donors receive a tax deduction. Senior leaders from generic manufacturers, pharmacists, social entrepreneurs and representatives from Catholic, non-profit and investor-owned health systems make up Dispensary's national advisory board.

AN INVITATION TO JOIN

Independent research conducted by the Advisory Board Company has shown the investment required to establish and operate a charitable pharmacy enjoys a 3:1 return-on-investment for hospitals. The study reviewed the actual costs associated with 1,000 patients over a three-year period. For every 1,000 patients served, there was an annualized \$600,000 reduction for inpatient and emergency department costs.

Dispensary of Hope is set to grow exponentially in the years ahead as the need for charity pharmacy services increases. As Affordable Care Act provisions disappear, more Americans will go without health insurance. High-deductible insurance plans are creating a new class of "uninsured," whose needs must be considered.

It's not simple to start a new Dispensary, but we have expert staff ready to help. The goal is to add four to five sites each month, and our undertaking resonates with Catholic social teaching and *The Ethical and Religious Directives for Catholic Health Care Services*. As ministries of the church, Catholic health systems are well positioned to optimize this innovation in their communities and carry it forward as sacred work.

Please join us. You can find more information on how to help by visiting www.dispensaryofhope.org.

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JOURNAL OF THE CATHOLIC HEALTH ASSOCIATION OF THE UNITED STATES

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HEALTH PROGRESS®

Reprinted from *Health Progress*, March - April 2018
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