

Medication Purchasing & Inventory Management Strategies & Tips



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Virginia EMS Drug Kit Transition Workgroup

Agenda

- Reminder - Virginia EMS Medication System Tool Kit - <https://www.vdh.virginia.gov/emergency-medical-services/other-ems-programs-and-links/virginia-ems-drug-box-exchange-program-updates/>
- Agenda
 - Inventory Management 101
 - Pricing
 - Purchasing
 - GPO's
 - Shortage Management Strategies
 - Purchasing Pointers
 - Reverse Distributors
 - Open Q&A

Medication Pricing Arrangements Principles

- Increased volume correlates to lower pricing, hence group purchasing organization membership helpful.
- Contract pricing is lower than pricing without a contract.
- There are pricing terms on the product itself, as well as with the wholesaler who provides the service.
- Product pricing is called contract price (if you have a contract). If not, you pay the wholesale acquisition cost (e.g., retail price).
- Wholesaler terms are usually called “cost of goods” or “cost plus/cost minus.” This is the fee that the wholesaler charges for the many processes they provide in handling the drugs.
- If there are middlemen involved, the cost will be higher. Example, “one stop” for drugs and supplies, suppliers will charge more than buying direct from wholesaler, but “one stop” may make sense if drug spend is relatively low.

Drug Purchasing Sources

The largest pharmaceutical wholesalers are:

- Cencora (formerly Amerisource Bergen)
 - <https://www.amerisourcebergen.com/provider-solutions>
- McKesson
 - <https://www.mckesson.com/Contact-Us/Form/Contact-McKesson-Medical-Surgical/>
- Cardinal
 - <https://www.cardinalhealth.com/en/product-solutions.html>

A few Med-Surg suppliers include:

- Henry Schein
 - <https://www.henryschein.com/us-en/medical/c/pharmacy>
- Curascript
 - <https://curascriptsd.com/Newsroom/online-ordering-experience>
- Besse Medical (now owned by Cencora)
 - <https://www.besse.com/distribution-services>
- Boundtree
 - <https://www.boundtree.com>
- Medline
 - <https://www.medline.com>

Other Drug Procurement Options

Retail Pharmacies

Pharmacies are limited by the DEA to less than 5% of controlled substances distributed, compared to what is dispensed via a prescription. This could be an option for agencies that only require small quantities of medications and do not want to pursue contracts or other purchasing agreements.

Buy Direct

Purchase items directly from pharmaceutical manufacturers. Disadvantages to this approach, to include:

- The establishment of multiple accounts/agreements.
- Longer delivery times.
- Additional shipping fees.
- Identification of multiple options to account for drug shortages.
- Numerous invoices.
- Requirement to provide paper or electronic DEA 222 forms to multiple entities

Group Purchasing Organizations

- Multiple entities combine their purchasing power to leverage economies of scale. The GPO will negotiate contract pricing with pharmaceutical manufacturers. Membership in some GPOs is free, while others may have a membership fee. The costs of GPO membership are usually offset by pharmaceutical and supply cost savings.
- Generally, you can only be a member of one GPO.
- The wholesaler you purchase pharmaceuticals from will “load” the pricing of the GPO you belong to in their purchasing portal. Contract pricing may not always load correctly, so verification is recommended.



**Medication Purchasing
Tool Working Group**

- Refer to this document on OEMS website for more information.

Shortages never go away... so prepare

- There is rarely a shortage of expensive, high profit pharmaceuticals. Inexpensive, low-profit ones are frequently in short supply.
- Sterile injectables are in shortage more often than easier-to-manufacture oral tablets.
- Recommendations for preventing or managing pharmaceutical shortages include:
 - Maintain several weeks to months stock on hand.
 - If there are no alternatives, maintain more.
 - This also covers for simple wholesaler stockouts or ordering staff out sick or ↑ pt volume
- When shortages occur, they “spread” to impact the most obvious alternative drugs or dosage forms. “he who hesitates, loses”
- When shortages are significant and at the national level, professional associations and GPOs often recommend alternatives; but they may not be published in a timely fashion.
- When pharmaceuticals go on shortage, wholesalers’ remaining supply is allocated in the interest of fairness.
 - Allocations are usually based on the last ninety (90) days’ worth of purchasing history. It can be beneficial to have history on two (2) different generics, but constantly switching products or wholesalers is not wise, as your agency will not be a preferred customer..
- Use the American Society of Health-System Pharmacists (ASHP) or a GPO as source of drug shortage information. FDA Shortages page- updated too slow to be of value.
- Shortages typically worsen in late November through early January



Pharmaceutical Purchasing Pointers

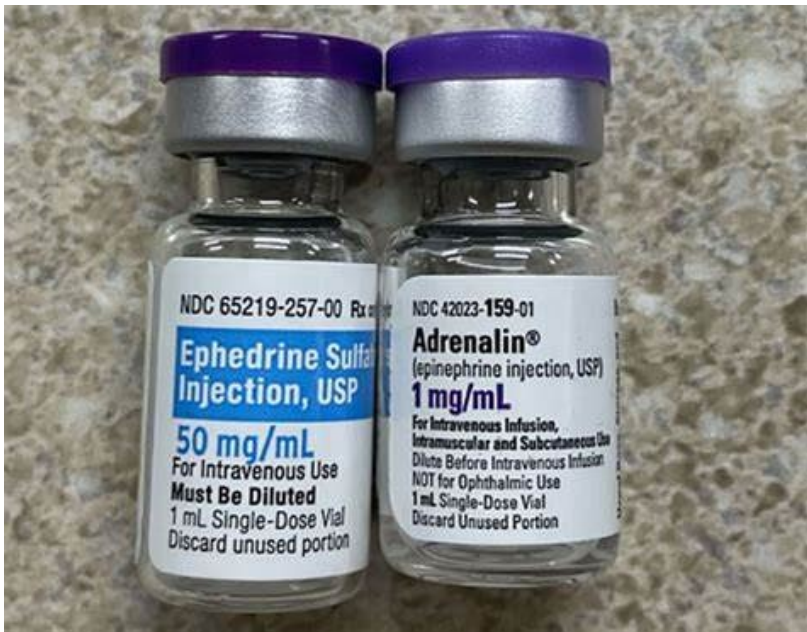
- EMS agencies should establish criteria to guide purchasing, e.g. cost, manufacturer quality, avoiding short-dated product, avoiding waste, minimizing risk of drug error by purchasing vial size close to dose size, consistent vs. least expensive product, etc.
- Consider United States (or comparable country)-based manufacturers over those of geopolitical foes.
- The FDA Orange Book is source for generic equivalents.
- Avoid pharmaceutical delivery to sites that may have no personnel present at time of delivery.
- Validate the Virginia licensing of each supplier on Board of Pharmacy website or ask supplier.
- Drugs obtained at non-profit pricing, can only share/sell to other non-profits, not to for-profit entities.
- Can share/sell no > 5% of controlled substances (CII-V) to another legal entity without getting a Board of Pharmacy distributor license.
- Refrigerated storage vs. Not



Pharmaceutical Purchasing Pointers

- The unique identifier for a particular pharmaceutical product is the NDC #.
- Medication errors can occur when:
 - A different concentration of the product is accidentally purchased (e.g. Ketamine 10mg/ml vs. 100mg/ml).
 - A container volume much larger than the dose to be administered to the patient is purchased (e.g. fentanyl 250mcg/5ml vs. 100mcg/2ml or Magnesium 5 grams/10ml vs. 1gram/2ml).
 - Substitute product administration mechanisms work differently than the regular product (e.g. varying types of epinephrine auto-injectors).
 - Look alike, sound-alike products are purchased, e.g. Humulin R U-100 insulin vs. Humulin N U-100ml).
 - Something previously purchased only in vials is purchased in amps (or vice-versa) without communication to users.
- Wholesalers stock-out sometimes and delivery trucks get stuck in traffic.
- Wholesalers observe major holidays- plan accordingly.
- “Mis-picks” happen on occasion, so confirm that invoice and physical product match, a MUST for controlled substances.
- Product usually returnable for full credit if unopened and within 30 days of purchase, for a lesser credit amount after 30 days.

Look Alike Drugs- Beware



**WARNING:
Paralyzing Agent**



1383405	HST	KETALAR VIAL 500MG 10ML 10		10-18-22		REG	0	42023011410
1457837	HST	KETALAR VIAL 500MG 5ML 10		01-05-22		REG	0	42023011510
3608353	HST	KETAM HCL VL 100MG/ML5ML HIK10 \$ NOV+ EQUIV	NOV3	12-05-23		REG	36	00143950910
3608361	HST	KETAM HCL VL 50MG/ML10ML HIK10	CMT3	12-11-23		REG	85	00143950810
1820554	HST	KETAMIN VL 100MG/ML 5ML HW 10@ \$ NOV+ EQUIV	IND3	10-11-23		REG	82	00409205105
1820604	HST	KETAMIN VL 50MG/ML 10ML HW 10@	IND3	10-24-17		REG	0	00409205310

Reverse Distributors

- Pharmaceutical disposal companies that collect expired or unused medications. These can be schedules II – VI
- Service models vary but can include self-service ship-back and/or on-site representative visits.
 - Example – Schedule II – V may be collected via on-site visit where Schedule VI may be self-ship.
- Transfer of Schedule II medications requires the use of a DEA 222
- Reputable companies can be found on the OEMS website toolkit

Open Q&A

