

For specialty patients, support is paramount

FLINT, Mich. — The journey of patients requiring specialty care is different from that of patients in need of traditional treatments. As the president of Diplomat Pharmacy, the nation's largest independent specialty pharmacy, Gary Kadlec understands the distinction.

Approaching specialty cases takes a higher level of expertise and an extra touch, in Kadlec's view. "The patients themselves can be apprehensive," he says of those needing specialty treatments. "The physicians are busy. The medications have a lot of different side effects and protocols that you have to watch for. The complexity of the specialty pharmacy area is a step higher than what we normally see."

In helping specialty patients battle chronic and rare conditions — such as cancer, multiple sclerosis, rheumatoid arthritis, Crohn's disease, HIV/AIDS, hepatitis C and growth hormone disorders — and by providing access to medication, information and funding, Diplomat works across the entirety of the health care continuum, notes Kadlec.

Most of Diplomat's sales and revenues come from directly servicing patients, he says. "In our pharmacy the majority of prescriptions are going directly to the patient's home," Kadlec says. "We have a few that we send to physicians' offices, but the vast majority are directly to the patient. And the vast majority of our medications are cold chain, which adds a layer of complexity to serving patients."

"We have a complete packing station in the pharmacy that

allows us to know what the temperature is. We know the distance to all of these different locations in the United States. If we're sending something to Tempe, Ariz., we have a packing station and they know exactly how many bricks to put into the cooler. It's not a little envelope that goes out. It's a cooler."

Kadlec says Diplomat's Centers of Excellence model, which ties into the specific nature of specialty pharmacy and the need of specialty pharmacists is what allows Diplomat to deliver that higher level of expertise. "What the Centers of Excellence model allows us to do is to have

a group of pharmacists, technicians and nurses that are trained by disease states," he explains. "It becomes their specialty."

This training, he adds, allows specialty caregivers not only to stay up to date with the latest advances in the specialty industry, but also to be ready and able to react to such events as negative drug reactions or to inform patients ahead of time about bad reactions they might experience from a given medication or treatment.

Each Center of Excellence is focused on a different disease, Kadlec explains. "We have our oncology area, and then we have

our hepatitis area or HIV area.

To stay tuned into what's going on in the pharmacy, Kadlec says he sometimes just sits down and listens to the interactions between the pharmacists and their patients. "That sitting down and listening to those interactions is what makes me love to come in here each day," he says. "Because you can hear in the patient's voice how well we're helping these patients. And how much they appreciate it and how much we care for them."

Kadlec says focusing on patient care is not just about administering medication, but



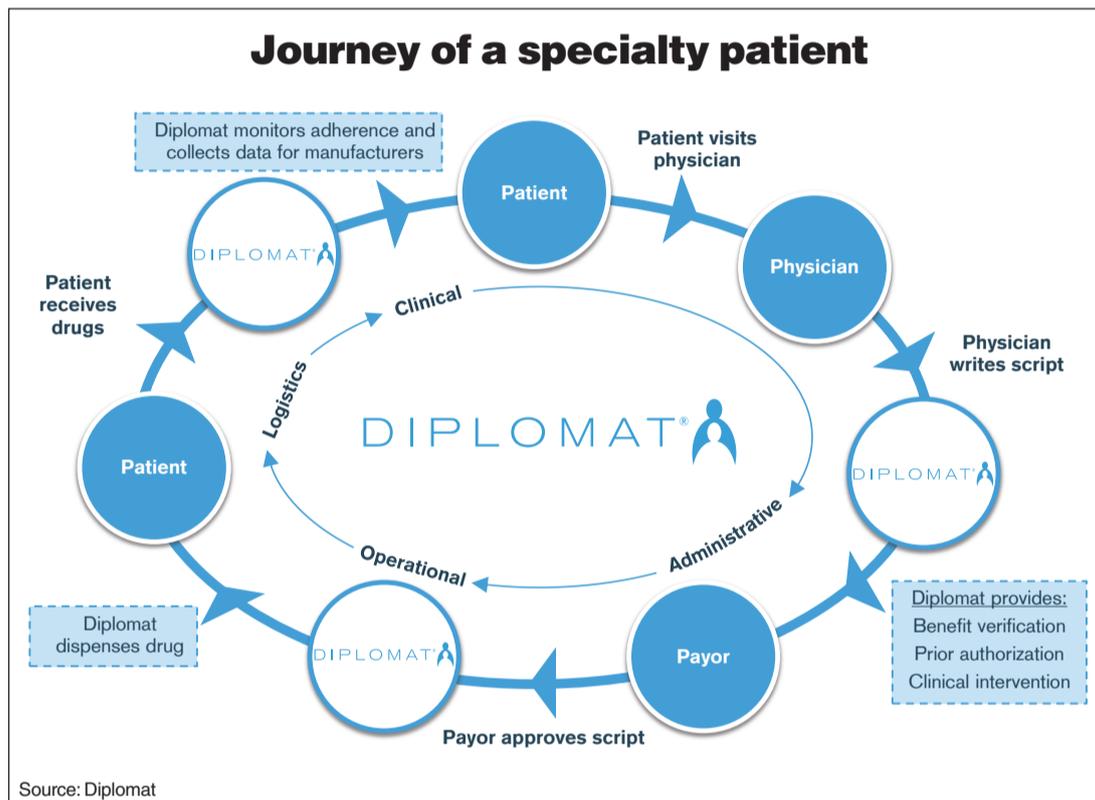
Gary Kadlec,
Diplomat Pharmacy

also about providing patients with more personalized service, so that they don't have to languish on hold while listening to an automated voice, for instance. "We rely on automation and technology to help make the experience easier, but we talk with our patients," he says.

While the proper use of technology can enhance care, the improper use of it can detract, and ineffective care is costly. "What I see as the most ineffective care is not working with the physician, the patient and the family to make certain we have the patient on the proper medication and that we're helping to keep them adherent to that medication," he says.

Kadlec has been president of the company since June 2012, a director since February 2013, and is a member of the audit committee and nominating and corporate governance committee.

From 2004 through 2007, he was the chief operating officer, and, from 2007 to 2011, chief executive officer and president, of excelleRx, an Omnicare company based in Philadelphia and specializing in medication therapy management.



Coordination of care key to controlling cost, quality

FLINT, Mich. — There's no silver bullet for addressing the rising costs of specialty drugs, says Atheer Kaddis, Diplomat Pharmacy's senior vice president of business development, sales and industry relations.

Rather, a multipronged approach, including utilization management based on speedy prior authorization, precertification and step therapy, especially on the medical side, is called for, he says. And becoming more important is site-of-care optimization, which looks at moving patient care from high-cost to lower-cost sites. An example would be moving therapy from a hospital outpatient setting or physician's office to the home. Other cost-cutting measures include formulary management, care management and competitive pricing.

Explaining how care management translates into savings, Kaddis cites Diplomat's intervention with both patients and prescribers. The idea is to make



Atheer Kaddis,
Diplomat Pharmacy

sure that they have the necessary information to stay on therapy when it's appropriate and to know how to respond to side effects. Then the information is coordinated with payor clients through case management nurses.

"It is more of a coordinated care approach," he says. "At the end of the day, by having that coordination among all the stakeholders — the patient, the

prescriber, the health plan and the specialty pharmacy — we can address the quality of care for the patient."

Multiple parties at Diplomat are integral to the coordination. Call center staff members are on the front line working with prescribers and patients. Simultaneously, the company's clinical staff — clinical pharmacists and nurses — are interacting with health plans' case management nurses. And account management staff are dedicated to clients to ensure that the information that's needed by case management nurses is getting to them. They also coordinate all meetings and interactions between Diplomat and health plan staffs.

Further bolstering Diplomat's capabilities was its recent designation as a Preferred Specialty Pharmacy Vendor by the Association for Community Affiliated Plans. ACAP represents 59 health plans covering 13 million lives, as well as Medicaid,

Medicare, the Children's Health Insurance Program and other public programs.

"This is new, and we're very excited about it," Kaddis comments. "Eighteen of these plans are also Medicare special needs plans. And 16 of them have long-term Medicaid coverage. We are honored to be named a preferred specialty pharmacy for ACAP, which allows us to more closely interact with ACAP health plans."

"And they're representing to their health plans that, as they look to contract with specialty pharmacies, Diplomat is one that's endorsed by their umbrella organization. We see this as a tremendous value to Diplomat. It allows us to now reach out to these health plans and share with them what our capabilities are and how we can provide value to their members."

One of the attractions of Diplomat for health plans is its provision of services that are similar to medication therapy manage-

ment for patients with specialty disease states. The company calls the services "drug therapy management" to avoid confusion with medication therapy management, under which pharmacies are paid by Medicare. Nonetheless, the services are very similar to what is being provided under Medicare, says Kaddis.

Diplomat provides drug therapy management without remuneration, because "we see it as part and parcel of our specialty program — as a fundamental part of the dispensing process," he says. "We also provide all of the outreach and clinical support. That's necessary for specialty drugs, because they are very complex therapies."

"Drug therapy management really goes hand in hand with our dispensing of these high-cost, complex drugs."

Kaddis has served in his current role since July 2012, and as a company director since February 2013.