

**McKesson drives value through careful planning, industry-leading services and customized solutions**

The challenges facing healthcare providers today are unlike any in history. Between high insurance premiums, reimbursement pressures, workforce shortages and more, you always need to look for ways to be more efficient and save money, all while improving patient outcomes.

For example, consider these challenge areas that you may face every day.

**Growing Body of Regulations**

- Controlling cost in an environment of falling reimbursement rates and rising regulations is difficult at best
- The Patient-Driven Groupings Model (PDGM) with the introduction of a 30-day payment period puts additional pressure on reimbursements and is expected to begin in January 2020.

**Staffing**

- 1.3 million additional RNs will be needed by 2022\*
- In home health, staff turnover has been reported around 40% and reaching as high as 60% in some areas\*
- Lack of on-site supervision demands more experienced RNs\*

At McKesson, we understand this. Which is why—as an industry leader—we are constantly innovating and developing solutions to help you meet these challenges.

\*Source: Bureau of Labor Statistics' Employment Projections 2012-2022 released in December 2013

**How we helped Encompass Health - Home Health & Hospice save 17-19% on supply spend**



Encompass Health - Home Health & Hospice was facing and dealing with many of the same issues you are.

To prepare for this, they realized one way to increase revenue and overall efficiency was to re-evaluate their supply spend and ordering process.

But first, some background on Encompass Health. They are one of the nation's largest providers of post-acute healthcare services, offering both facility-based and home-based patient care. Encompass operates in 36 states and Puerto Rico through a network of inpatient rehabilitation hospitals, home health agencies and hospice agencies.

**Other key facts about the Home Health & Hospice division include:**


- Encompass Health employs more than 10,000 employees
- *Modern Healthcare's* Best Places to Work has named Encompass Health-Home Health & Hospice to their list for 8 consecutive years
- Encompass Health - Home Health & Hospice has revenue of more than \$930 million and served more than 200,000 patients in 2018
- Their home health and hospice segments are headquartered in Dallas, TX


Given the size and scope of Encompass Health, any change in distributor was going to be a difficult decision and, as they stated, would only be made if significant savings were possible. We immediately went to work on a Cost Savings Analysis and concluded that Encompass could realize savings of 17-19% by switching to McKesson's customizable solutions that:


- Provide lower supply costs with McKesson-branded products
- Ensure the efficient use of all supplies – particularly wound care supplies – to reduce human intervention
- Reduce freight expenses for both routine and patient-specific supplies
- Ensure appropriate delivery quantities to reduce over-supply
- Use McKesson Patient Care Solutions for billing and routing of supplies for managed care patients

Impressed by the savings and synergies put forward by the plan, Encompass made the decision to transfer distributor responsibilities to McKesson. We began our collaboration in May 2018 by developing a comprehensive implementation plan that included 35 cross-functional employees engaged across both companies, including dedicated project leads. We also created a connectivity plan that addressed connectivity between McKesson, Encompass and Homecare Homebase. The plan reached full implementation in only 90 days, going-live, August 8, 2018.


**McKesson was able to maintain the following metrics despite a considerably lower supply spend:**


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**Average of ~29k orders/month**  
Formulary compliance strong at 88%
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**613+ account management touchpoints**  
60-day average for field service teams deployed to agency sites
- 

**98% fill rate**  
On same day orders stock fill rates avg ~ 96.2%

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**92.7% of packages delivered**  
Within two days of carrier pick-up for home health, 93.8% for hospice
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**7,445 of patients routed**  
To McKesson Patient Care Solutions for the most efficient billing and routing of supplies for those patients under managed care plans that will annually reach a savings of ~\$364,000 (August – February)

**Our solutions also included the following best practices training and reporting:**

**Dedicated Support and Training Teams**

- Corporate Accounts Directors
- Clinical Resource Managers
- Project Managers
- Field Service Reps

**Clinical Team Specialized Training**

- Encompass’s Chief Clinical Officer
- In-person trainings conducted with McKesson
- Wound care toolkit and cross reference tool development
- Supplier Education

**Customized Reporting**

- Monthly reporting
- Ad-hoc reports as needed
- McKesson Business Analytics™

**The customized plan netted the following overall operational savings for Encompass Health - Home Health & Hospice:**

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**17-19% of savings**

**How can we help you be more efficient?**

If you would like to learn more about us, and how our customized solutions can help you become more efficient in today’s challenging environment, visit [mms.mckesson.com](http://mms.mckesson.com), or call 877.611.0081.

*“These days, it’s all about doing more with less. I couldn’t have asked for a better partner than McKesson to help me accomplish this.”*

-David Baker, Director of Materials Management, Encompass Health - Home Health & Hospice