

# A 10x ROI for your hospital



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**InstyMeds** revolutionizes patient adherence and satisfaction with its medication logistics system!

*- “Navigating the reimbursement challenges created by the Affordable Care Act to help hospitals maximize their profits.”*

# Executive Summary

## Reduce Free Medication

- Automated dispensing removes the labor and incremental cost of free medication packs. For a 10,000 annual visit ED, savings can start at an average of \$55,851.

## Reduce Unreimbursed Costs

- Higher medication adherence leads to fewer admissions and unreimbursed care for Medicare, Medicaid, and uninsured patients. For a 10,000 annual visit ED, savings can start at an average of \$75,063.

## Retain and Grow Patient Base

- 95% average patient satisfaction translates to patient retention and growth. For a 10,000 annual visit ED, revenue growth averages \$87,108.

## Total Value of InstyMeds per 10,000 annual ED Visits

- The total value of InstyMeds per 10,000 ED visits averages \$218,022 annually.



# Reduce Free Medication

- ED patients often require a medication upon discharge. Facilities use free medication packages to help patients bridge the gap between their visit and a trip to the pharmacy. These medications are often dispensed at a loss to the facility.
- Switching to automated dispensing means a **full course** of medications that can be **billed** to the insurance company.
- The InstyMeds complete logistics system ensures total regulatory compliance and savings on free medication and pharmacy labor.

# \$55,851

savings on free medication  
per 10,000 annual ED visits

\$37,680

• Medication Savings

\$13,171

• Labor Savings

\$5,000

• Regulatory Savings



# Reduce Unreimbursed Costs

- When providers write prescriptions for pick up at an automated dispenser, **patients get medications at a rate as high as 98.5% compared to the national average of 70%.**<sup>1</sup>
- Outcomes are improved, and number of return visits reduced.
- The number of Medicare, Medicaid and uninsured patients that would otherwise be admitted to the hospital with unreimbursed costs is greatly reduced.
- Based on peer reviewed research, automated dispensing of antibiotics can reduce unreimbursed costs for Medicare, Medicaid, and uninsured patients by an average of \$248 per dispense.<sup>2</sup>

<sup>1</sup> DiMatteo, M. R. (2004). "Variations in Patients' Adherence to Medical Recommendations: A Quantitative Review of 50 Years of Research." Medical care 42(3): 200-209.

<sup>2</sup> Moroshek JG. Estimated reduction in unreimbursed costs for hospital emergency departments, utilizing automated dispensing. 2016.

# \$75,063

reduction in unreimbursed costs  
per 10,000 annual ED visits

\$42,519

• Unreimbursed  
Medicare

\$11,784

• Unreimbursed  
Medicaid

\$20,760

• Unreimbursed  
Uninsured



# Retain and Grow Patient Base

- InstyMeds has a 15 year track record of delighting patients nationwide.
  - 98% of patients would use InstyMeds again.
  - 95% of patients are satisfied with InstyMeds.
- When your patients get a complete course of medication upon discharge they will stay loyal to your facility and will share their great experience with friends.
- Stop sending your patients to the competition.

# \$87,108

value of growth / retention  
per 10,000 annual ED visits

\$58,072

- Value of Patient Retention

\$29,036

- Value of Patient Growth

# Total Value of InstyMeds per 10,000 annual ED visits

# \$218,022

total value per  
10,000 annual ED visits

- Utilizing the InstyMeds medication logistics system allows you to reduce wasteful free medication dispensing;
- Increase medication adherence and protect from admission of underinsured patients;
- Differentiate your level of care to keep your patients and their friends from going to a potential competitor.

\$55,851

- Reduce Free Medication

\$75,063

- Reduce Unreimbursed Costs

\$87,108

- Retain and Grow Patient Base

# Economic Value Statement

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Appendix

<b>Reduce Free Medication Provided to Patients</b>			
<b>Medication Savings</b>			
Number of free prescriptions per day	10	Average med cost per patient	\$2.65
		Packaging and label	\$0.85
		10% annual inventory shrinkage	\$967
Minutes of RN labor per drug	10	RN hourly labor rate	\$39.35
			<b>Medication Savings</b> \$37,680
<b>Pharmacy Labor Savings</b>			
Pharmacist cost (oversight)	Daily Hours Spent 0.25	Pharmacist hourly labor rate	\$72.69
Staff cost (stocking, reordering, PMP)	Daily Hours Spent 1.00	Pharmacy staff hourly labor rate	\$17.91
			<b>Pharmacy Labor Savings</b> \$13,171
<b>Regulatory Savings</b>			
Compliance & PDMP reporting	1.0	Labor cost	\$5,000
			<b>Regulatory Savings</b> \$5,000
<b>Reduce Unreimbursed Medicare, Medicaid, Uninsured Patient Costs</b>			
Savings from reducing the unreimbursed costs resulting from return visits and hospitalizations by Medicare, Medicaid & Uninsured patients.		% Eligible pts using InstyMeds	25%
			<b>Unreimbursed Cost Savings</b> \$75,063
<b>Value of Patient Retention</b>			
Sending the patient to a retail pharmacy to fill their Rx after an ED visit means there is a chance of losing that patient to competitive retail clinics, such as Minute Clinic, the next time they seek care.		Weekly patient retention	2
		Average revenue per ED visit	\$1,233
		Future revenue per patient	\$1,861
		Gross profit per patient	30.0%
			<b>Value of Patient Retention</b> \$58,072
<b>Value of Patient Growth</b>			
Growth of patient base resulting from increased patient satisfaction and referrals.		Weekly patient gain	1
		Average revenue per ED visit	\$1,233
		Future revenue per patient	\$1,861
		Gross profit per patient	30.0%
			<b>Value of Patient Growth</b> \$29,036
<b>Total Annual Savings Per 10,000 Visits</b>			<b>\$130,914</b>
<b>Total Value of Growth/Retention Per 10,000 Visits</b>			<b>\$87,108</b>
<b>Value of InstyMeds per 10,000 ED Visits</b>			<b>\$218,022</b>

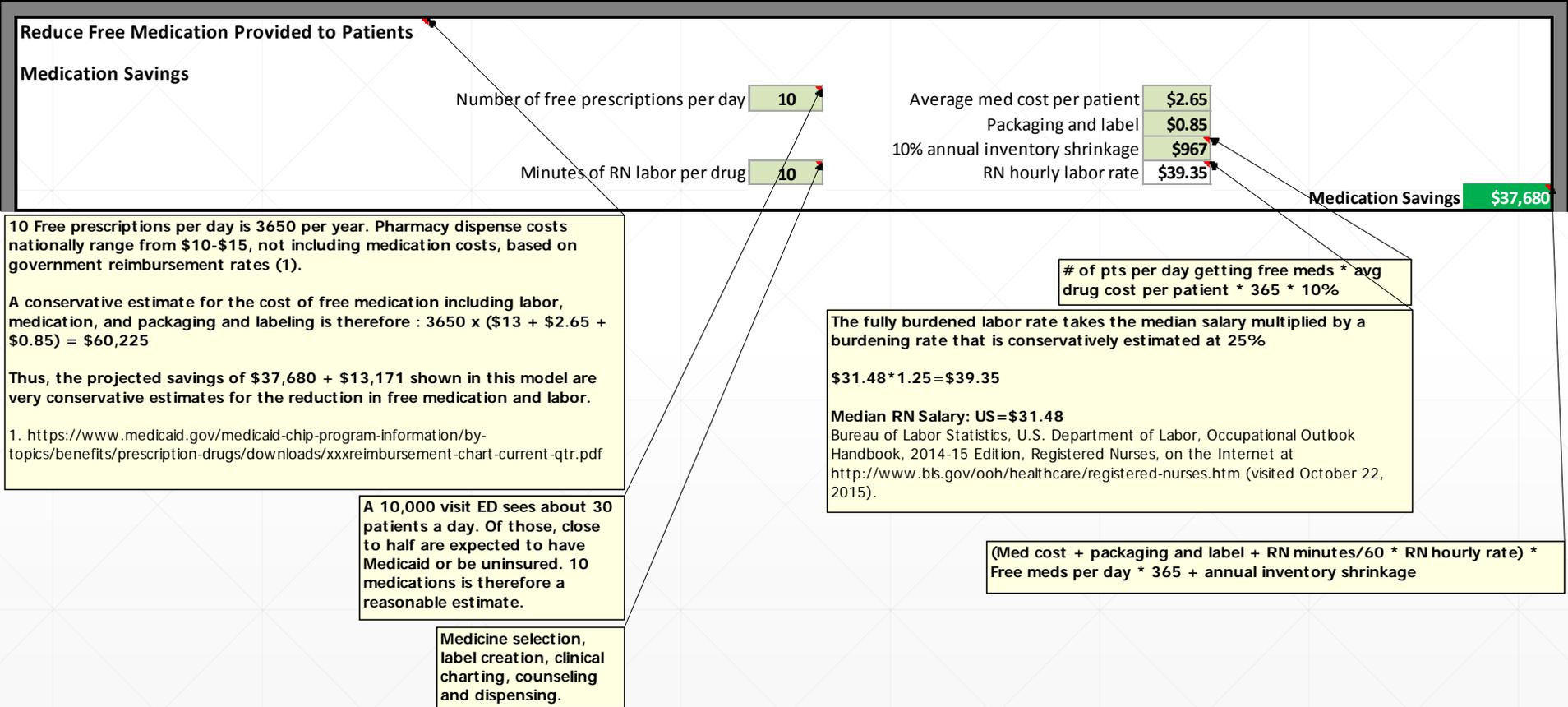


# Reduce Free Medication

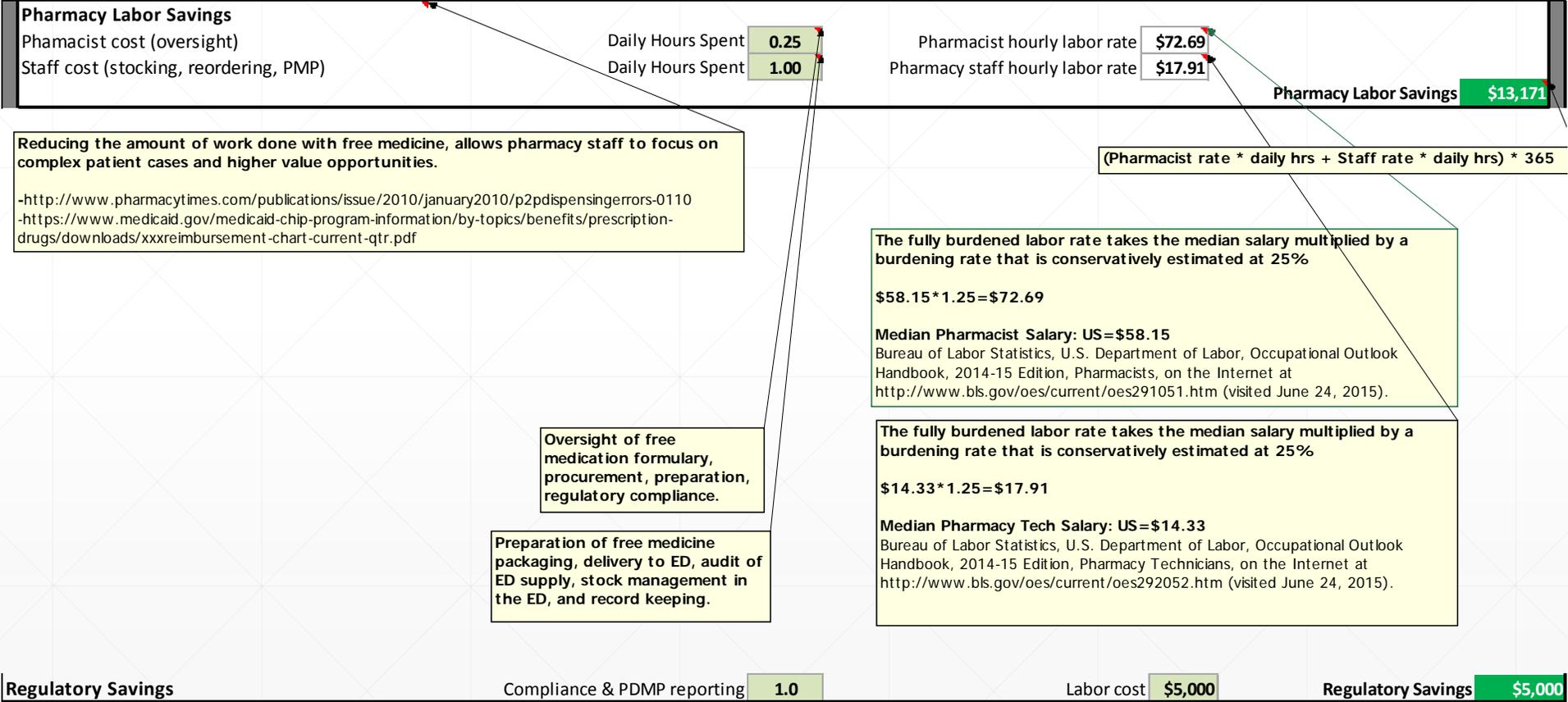
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Appendix

# Reduce Free Medication



# Reduce Free Medication



# Reduce Unreimbursed Costs

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Appendix

# Reduce Unreimbursed Costs

**Reduce Unreimbursed Medicare, Medicaid, and Uninsured Patient Costs**  
Savings from reducing the unreimbursed costs resulting from return visits and hospitalizations by Medicare, Medicaid & Uninsured patients.

% Eligible pts using InstyMeds **25%**

Unreimbursed Cost Savings **\$75,063**

- Based on peer reviewed research, when providers write prescriptions for pick up at an automated dispenser at the point of care, their patients get the medications at a rate as high as 98.5% compared to the national average of 70%. (See: Moroshek JG. Improving primary medication adherence with automated dispensing. 2016.)
- This improves outcomes, and reduces the number of return visits.
- The number of Medicare, Medicaid, uninsured patients, that would otherwise be admitted to the hospital with unreimbursed costs is greatly reduced.
- Based on peer reviewed research, automated dispensing of antibiotics can reduce unreimbursed costs for Medicare, Medicaid, and uninsured patients by an average of \$248 per dispense. (See: Moroshek JG. Estimated reduction in unreimbursed costs for hospital emergency departments, utilizing automated dispensing. 2016.)
- Based on industry averages, a 10,000 annual visit ED can reduce unreimbursed costs by over \$75,000.

If just 25% of all patients eligible for an antibiotic get their Rx through InstyMeds, these are the savings on unreimbursed costs.



# Retain and Grow Patient Base

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Appendix

# Retain and Grow Patient Base

<p><b>Value of Patient Retention</b> Sending the patient to a retail pharmacy to fill their Rx after an ED visit means there is a chance of losing that patient to competitive retail clinics, such as Minute Clinic, the next time they seek care.</p>	<p>Weekly patient retention <b>2</b></p>	<p>Average revenue per ED visit <b>\$1,233</b></p>	<p><b>\$1,233</b></p>	<p><b>Value of Patient Retention \$58,072</b></p>
		<p>Future revenue per patient <b>\$1,861</b></p>	<p><b>\$1,861</b></p>	
		<p>Gross profit per patient <b>30.0%</b></p>	<p><b>30.0%</b></p>	
<p><b>Value of Patient Growth</b> Growth of patient base resulting from increased patient satisfaction and referrals.</p>	<p>Weekly patient gain <b>1</b></p>	<p>Average revenue per ED visit <b>\$1,233</b></p>	<p><b>\$1,233</b></p>	<p><b>Value of Patient Growth \$29,036</b></p>
		<p>Future revenue per patient <b>\$1,861</b></p>	<p><b>\$1,861</b></p>	
		<p>Gross profit per patient <b>30.0%</b></p>	<p><b>30.0%</b></p>	

**Future Revenue of Patient Lost or Gained:**  
 $\$1,233 \times 43.1\% \times 3.5 = \$1,861$

1. Median age of ED patient is 38.
2. Probability of visiting ED is 43.1% annually.
3. Average person moves every 7 years. Therefore, a customer today is expected to stay at an ED an avg of 3.5 years.

**Assumptions**  
 Adding new patients does not increase cost of capital; inflation rate=discount rate

**Sources**  
 1-2. HCUP 2013 ED Data  
 3. Avg lifespan is 79.68 yrs and avg person moves 11.3x in their life. <http://fivethirtyeight.com/datalab/how-many-times-the-average-person-moves/>

**Average ER Visit Cost: US=1,233.**  
 Kliff S. An average ER visit costs more than an average month's rent. 2013. <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/03/02/an-average-er-visit-costs-more-than-an-average-months-rent/>.

Weekly patient retention \* Future revenue value \* Gross profit per patient \* 52 weeks

Weekly patient growth \* Future revenue value \* Gross profit per patient \* 52 weeks

**Hospital EDs have an average net profit margin of 7.8% percent. Incremental gross profit per patient is estimated to be 30%.**

Wilson, M. and D. Cutler (2014). "Emergency Department Profits Are Likely To Continue As The Affordable Care Act Expands Coverage." Health affairs (Project Hope) 33(5): 792-799.

<http://www.beckershospitalreview.com/finance/7-things-to-know-about-emergency-department-profitability.html>



# InstyMeds Corporation

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6501 City West Parkway  
Minneapolis, MN 55344  
866-467-8963

**Founded:** 1999

**International Locations:**

Netherlands, Qatar

**On the web:**

[www.InstyMeds.com](http://www.InstyMeds.com)

[sales@instymeds.com](mailto:sales@instymeds.com)