URAC FIVE-YEAR SPECIALTY PHARMACY REPORT:

MAKING A DIFFERENCE WITH MEASUREMENT

ABOUT URAC

Founded in 1990 as a non-profit organization, URAC is the independent leader in promoting health care quality and patient safety through renowned accreditation programs. URAC develops its evidence-based standards in collaboration with a wide array of stakeholders and industry experts. The company's portfolio of accreditation and certification programs spans the health care industry, addressing health equity, workplace mental health, health care management and operations, pharmacies, telehealth, health plans, medical practices and more. URAC accreditation is a symbol of excellence for organizations to showcase their validated commitment to quality and accountability.

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Advances in specialty pharmacy have given new hope to patients with rare and complex conditions. Just 25 years ago, the term "specialty pharmacy" didn't even exist. In the past decade, the number of drugs in this category has skyrocketed, offering new ways to treat cancer, HIV, hepatitis, Alzheimer's Disease and countless rare diseases. Today specialty pharmacy accounts for more than half of the $600 billion spent annually on pharmaceuticals, and experts estimate that about three in four new drugs under development[1] now qualify as specialty medications.

With prescriptions on the rise and health care spending under greater scrutiny each year, monitoring quality of care in the specialty pharmacy market is more important than ever. While benchmarks exist for consumer satisfaction[2], practice trends[3] and workflow productivity[4] in this sector of health care, there are no industry standards that assess specialty pharmacy performance. This report—which tracks outcomes for a significant portion of accredited pharmacies nationwide over a five-year period—is a step towards establishing those benchmarks.

THE VALUE OF MEASUREMENT

Ever since Florence Nightingale calculated mortality rates to show the impact of sanitary procedures on outcomes for British soldiers[5], measurement has been part of the equation that results in quality improvement. As Nightingale's story proves, it's not enough to record the measurements; meaningful improvement depends on tracking trends and making changes to extend quality care to more people. Measurement plays an integral role in quality improvement and ensuring that patients receive high-value, cost-effective care.

Measurement takes time and effort, and no one wants to just collect numbers without a purpose. URAC purposefully designs its measurement collection to reflect what is important

to the population served—helping providers monitor, raise the bar, and close gaps in quality and accessibility of the care they deliver. Working with providers, payers, patients, and medical associations, the organization aims to select a broad set of meaningful and relevant measures to provide a comprehensive view of quality.

This process elevates accreditation from a one-time seal of approval to an ongoing quality improvement project— strengthening and encouraging accredited organizations to continually work towards greater safety and better health outcomes for patients through performance measurement.

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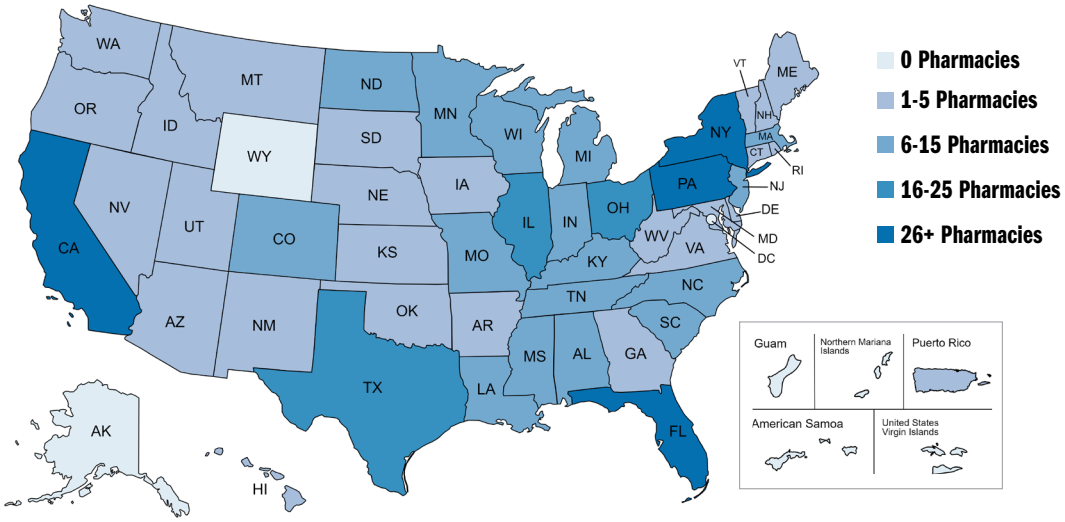
Analyzing that data, URAC has observed several significant trends that demonstrate the quality of care delivered to patients.

WHAT IS SPECIALTY PHARMACY?

Given the size of this health care segment, it's hard to believe the term "specialty pharmacy" didn't even exist 20 to 25 years ago. Even now, no universal definition exists. According to the American Pharmacists Association, "specialty pharmacy[6] focuses on high-cost, high-touch

Number of Reporting Specialty Pharmacies



medication therapy for patients with complex disease states." The National Association of Specialty Pharmacy, founded in 2012, says[7] "a specialty pharmacy is a state-licensed pharmacy that solely or largely provides medications for people living with serious health conditions requiring complex therapies." URAC defines a specialty pharmacy as one that dispenses specialty drugs and provides a high level of patient monitoring and more clinical support than a traditional pharmacy practice.

Specialty drugs include intricate therapies for chronic or complex condition and require special attention in terms of monitoring, dose adjustment, storage, distribution, administration or other areas. Some also require additional data reporting, patient education and other precautions. Specialty drugs also tend to be expensive, with costs ranging from several hundred to several hundred-thousand dollars per dose.

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A huge increase in the number of available specialty medications led to a boom in the industry. According to Drug Channels Institute (DCI), about 900 accredited specialty pharmacies existed in the U.S. in 2018[8]. By 2023, that number had nearly doubled[9], with revenues of an estimated $621 billion. Although growth has started to slow, specialty pharmacy remains an important part of medicine today.

URAC's MEASUREMENT PROCESS FOR SPECIALTY PHARMACY

Each year, URAC-accredited specialty pharmacies report data for services covered under the scope of their accreditation. This includes four mandatory measures: call center performance, dispensing accuracy, distribution accuracy and turnaround time.

URAC's mandatory measures are:

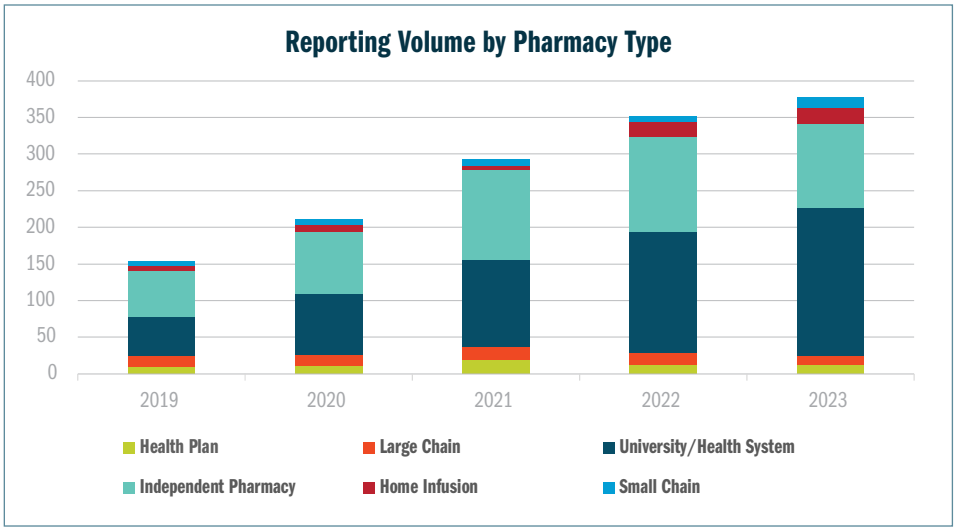
- Call Center Performance
- Dispensing Accuracy
- Distribution Accuracy
- Turnaround Time

Mandatory performance measures undergo an external data validation process that identifies areas of opportunity for improvement and ensures ongoing compliance conformity to program standards. By requiring organizations to submit audited performance measures annually, URAC ensures accurate and reliable data for organization-to-organization comparisons. These audited performance measure results become publicly available via aggregated, de-identified reports.

HOW DID SPECIALTY PHARMACIES MEASURE UP?

For this report, URAC collected data from 451 unique specialty pharmacies and more than 211 million prescriptions. The pharmacies supplying data for this report include independent, large chain and health system-based pharmacies from across the United States. The southern US had the largest number of specialty pharmacy locations included in this report. The west had the smallest amount. From 2019 to 2023, the number of pharmacies reporting data to URAC grew by 29 percent. Over the five years, the largest growth was seen in university/health system specialty pharmacies, with 53 reporting in 2019 and 203 reporting in 2023.

The growth in hospital and health system-based specialty pharmacies seen among URAC-accredited facilities mirrors the trend observed by DCI. According to DCI's 2023 report (available by subscription only), hospitals and health systems accounted for almost one quarter of accredited specialty pharmacies. DCI attributes this growth to increased participation in the 340B Drug Pricing Program, which enables hospitals that serve uninsured and low-income patients to purchase outpatient drugs at discounted prices[10]. The program means that specialty pharmacies serve an important income stream for hospitals and health systems while also increasing access to care for patients with complex medical conditions.



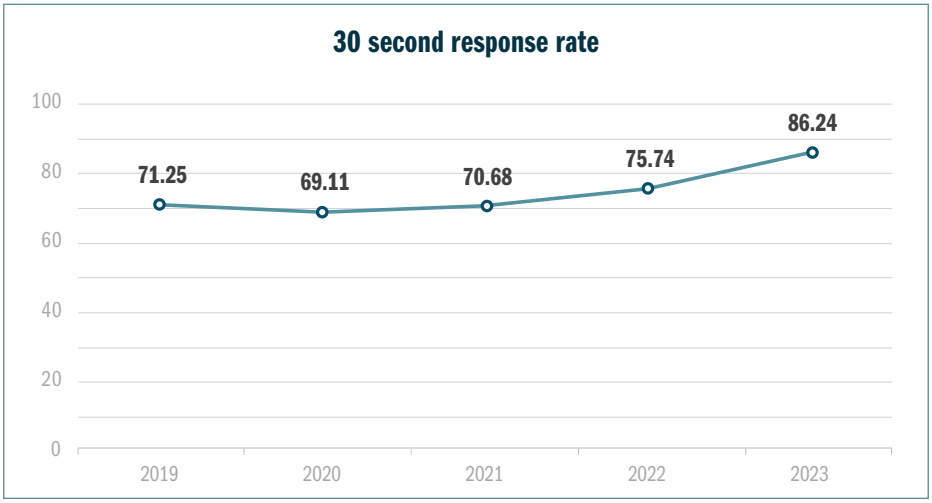
NOTE: Data for the previous year is collected starting in each July. For example, in July 2019, specialty pharmacies reported data for 2018. Therefore, the data in this report reflects the performance of URAC-accredited pharmacies in 2018 to 2022.

Measure: Call Center Performance

Call centers act as the communication hub for specialty pharmacies. Patients contact a centralized number to set up services, ask questions, schedule medication delivery and follow-up on billing questions. These communications drive patient engagement and impact how patients perceive both the ease of access and the quality of care delivered. Quality patient communications start with a quick and compassionate response and accommodate the diversity of the population, including languages spoken and respect for human dignity. And it all starts with how promptly someone answers the call.

URAC assesses call center performance with two measurements: 30-second response rate and call abandonment rate.

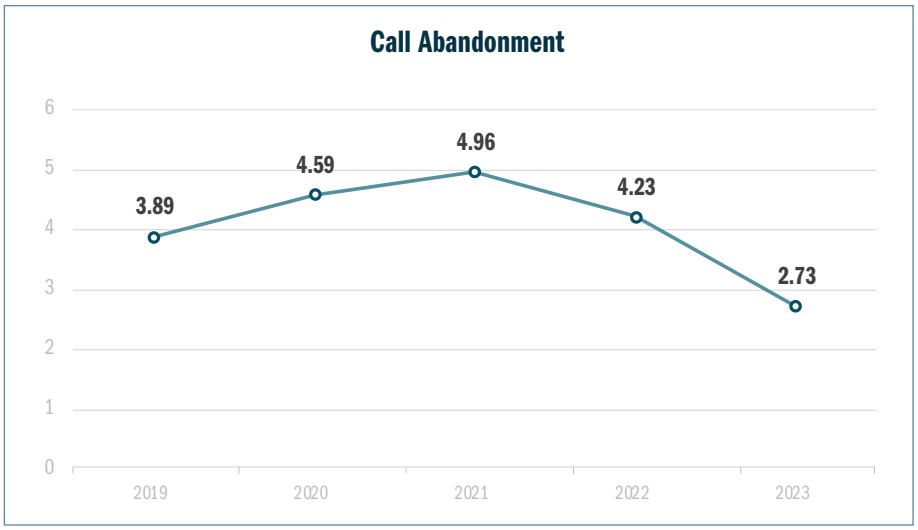
- The 30-second response rate evaluates the percentage of calls during normal business hours to the organization's call service center(s) during the measurement period that were answered by a live voice within 30 seconds.
- The call abandonment rate looks at the percentage of calls made during normal business hours to the organization's call service center(s) during the reporting year that were abandoned by callers before being answered by a live customer service representative.



Over the five-year period, URAC-accredited pharmacies responded to patient calls within 30-seconds 75 percent of the time. This rate of 30-second responses increased over time—starting at a little over 71 percent and improving to 86 percent by 2023.

Call Center Performance

YEAR	NUMERATOR	DENOMINATOR	30-SECOND RESPONSE RATE	# SUBMISSIONS
2019	1,599,642	41,152,180	3.89	192
2020	2,107,513	45,923,929	4.59	246
2021	2,402,248	48,415,627	4.96	282
2022	2,340,028	55,307,438	4.23	361
2023	1,510,530	55,391,526	2.73	384
5 Year	9,959,961	246,190,700	4.05	1,465



NOTE: A lower rate indicates better performance.

About 4 percent of calls were abandoned before being answered by a representative. During the first 2 years of measurement, the call abandonment rate actually increased, indicating that more patients were not able to talk to a representative when they wanted to. However, after a clarification of the definition in 2021, the call abandonment rate fell significantly and now is well below 3 percent.

Call Abandonment Rate

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5 Year	9,959,961	246,190,700	4.05	1,465

Measure: Dispensing Accuracy

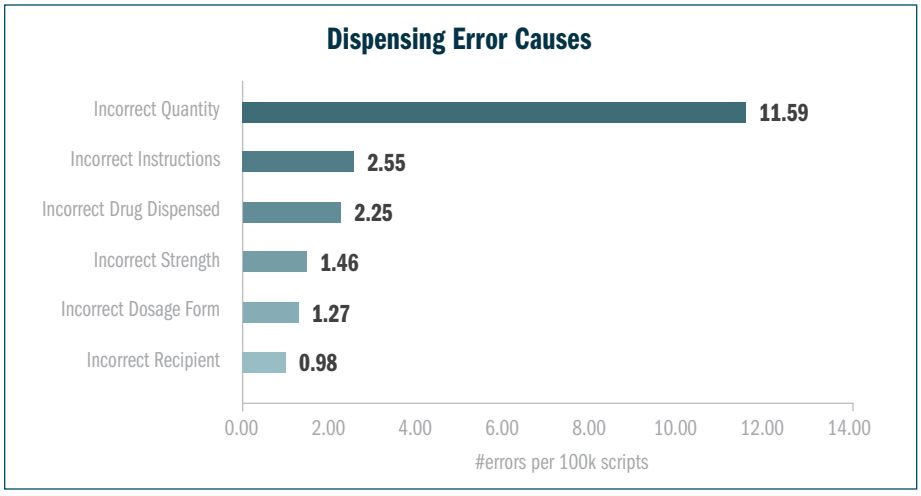
Getting the right medication to the patient is a critical component of quality care. The consequences of a dispensing error can be much larger than a missed dose. Medication dispensing errors can lead to adverse medical events, hospitalization and even death. Although dispensing errors are not common, even a low error rate can add up to a large number of patients affected. And even one such mistake is too many. An article published in The New York Times in 2020 found that understaffed and chaotic workplaces made it more likely that pharmacists made mistakes when dispensing medication[11] for patients. As the specialty pharmacy industry grows and more retail pharmacies get involved, monitoring dispensing accuracy is an important way to ensure quality.

To assess dispensing accuracy, URAC looks at six types of dispensing errors as well as a composite of all six types.

- Incorrect Drug and/or Product Dispensed
- Incorrect Recipient
- Incorrect Strength
- Incorrect Dosage Form
- Incorrect Instructions
- Incorrect Quantity

Looking at the weighted average over the past five years, URAC-accredited pharmacies reported 19 dispensing errors per 100,000 prescriptions dispenses—a rate of less than 1 percent. The leading cause of dispensing errors over the past five years has been incorrect quantity dispensed.

Over the reporting time, URAC has noted a significant (75 percent) and steady overall improvement in dispensing accuracy—from a high of 25 errors per 100,000 prescriptions in 2019 to a low of 15 per 100,000 in 2023. Even better, more than 1 in 5 URAC-accredited pharmacies reported zero dispensing errors.



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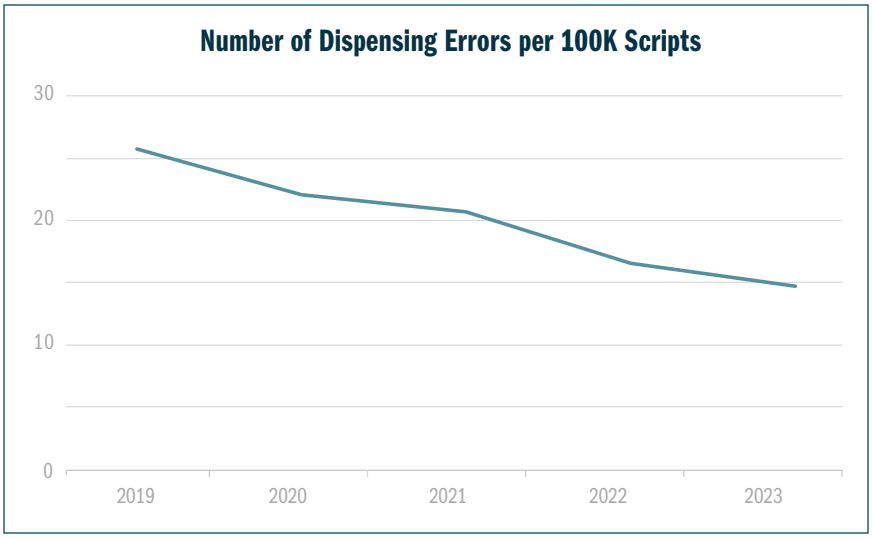


NOTE: A lower rate indicates better performance.

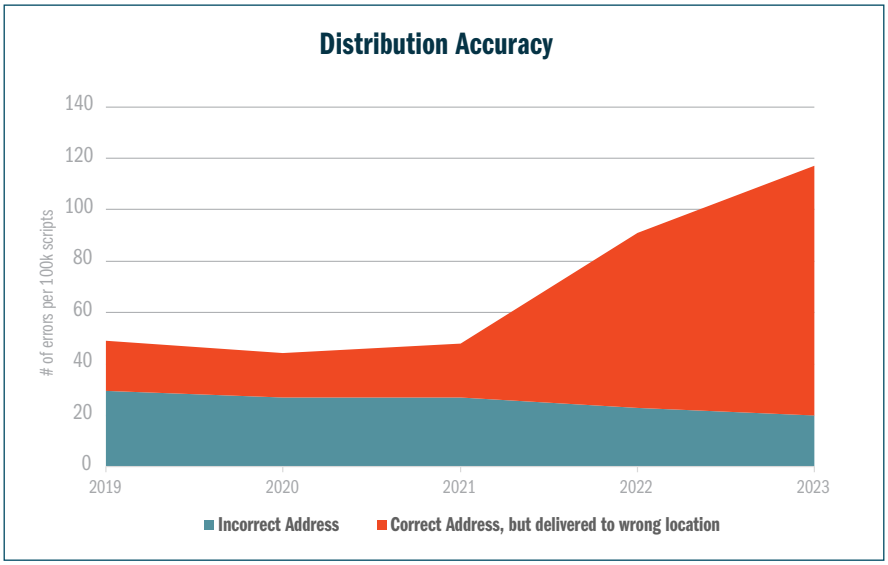
YEAR	NUMERATOR	DENOMINATOR	# OF DISPENSING ERRORS PER 100K SCRIPTS	# SUBMISSIONS
2019	8,993	34,903,892	25.77	210
2020	8,490	38,473,878	22.07	261
2021	8,414	40,565,999	20.74	311
2022	7,966	48,041,107	16.58	376
2023	7,279	49,574,894	14.68	399
5 Year	41,142	211,559,770	19.45	1,557

Measure: Distribution Accuracy

You can't reap the benefits of specialty pharmacy if your medications are not delivered to the right patient. This can happen because the pharmacy doesn't use the correct address for the patient, or it can happen because the delivery service delivers the prescription to an address other than the one on the package. Either way, the patient experiences a delay in delivery and perhaps an interruption in treatment, which can result in patient harm.

URAC assesses distribution accuracy by looking at the percentage of prescriptions delivered to the wrong recipient, measured in two parts individually as well as a composite roll-up. The first part measures the prescriptions mailed using an incorrect address. The second part measures the percentage of prescriptions addressed correctly but not delivered to that location. The composite looks at the total number of incorrectly delivered prescriptions.

Over the five-year period, the distribution accuracy averaged 74 errors per 100,000 prescriptions. However, accuracy declined over the period. Distribution accuracy hovered at about 50 errors per 100,000 prescriptions during 2019 and 2020 reporting years (reflecting performance in 2018 and 2019). Distribution accuracy performance declined significantly with the 2021 reporting year—which reports performance during 2020, the first year of the pandemic.



During 2020, the number of packages shipped in the US increased by nearly 40 percent[12] over 2019 as people ordered more items online rather than shopping locally. Even after social distancing restrictions eased, the number of deliveries has remained high, which could affect shipping accuracy. Interestingly, before the 2021 reporting period, the leading cause of distribution errors was prescriptions dispensed with an incorrect patient address. In 2022

URAC-accredited pharmacies reported an error rate of less than 1 percent in distributed prescriptions.

and 2023, the leading cause was prescriptions dispensed with correct patient address but delivered to the wrong location.

Even with this increase in distribution errors, URAC-accredited pharmacies reported an error rate of less than 1 percent in distributed prescriptions and 23 percent reported zero distribution errors across the five-year reporting period.

Incorrect Address

YEAR	NUMERATOR	DENOMINATOR	# OF DISTRIBUTION ERRORS PER 100K SCRIPTS	# SUBMISSIONS
2019	10,244	34,791,054	29.44	211
2020	10,319	38,479,301	26.82	261
2021	10,886	40,552,532	26.84	311
2022	11,040	47974,080	23.01	376
2023	9,881	49,497,996	19.96	399
5 Year	52,370	211,294,963	24.79	1,558

Correct Address, But Delivered To Wrong Location

YEAR	NUMERATOR	DENOMINATOR	# OF DISTRIBUTION ERRORS PER 100K SCRIPTS	# SUBMISSIONS
2019	6,871	34,791,064	19.75	211
2020	6,703	38,479,301	17.42	261
2021	8,484	40,557,687	20.92	312
2022	32,543	47,974,080	67.83	376
2023	48,113	49,497,996	97.20	399
5 Year	102,714	211,300,128	48.61	1,559

Measure: Turnaround Time

A delay filling a specialty prescription can mean delays in care that can lead to patient harm. The faster a patient receives their medication, the more likely they are to be satisfied with their overall quality of care.

URAC measures turnaround time in the average number of days it takes to fill clean prescriptions and those that require an intervention to fill.

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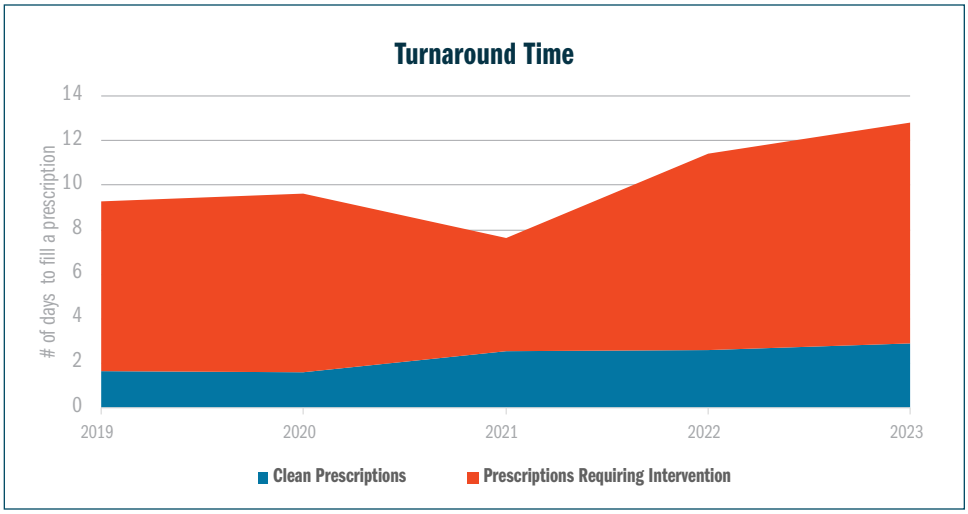
Over the five-year period, it took about five days for URAC-accredited pharmacies to fill prescriptions. Generally, new, first-time prescriptions take longer to fill, because of the need for prior authorization, lab results and other information before dispensing. Refills generally have shorter turnaround times.

In 2021, URAC clarified the minimum 1-day turnaround time for prescriptions received and filled in the same day, rather than allowing pharmacies to express fulfillment in a portion of a day. This led to a small rise in reported overall turnaround time. This, combined with post-pandemic delays in receiving medications from the manufacturer, has led to a trend towards gradually increasing turnaround times. In 2019, pharmacies reported turnaround times of 4.4 days. That dropped to 3.5 days during the next reporting year. However, since 2021 turnaround has increased to an average of about 6 days.



Clean Prescriptions

YEAR	NUMERATOR	DENOMINATOR	#DAYS TO FILL A PRESCRIPTION	# SUBMISSIONS
2019	27,258,425	16,343,139	1.67	157
2020	26,699,328	16,722,928	1.60	220
2021	12,958,213	25,336,879	2.55	269
2022	68,195,892	26,530,850	2.57	339
2023	87,683,342	30,557,676	2.87	361
5 Year	222,795,200	115,491,472	1.93	1,346

Prescriptions Requiring Intervention

YEAR	NUMERATOR	DENOMINATOR	#DAYS TO FILL A PRESCRIPTION	# SUBMISSIONS
2019	10,577,8124	13,939,242	7.59	157
2020	87,905,826	10,978,598	8.01	220
2021	47,201,665	9,320,905	5.06	272
2022	138,337,749	15,669,999	8.83	341
2023	146,909,399	14,810,542	9.92	363
5 Year	526,132,763	64,719,286	8.13	1,353

MAKING MEASUREMENT MATTER

Measurement is an important part of a continuous feedback loop in a culture of comprehensive quality improvement. URAC's measures align with national priorities for health care quality and delivery improvement to ensure safe, effective and efficient care that contributes to healthy communities. By analyzing data, noting trends, and connecting them to the situation at the time, health care providers in general and specialty pharmacies in particular can recognize and address real-world challenges of health care delivery, improve patient safety and satisfaction, and realize the promise of specialty pharmacy.

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