Split Billing Pilot
Oregon Department of Corrections

State and Agency: Oregon Department of Corrections (ODOC)
Award Priority: Fiscal Management
Project Title: Split Billing Pilot
Project Dates: September 2023 through December 2024
Project Size: Small project with Level-1 Oversite
Contact Information: Bridget BARLOW (Bridget.A.BARLOW@doc.oregon.gov)

Project team

- **Project Owner (Business)**
  - Rob Nutt, Chief Pharmacy Officer, ODOC
- **Project Sponsor (IT Services)**
  - Don Pack, Chief Information Officer ODOC
- **Project Manager (IT Services)**
  - Deepthi Vegesna, IT Services, ODOC
- **Other Stakeholders**
  - Health Services management and executive team (medical, pharmacy, budget, nursing)
  - Health Services staff (medical providers, nursing, pharmacy)
  - DOC Financial Services

Executive Summary

- The Oregon Department of Corrections (ODOC) Health Services has successfully implemented an IT software solution to enable pharmacy split-billing, ensuring compliance with regulatory requirements while maximizing cost savings through expanded participation in the federal 340B Drug Pricing Program.
- The 340B Program, established in 1992, requires drug manufacturers to provide outpatient medications to eligible healthcare organizations at significant reduced prices – typically between 25% to 50% off standard pharmaceutical costs.
- Before implementing the Split Billing Pilot project, ODOC pharmacies relied on a manual inventory tracking system using Excel. This process introduced several risks, including accounting errors, compliance issues, and challenges with audit readiness. As a result, ODOC was only able to purchase 12 medications under the 340B program.
- The new split billing system allows ODOC to retroactively determine patient eligibility, significantly increasing both the number of eligible patients and the volume of medications purchased at the 340B discount rate. The pilot project was conducted over a two-year period with a budget of 250K in partnership with a 340B solution vendor.
- ODOC plans to continue these improvements by procuring a long-term split billing solution through a formal solicitation process. This approach will preserve the operational efficiencies and financial benefits achieved during the pilot.
- From October 2024 through March 2025, the project yielded savings of $2,499,599.

Project Narrative - Idea

- Implement cost-saving strategies for ODOC by expanding the use of the 340B Drug Pricing Program beyond the initial 12 medications. This program offers substantial savings, with discounts typically ranging from 25% to 50% on pharmaceutical purchases.
- Ensure ongoing compliance with all regulatory and programmatic requirements set forth by the Health Resources and Services Administration (HRSA) and pharmaceutical manufacturers.
- Enhance patient eligibility tracking to significantly increase the number of patients and medications qualifying for 340B discounted pricing.
- Conduct and deliver annual audit reviews to support transparency, accountability, and continued program compliance.
- Implement the software solution across all DOC 12 institutions (DRCI, EOCI, OSCI, PRCF, TRCI, WCCF, CCCF, CRCI, OSP, SRCI, SCI and SFFC).

Project Narrative - Implementation

- The project was completed in accordance with the rules and guidelines defined by the Office of the State Chief Information Officer (OSCIO) and the Enterprise Security Office (ESO).
- ODOC’s IT Services Project Management methodology and governance are based on PMBOK standards. The software development process followed an agile methodology, emphasizing iterative and incremental development. This approach provided multiple opportunities for business stakeholders and partners to contribute directly to shaping a solution that meets their needs.
- The Split Billing Pilot project has been outlined as 24-month long project with a not to exceed budget of $250,000. This budget encompasses all implementation, on-going services, and licensing costs. The split-billing software solution is implemented across 12 institutions, including DRCI, EOCI, OSCI, PRCF, TRCI, WCCF, CCCF, CRCI, OSP, SRCI, SCI and SFFC.
- The split-billing solution integrates seamlessly with the pharmacy’s prescription processing software, CIPS, enabling automated data communication.
- It also generates detailed reports for auditing accumulations versus dispensations, supporting compliance and oversight efforts.
- The solution provider delivered comprehensive training for the end users, along with initial remote education for pharmacy staff during implementation.
- Ongoing customer support is provided by the vendor, including assistance with onboarding, reporting, auditing, and troubleshooting.

Project Narrative - Impact

- The Oregon Department of Corrections (ODOC) successfully expanded its use of the 340B Drug Pricing Program from 12 medications to all eligible medications, significantly increasing cost savings and program impact.
- The implementation of the split-billing solution automated the process for determining 340B eligibility, replacing the previous manual system. This automation not only improved accuracy but also enhanced operational efficiency.
- Key impacts include:
  - **Increased staff productivity and efficiency** by reducing time spent on manual tasks.
  - **Reduced risk of noncompliance** by minimizing human error in eligibility determination and reporting.
  - **Improved inventory management** through greater access to real-time inventory data and advanced reporting capabilities.
  - **Enhanced cost avoidance** through the ability to compare savings realized before and after the expansion of the 340B program via split-billing.
  - **Strengthened audit readiness** by enabling consistent, accurate audit reporting aligned with compliance requirements.
  - **Fiscal impact:** The project has generated savings of $2,499,599 over a six-month period. Going forward ongoing savings of approximately $ 500, 000 per month. These savings will support additional health service initiatives for AICs.

Project Summary

Milestones

- **Planning start Date**: September 1st, 2023
- **Implementation Date**: October 1st, 2024
- **Completion Date:** December 5th, 2024
- **Project Cost:** $ 250,000
- **Implementation Sites:** 12 institutions (DRCI, EOCI, OSCI, PRCF, TRCI, WCCF, CCCF, CRCI, OSP, SRCI, SCI and SFFC)
- **Savings:** $ 2,499,599 (Oct 2024 through March 2025)

Saving by Month

	24-Oct	24-Nov	24-Dec	25-Jan	25-Feb	25-Mar
Monthly Savings	$37,802	$251,077	$658,769	$589,963	$513,695	$699,370

*__Note:__ Savings for October were lower because only two institutions went live that month, while the remaining ten were activated in November.

Appendix

- DRCI - Deer Ridge Correctional Institution (Madras)
- EOCI - Eastern Oregon Correctional Institution (Pendleton)
- OSCI - Oregon State Correctional Institution (Salem)
- PRCF - Powder River Correctional Facility (Baker City)
- TRCI - Two Rivers Correctional Institution (Umatilla)
- WCCF - Warner Creek Correctional Facility
- CCCF – Coffee Creek Correctional Facility (Wilsonville)
- CRCI - Columbia River Correctional Institution (Portland)
- OSP - Oregon State Penitentiary(Salem)
- SRCI - Snake River Correctional Institution(Ontario)
- SCI - Santiam Correctional Institution (Salem)
- SFFC - South Fork Forest Camp (Tillamook)
- ODOC - Oregon Department of Corrections
- CIPS – Correctional and Inpatient Pharmacy Software
- HRSA – Health Resources and Services Administration
- OSCIO - State Chief Information Officer