

Business Record

11/13/2010 7:00:00 AM

Outcomes Pharmaceutical continues to grow

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When Tom Halterman tells prospective clients he has a business model for reducing medication-related expenses that will also improve the quality of care, he's often rewarded with a healthy dose of skepticism.

"Really, one of our top marketing challenges is the natural skepticism that it's too good to be true," said Halterman, president and CEO of Outcomes Pharmaceutical Health Care LC.

The West Des Moines-based company specializes in working with health insurers and pharmacists to identify and correct medication complications for their patients. A pioneer in the medication therapy management (MTM) industry, the 11-year-old company is now among the leading administrators of these services in the country.



Tom Halterman, CEO of Outcomes Pharmaceutical Health Care LC, expects strong continued demand for medication therapy management services. Photo by Duane Tinkey

Avoidable costs

"What we do is take health-care data from the insurer and 'scrub' that data to look for any duplications or gaps in therapy, or potential treatment failures," Halterman said. "We work with about 35,000 pharmacies throughout the country. We use our system to identify these potential drug therapy problems and distribute these notices to the pharmacies that are part of our group."

Not taking medications properly adds as much as \$290 billion to annual health-care expenditures in the United States, according to a study by the New England Healthcare Institute. That amount equates to 13 percent of total U.S. health-care expenditures.

Halterman estimated that the rapidly growing medication therapy management market currently encompasses about 10 million patients, and that Outcomes serves about one-quarter of that market.

Pharmacies access Outcomes' program and document the consultations they provide to patients using a secure online system, and are paid by Outcomes for consultations that result in a medication change by the patient's doctor.

"We provide an economic business model in order for the pharmacy chains and independent pharmacies to be able to devote staff time to resolving these conflicts with medications," said Halterman, who worked as a pharmacist prior to founding the company. "So we're really getting the pharmacies out of the business of solely selling medications and into the health-care business."

The booming pharmaceuticals industry, combined with an aging U.S. population, is adding up to significant growth for Outcomes. In the past three years, as many other companies have cut staff and suffered losses during the recession, Outcomes has tripled its employee count, revenues and profits.

Identifying problems

Outcomes currently works with about 30 major health plans across the country; one of its largest national clients is Humana Inc. It also has contracts with several Blue Cross and Blue Shield (BC/BS) associations, among them the BC/BS plans in Delaware, Hawaii, Maryland and Washington, D.C.

In June, the company's 27 employees moved from a 2,800-square-foot space in the East Village to a 10,000-square-foot office suite in the Village of Ponderosa. A month later, Outcomes landed its largest Iowa client – the state government.

"For a lot of years, the vast majority of our business has been outside the state of Iowa, so we were excited to get a large in-state client like that," Halterman said.

In just its first few months working with the state of Iowa, Outcomes has identified approximately 12,000 drug-therapy problems for state employees, which has already saved the state more than \$1.25 million, Halterman said. "Thus far, for every dollar the state of Iowa is investing in the program, they're saving \$4 in unnecessary drug-related costs," he said.

Halterman said his company guarantees clients that "we will generate savings in drug costs at least equal to what they spend on our program, or we will refund it back to them."

Overall, Outcomes has notified pharmacists of more than 1 million drug therapy problems through its Targeted Intervention Program, which it introduced five years ago.

Mike Case Haub, pharmacy manager at Hy-Vee Inc.'s Mills Civic Parkway store, said Outcomes is enabling pharmacists to better utilize their drug knowledge. "It's actually placing a value on that service that you are doing," he said. Case Haub, who previously worked at a Hy-Vee pharmacy in Cedar Rapids, has used Outcomes' system for nearly eight years.

In addition to conducting medication reviews for about 200 state employees who use that location, the pharmacy also makes follow-up phone calls to patients with new medications to see if they are experiencing any side effects. If they are, Case Haub said, "we tell them, 'Let us call the physician for you to see about another medication.' That saves a lot in health-care costs because the patients don't have to make another doctor visit."

Growth area

Though 80 percent of the insurance groups Outcomes works with are Medicare groups, commercial insurance is a growing area of the business, Halterman said.

"It's got a very heavy penetration in the Medicare market right now, and it's slowly penetrating into the commercial market," he said. "We're seeing Humana move more and more of their commercial groups over to us."

For the past decade, Outcomes has contracted with LightEdge Solutions Inc. and Spindustry Interactive Inc., for its technology needs, which has been key to its ability to land major clients, Halterman said.

"We're a B-to-B (business-to-business) type of business, and we're a very small B who contracts with very large B's," he said. "Companies like Humana don't want to put their HIPAA-protected health information at risk, so they need true enterprise-grade data systems."

This year, Outcomes has experienced a great deal of growth, "and we're anticipating another strong year in 2011," Halterman said.

"Pharmaceutical companies are bringing new drugs on the market every day, and medications are a very cost-effective, non-invasive treatment option that has become our country's preferred first-line treatment. That and an aging population means we're going to see more demand for medication therapy management services."