



# MMCAP

*Government  
Serving  
Government*

Lunch And Learn  
May 2013





# WHAT IS MMCAP?

- © Minnesota Multistate Contracting Alliance for Pharmacy
  - © MMCAP's mission: Ensure best value for pharmaceuticals and health care products and services to government facilities across the nation.



# WHAT IS MMCAP?

- ⊙ Voluntary group purchasing organization for government facilities that provide healthcare services
  - ⊙ A pure cooperative (all members share equally in benefits)
- ⊙ Operated by the State of Minnesota
  - ⊙ 1985 - cooperative purchasing venture between Minnesota and Wisconsin
  - ⊙ MMCAP does not receive funding from the State of Minnesota or from any government source



# WHAT IS A GPO?

- © A group purchasing organization (GPO) is an entity that helps healthcare providers – such as hospitals, nursing homes, and home health agencies – realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors, and other vendors.



# MMCAP MEMBERS

## Composition

- ◉ 46 member states plus the Cities of Chicago and Los Angeles
- ◉ Typical Facility Types
  - Public Health
  - Student Health
  - Nursing Facilities
  - Hospitals/Clinics
  - Corrections
  - Mental Health
  - Substance Abuse Treatment Facilities
  - Facilities for Developmentally Disabled
- ◉ Membership is open to entities such as state agencies, counties, cities, school districts and public higher education facilities.



# MMCAP STATE CONTACTS

- ◎ Two representatives from each state
  - ◎ Act as liaison between MMCAP and its members
  - ◎ Give each state a voice in MMCAP operations
  - ◎ Review membership applications and eligibility
  - ◎ Assist with RFP strategy, content, evaluation and response (e.g., pharmaceuticals, wholesalers, and other products and programs)
  - ◎ Manage state participation requirements (e.g., RFP notifications, contract awards, etc.)
  - ◎ Evaluate pharmaceutical proposals for contract awards at National Member Conference



# MMCAP ADVISORY BOARD

- ◎ Eight member-elected representatives
  - ◎ 4 Pharmacy representatives
  - ◎ 4 Procurement representatives
  - ◎ Chairperson appointed
- ◎ Voice of membership
- ◎ Aid in setting strategic direction that is aligned with its members



# MMCAP BENEFITS

- ⊙ Reduced Costs for Products and Services
- ⊙ Membership is Free!
- ⊙ Wholesaler Shareback Credit
- ⊙ Professional Staff
- ⊙ Local Representation (each state has Pharmacy and Procurement MMCAP contact)
- ⊙ Member-Controlled Formulary (members have freedom to purchase any product)
- ⊙ Advisory Board
- ⊙ Industry Contacts
- ⊙ Minnesota procurement guidelines fit states' procurement requirements

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# CURRENT PROGRAM OFFERINGS

- ⊙ Pharmaceuticals (Rx, OTC, Vaccine)
- ⊙ Vials and Containers
- ⊙ Pharmaceutical Wholesaler (Distribution) Services
- ⊙ Returned Goods Processing
- ⊙ Pharmaceutical Invoice Price Auditing
- ⊙ Clinical Pharmacy
- ⊙ Influenza Vaccine
- ⊙ Emergency Preparedness
- ⊙ Specialty Distribution
- ⊙ Failure to Supply (Recoup \$)
- ⊙ Drug Testing Kits
- ⊙ Dental Supplies
- ⊙ Medical Supplies
- ⊙ Laboratory Supplies

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# PHARMACEUTICAL WHOLESALEERS

- ◎ States choose from several contracted wholesalers
  - ◎ AmerisourceBergen (National)
  - ◎ Cardinal (National)
  - ◎ Morris & Dickson (Regional)
  - ◎ H.D. Smith (Regional)
- ◎ One-stop shopping for pharmaceuticals, vaccines, OTCs, etc.
- ◎ Sell products at the price MMCAP negotiates with its contracted manufacturers



# MEDICAL SUPPLY PROGRAM

## ⊙ Contracted Vendors:

- ⊙ McKesson Medical Surgical
- ⊙ World Medical Government Solutions
- ⊙ Medline
- ⊙ Cardinal Health
- ⊙ Henry Schein Medical



# MEDICAL SUPPLY PROGRAM

- ◎ The MMCAP Value Proposition includes:
  - ◎ A market basket of nearly 1,000 core items that are competitively priced, brand name products.
  - ◎ A complete catalog of offerings, by category, with a wide range of discounts.
  - ◎ Ten percent to 13 percent overall value improvement opportunity for members
  - ◎ Additional savings may be attained through:
    - Private Label Equivalents
    - Federal Supply Schedule Pricing
    - Potential volume discounts.

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# MMCAP SHAREBACK CREDIT

- ◎ Administrative fees from vendors are returned to MMCAP members annually as a wholesaler credit.
- ◎ Vendor administrative fees are collected by MMCAP for its efforts in:
  - Consolidating and maintaining membership
  - Contracting and negotiating with manufacturers
  - Contracting with wholesalers for distribution
  - Administering and maintaining contracts
  - Resolving issues between vendors, members and wholesalers
  - Managing a common set of terms and conditions

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# MMCAP SHAREBACK CREDIT

- ⊙ MMCAP does not collect any fees from its members
- ⊙ A portion of vendor fees are used to fund MMCAP operations
- ⊙ 100% of unused vendor fees are returned to MMCAP facilities
  - ⊙ MMCAP returns a much higher percentage of vendor administrative fees to its members versus other GPOs
  - ⊙ Amount returned is based on contract purchases
  - ⊙ Fees are returned directly to the facility as a wholesaler credit
  - ⊙ MMCAP is a not-for-profit GPO



# ENSURING MMCAP'S SUPERIOR PRICING

- ⊙ Pharmaceutical Contracting
  - ⊙ Cycle is July 1 through June 30; New contracts in place July 1, 2011. New generic contracts in place July 1, 2013.
  - ⊙ Generic every 2 years; Brand every 4 years
- ⊙ Aggressive price negotiations throughout contract term
- ⊙ Leverage member volume purchases
- ⊙ Monitor off-contract purchasing to identify products that should be added to contract.
- ⊙ Open and fair competition following Minnesota procurement laws and policies



# MMCAP COMPLIANCE

## Maximizing Contract Adherence and Savings

- ⦿ MMCAP member notified of contract product availability at point of ordering product
- ⦿ MMCAP member access to online wholesaler reporting
  - ⦿ Off-contract when contract product available (including lost opportunities)
- ⦿ MMCAP staff monitor off-contract purchasing
  - ⦿ Reports identify savings opportunities
  - ⦿ Reports identify products that should be added to contract

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# MMCAP COMPLIANCE

## Maximizing Contract Adherence and Savings

- ◎ MMCAP team dedicated to assist with all data and analytical needs for the state's facilities
- ◎ Failure to Supply
  - ◎ Recoup lost savings from manufacturers and wholesalers for off-contract purchases where contract product is unavailable



Thank you for listening!





# MMCAP: QUESTIONS

## Questions?

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