



CASE STUDY

CHILDREN'S NATIONAL HOSPITAL

Children's National Hospital Implements Creative Solutions to Improve Financial Strain, Labor Shortages and Access to Affordable Medications Through Building an On-Site Specialty Pharmacy

With a robust in-house specialty pharmacy program optimizing 340B savings, Children's National Hospital would be able to remove reliance on contracted pharmacies, launch their own outpatient specialty pharmacy program as a new service line, improve access to affordable medication, reduce the administrative burden on clinical staff and improve patient outcomes, all while building a sustainable asset and lasting legacy for their health system.

OVERVIEW

Children's National Hospital, located in Washington D.C., is a pediatric academic health system, serving children and families with complex medical conditions for over 150 years. Housing 323 acute care beds and ranked one of the top five best children's hospitals in the nation, Children's National Hospital delivers care to the surrounding metropolitan area including Maryland, Northern Virginia and across the country. Many of their patients, in addition to facing a complex medical condition, experience severe economic and systemic barriers. As a safety-net or essential hospital, Children's National Hospital cares for all patients, regardless of financial means and/or insurance status. They live by their mission to bring equitable health and well-being to all children.

For the past five years, drug manufacturers have imposed stringent cuts to restrict safety-net hospitals (covered entities) like Children's National Hospital from accessing the 340B Program for medications dispensed by a contract pharmacy. The health system relied heavily on a large chain retail pharmacy in their lobby, which utilized more than 50 additional contracted pharmacies to serve the hospital's urban community. The restrictions had a negative financial impact on the health system, decreasing their ability to provide affordable and comprehensive healthcare services for their vulnerable pediatric populations.

Children's National Hospital partnered with Clearway Health, a specialty pharmacy services company, to evaluate, strategize, plan and implement a variety of expert, creative specialty pharmacy solutions. Together, they sought ways to reduce the health system's reliance on contract pharmacies through capturing the attainable opportunity for prescriptions written by their providers for their patients. This strategy allowed Children's National Hospital to better serve disadvantaged populations and focus more time on their patients.

"An advantage to partnering with Clearway Health was that they were rooted in a real health system that had been active for years, and one that owned a large health plan, so they were used to accountability, including for low-income Medicaid patients across an entire state. Their ability to understand our circumstances, and tailor an approach to our specific needs is what stood them apart."



Eric Balmir, M.S., PharmD, CIM
Vice President of Clinical Ancillary
Services and Chief Pharmacy Officer
at Children's National Hospital

Clearway Health embedded pharmacy liaisons directly into the health system’s ambulatory clinical teams to improve medication access, patient compliance, adherence, patient experience and implement programs to better screen patients for diseases. This new service line helped to decrease provider and staff burden and improve clinical outcomes – all while decreasing costs and reliance on contract pharmacy arrangements.

As a leader in breakthrough discoveries for pediatric patients, it was also crucial that Children’s National Hospital find innovative ways to procure access to novel cell and gene therapy treatments, a complex and often arduous process. Clearway Health enabled the health system to achieve this goal, trailblazing their specialty pharmacy program, through pioneering a model that executed and accelerated the payor, legal and procurement processes for these new types of cutting-edge therapies.

PHARMACY PRACTICE NEWS 2024

“With dozens of CGTs in the pipeline, the need for specialty pharmacy experts is likely to increase exponentially. This market has exploded,” Balmir said. “We’ve gone from treating symptoms to prolonging life. Now we’re at this curative phase, which is a big deal for pharmacy.”



APPROACH

Clearway Health assessed the landscape of the community, the behaviors and demographics of the patient population and established a long-range view for the needs of the health system and community. A thorough analysis of the hospital's electronic medical record data was conducted including e-prescribing data from the EHR, claims data from the revenue cycle solution and contract pharmacy data from the TPA (third-party administrator), in addition to eligibility data to project the long-term growth and viability of a specialty pharmacy program.

"I've been on this journey for almost three years, and I think the clue in selecting the right partner is working with a company that can decipher and interpret the data so they can give you the best projections for your hospital, not just financially, but clinically and operationally as well," said Balmir. "That balance is so important, and choosing a partner that really cares is crucial."

Operational Improvements

As part of the long-term approach to helping the health system specialty pharmacy program succeed, the partners embarked on a plan to reduce reliance on contract pharmacy arrangements through building and opening Children's

National Hospital's own specialty pharmacy. Owning a specialty pharmacy would help to save money on dispensing fees the hospital would otherwise pay to contracted pharmacies. It would also create a new service line for the hospital, an asset that would improve the health system's margin and keep the care of the patient within the healthcare system, improving clinical outcomes and reducing costs (see example 1).

As planning and building the new pharmacy was underway, Clearway Health immediately began implementing key operational improvements to solve for staffing challenges and improve clinical care, including implementing a new model to enable access to breakthrough gene therapies, increase financial performance, streamline technology within the hospital's existing electronic medical records and enhance access to medications.

- **Clearway Health embedded pharmacy liaisons in clinics** to work alongside providers and care teams across the health system's specialty clinics to identify patients who are eligible for the specialty pharmacy program and provide support and ongoing medication management to ensure adherence to treatment plans.

Impact of In-house Specialty Pharmacy Services for 340B Eligible Health Systems



Margin

+34%

+37%

+27%

Contract Pharmacy vs. In-house Specialty Pharmacy

There is **34% greater** financial opportunity for healthcare organizations when specialty medications are filled at an on site pharmacy.

These additional savings are vital for hospitals to continue investment in programs that **enhance patient services and access to care.**

To learn more, visit www.clearwayhealth.com

Example 1: Shows the difference in cost that a health system will spend when filling the same drug through a contract pharmacy versus their owned specialty pharmacy.

In the first two years, Clearway Health grew the number of patients in Children's National Hospital specialty pharmacy program by 938%. As a result, the new services drove improved clinical outcomes and financial performance through specialty pharmacy. A strong patient retention rate also improved patient compliance and adherence and grew the foundation of patients to be served by Children's National Hospital's new specialty pharmacy.

- **Prior Authorization (PA) Turnaround Time** is one of the key drivers of success in a specialty pharmacy program. The sooner the PA is approved after the provider prescribes the specialty medication and the faster a patient receives their medication in hand, the more likely they will be ready to begin treatment and stay engaged in their care. Reducing the PA turn-around time also positively impacts patients' adherence to their medications, helping to improve their overall clinical results. It can often take weeks for a new medication PA to be approved, but Children's National Hospital's PA time is now down from up to 42 days to an average of 1.2 days or less.

"The behind-the-scenes work is tremendous," said Balmir. "One of the biggest challenges in specialty medications is the denials. We would not have been able to move as

quickly without our Clearway Health team's help. The communication and relationship they have established with the payor impacts the timeframe of the PA which is critical to our patients' care."

- **Specialty pharmacy proprietary software tool, Charter,** is a patient management software platform developed by Clearway Health to support the specific needs of specialty pharmacy programs like the one at Children's National Hospital. Charter is being used by Clearway Health liaisons, clinical pharmacists and team members who are collaborating with providers and clinicians to care for patients who are enrolled in the program. This includes facilitating the monitoring of medication adherence and clinical outcomes and offering a more integrated approach to patient care management.
- **Patient education Improvements** include seven highly trained specialty pharmacy liaisons, three specialty pharmacists working in the outpatient pharmacy that provide detailed counselling sessions for patients on their specialty medications and three fulfillment technicians in the pharmacy working to fill prescriptions for patients.

This team ensures they understand how to safely use their medication; verify it is working and monitor for adverse events. Specialty pharmacists also provide adherence services to verify patients receive medications on time. The specialty pharmacy team will continue to scale as the program grows.

- **Specialty pharmacy accreditation** demonstrates a seal of quality ensuring pharmacy operations and patient management services adhere to the highest set of standards. Children's National Hospital achieved ACHC accreditation in February of 2025 and URAC accreditation in June of 2025. These accreditations improve payor and manufacturer contracts and access to limited distribution drugs.

"We are focused on being as efficient and revenue responsible as possible. I think the clear evidence of improvements in clinical outcomes, in facilitating the work of the clinician by improving productivity, is essential. If my appointments or medications are slowed down by this work, authorizations are not obtained efficiently enough, it requires our clinician's hand in that work, and that takes them away from the frontline and patient engagement. I think the demonstration of what was done by Clearway Health in the past at previous centers was very convincing."



Marc DiFazio, MD, MBA
Vice President of Ambulatory Services
at Children's National Hospital

PHARMACY PLANNING, DESIGN AND BUILD

Clearway Health guided the planning and building of Children's National Hospital's first specialty pharmacy, which opened in November 2024. Beyond specialty pharmacy dispensing activities, the expansion involved the development of additional services including pharmacy consultations, prescription services, over the counter products, durable medical equipment, immunizations, medication therapy management through collaborative practice agreements, URAC & ACHC accreditation and 340B optimization opportunities. Clearway Health also facilitated the opening inspection with the Maryland Board of Pharmacy which allowed the pharmacy license number to be issued and DEA license application to be submitted.

Clearway Health opened the pharmacy with five new pharmacy employees, a pharmacy manager, two pharmacists, two technicians, and plans to continue to expand the team to manage and operate the growing specialty pharmacy for the hospital.



ENABLING ACCESS TO BREAKTHROUGH CELL AND GENE THERAPIES

Navigating a potentially multimillion-dollar drug therapy involves a multidisciplinary approach that can be extremely time intensive and costly for health systems, involving an understanding of payor dynamics, prior authorizations, geographic complexities, patient financial access, assessment of proper staff training, legal and risk management, orchestration of stakeholders and determining a procurement pathway. Clearway Health's innovative framework supported Children's National Hospital in navigating these dynamics, as well as the intricacies that made it possible to plan for the high costs of a one-time, lump sum payment while protecting the financial integrity of the institution.

"Many health systems are not set up to coordinate the procurement of a novel gene therapy. There are an incredible number of steps and considerations involved in the process," said Balmir. "Clearway Health's framework allowed us to quickly and efficiently address these concerns, positioning our hospital to provide the latest pharmaceutical advancement."

The model was used to execute the procurement processes to treat their first pediatric patient with ZYNTEGLO®, a one-time, potentially curative breakthrough gene therapy treatment for transfusion-dependent beta-thalassemia, a rare blood disorder requiring regular red blood cell transfusions.



Image credit: Pharmacy Practice News

ENABLING ACCESS TO BREAKTHROUGH CELL AND GENE THERAPIES

(Continued)

Cell and Gene Therapy Financial Coverage and Billing Optimization

To ensure financial coverage and billing optimization of Children's National Hospital's cell and gene therapies, the Clearway Health team:

- Navigated payor dynamics through understanding the risks involved and negotiated directly with payors to achieve gene therapy coverage.
- Collaborated with Children's National Hospital's managed care group to understand all potential costs and inform the multi-departmental revenue integrity team and the payor.
- Managed complex prior authorization approvals, geographic complexities, patient financial access, assessment of proper staff training, legal and risk management, orchestration of stakeholders and devising a procurement pathway.
- Supported strategic decision-making, reduced risk and supported financial sustainability by including factors such as treatment costs, reimbursement rates, payer mix, revenue projections and funds flow.
- Financial modeling considered both private and public payors and was evaluated to inform the most sustainable billing structure.

FINANCIAL IMPROVEMENTS

Children's National Hospital has experienced growth in month-over-month revenue, attributed to the expansion of 340B eligibility, implementation of systems to enhance 340B program performance, and maximizing inventory. The new pharmacy is highly focused on optimizing revenue streams and margin performance by reducing fees associated with contract pharmacies while enhancing 340B eligibility capture. Clearway Health helped to unlock an additional 39% of previously ineligible prescription claims month over month. From October 2023 through September 2024, Children's National Hospital revenue increased to \$57 million, \$20 million over forecasted.

Patient Assistance Program

With the new Children's National Specialty Pharmacy open, Children's National Hospital began unlocking a reliable and growing source of revenue for the hospital through the 340B Program. This revenue has allowed the hospital to create a patient assistance program to provide funding to patients with limited or no insurance coverage or unaffordable copays. The vital program allowed Children's National Hospital to lessen reliance on subsidies and foundation financial support. Through strategically reinvesting savings from the 340B

Program, the pharmacy has strengthened medication access and adherence and expanded Children's National Hospital services in the following ways:

- Expanded pharmacy-based services for clinical care excellence and patient safety to include a specialty pharmacy on campus.
- Broadened Emergency Department services by increasing pharmacist coverage to 24-hour support and added medication reconciliation technicians.
- Provided free or deeply discounted prescriptions through retail partners in collaboration with Children's National Hospital Family Services, saving patients and families more than \$207,000 in fiscal year 2024.
- Created a new ambulatory care pharmacy department for transitions of care and targeted discharges.
- Added new staffing to include a pharmacist in the endocrine clinic for collaborative practice.

Improved Medication Access

Many of the medications Children's National Hospital patients need had been previously inaccessible, due to manufacturer limited distribution policies. This has resulted in a heavy reliance on contract pharmacy arrangements. With the opening of the new onsite pharmacy, the health system is working towards accessing and filling specialty medications that may otherwise be difficult due to payor or PBM lockouts. Due to increased focus on educating patients on their choice to transfer their prescription to the new pharmacy, Children's National Hospital's reliance on contract pharmacy arrangements continues to decrease dramatically. This resulted in significant risk mitigation of contract pharmacy restrictions in the 340B Program.



RESULTS

Clinical and patient outcomes

“The high touch nature of care the Clearway Health pharmacy team provides to their patients enables personable relationships to develop that support patients throughout their treatment journey, making it as seamless as possible to stay on treatment and connect with someone who understands where they are. Not only are they taking care of the patient, but they are going above and beyond, taking care of their entire family.”

Marc DiFazio, MD, MBA
Vice President of Ambulatory Services
at Children’s National Hospital

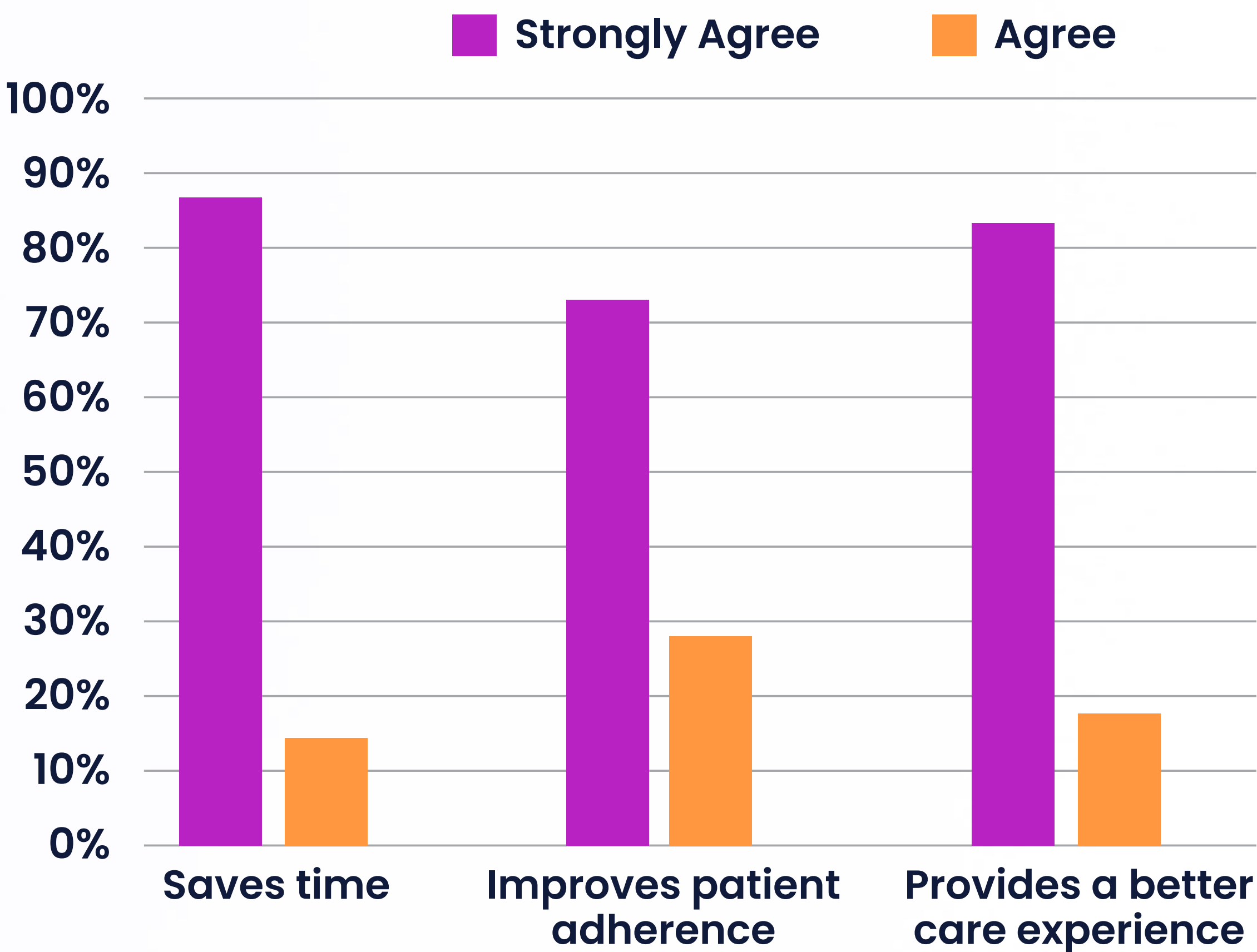
Provider and Clinician Satisfaction

Having the additional support from Clearway Health pharmacy staff has freed up more time for providers and medical staff, allowing them to spend more valuable time taking care of their patients. In turn, patients are receiving better care and are more satisfied. Provider and clinician surveys returned a Net Promoter Score (NPS) of 100, with excellent feedback from providers and clinicians.

How likely are you to recommend our services to a friend or family member?



Promoters Passives Detractors



RESULTS

Clinical and patient outcomes

Feedback from Children's National Hospital providers

Saves us so much time! Patients get their medications faster. The Clearway Health team is wonderful to work with!

– CNH Provider

It would be impossible to provide patient care without the assistance of our Clearway Health liaison. She has significantly improved the level of care we are able to provide!

– CNH Provider

The Clearway Health pharmacy liaisons are so helpful and wonderful to work with. They have significantly improved patient care.

– CNH Provider

Maria is amazing and so efficient. She is a huge asset and THE reason that our patients get their meds in a timely manner.

– CNH Provider

RESULTS

Clinical and patient outcomes

Patient Impact Stories

I reached out to a parent who was having trouble getting a nebulizer for her children. The mother expressed difficulty getting the medication covered. One of the children had an approved prior authorization (PA) and the other did not. Rather than informing the clinic of this issue, the parent had been sharing the medication between the two children, and as a result, was running out of the medication early. I was able to submit a PA so that each child could access their medication individually.

-Pharmacy Patient Liaison

I worked with a parent who reached out because they were frustrated with their specialty pharmacy. The pharmacy kept telling the parent that a PA was required for the drug each month when they tried to refill the medication, rather than calling the insurance for an override. I eased the parents' frustration by providing them with an alternate 340B specialty pharmacy, and I called their insurance company to get approval to have the patient's medications filled at the alternate pharmacy. To date, the parent has had no additional issues filling the prescription.

-Pharmacy Patient Liaison

WHAT'S NEXT

Clearway Health and Children's National Hospital will continue expanding the specialty pharmacy program through aligning pharmacy growth with organizational growth. As Children's National Hospital expands and opens new services in new medical office buildings, Clearway Health's specialty pharmacy services program will also extend into these areas. Eventually, the partners also plan to open a travel vaccine clinic to expand access to services in the local community and surrounding areas. Achieving additional sub-specialty accreditations will also help to drive increased access to medications and demonstrate Children's National Hospital's commitment to clinical quality and compliance.

CONCLUSION

This specialty pharmacy partnership is a quintessential example of transformative results stemming from a specialty pharmacy program that puts patients first. The partnership added specialty pharmacy support and expertise, improved affordable access to innovative medications for patients, including enabling access to breakthrough cell and gene therapies and strengthened the overall financial stability of the health system. Clearway Health's specialty pharmacy experts guided the planning, building and opening of Children's National Hospital's first specialty pharmacy and will continue to operate and grow the specialty pharmacy into the future. Through an optimized specialty pharmacy program, the partners created a sustainable asset and legacy that will give back to patients, the community and the health system for years to come.



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