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Ask Your Family Pharmacist®

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If Not NCPA, Then Who?

Walking down the street of a concrete jungle in a dark navy pinstripe suit, white shirt and red and blue striped tie. Wearing uncomfortable shoes. With a heat index of 96 degrees. Sweating. Sounds crazy, right? Anywhere else, it would be—but this is Washington, D.C., and that was the scene as I walked back from participating in a Brookings Institution panel discussion about generic pricing.

A new paper was recently released from well-respected University of Southern California researchers who made a number of assertions—among them that pharmacies were making too much gross profit (or pharmacy retention, as it was termed) on generic products. For example, it was stated that of the cost a consumer pays for a generic product, one-third is for the price of the product, and the pharmacy gets the remaining two-thirds! I strongly disagreed with that assertion and, fortunately, was on the panel to make that precise point. Other panelists included representatives from CVS and the associations representing health insurance plans and generic manufacturers.

I bring up the panel because, as I was walking to the subway afterward, it occurred to me: If we had not been there representing community pharmacists, who would have spoken up for us? The Brookings

Institution panel is one of many think tank, congressional, regulatory agency, media, and professional events that take place in the D.C. area every week where community pharmacists are discussed.

In some of those meetings, community pharmacies wear a white hat. In others, the pricing model of community pharmacies is misunderstood at best, and misrepresented at worst. By being there, NCPA staff are able to correct misperceptions and reinforce (and remind) very influential groups that community pharmacists provide an amazing service with an excellent return on investment.

At this meeting, the representative was me, but in many other cases, NCPA's D.C.-based team members are present day in and day out to speak up for your interests and those of the patients we serve. I mention this not asking for a pat on the back—it is our job—but as a reminder that “just doing our job” means we are passionately, assertively giving community pharmacy a voice in the nation's capital.

Another recent example for which we were there for you was at a Senate hearing on drug pricing. Only in D.C. do hearings like this take place. It was a fact-finding mission on why drugs cost what they do—a subject in which invariably pharmacy's role came up. You can bet publicly



NCPA's D.C.-based team members are present day in and day out to speak up for your interests and those of the patients we serve.

traded companies are pulling out all of the stops to be heard. NCPA's comments made sure community pharmacy's voice was heard.

NCPA is here and NCPA is there—at meetings where your value, your business' very existence, is being contemplated. The case for community pharmacy gets heard.

We don't issue a press release each time we represent you in an influential meeting. We're just doing our jobs. Only in D.C., right? ■

Best,

A handwritten signature in black ink that reads "B. Douglas Hoey". The signature is fluid and cursive, written over a white background.

B. Douglas Hoey, Pharmacist, MBA
NCPA Chief Executive Officer

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NCPA Pushes for Greater Consumer Choice in Medicare Part D

In a June opinion piece published in *The Hill*, NCPA CEO B. Douglas Hoey, RPh, MBA, called for support for the Ensuring Seniors Access to Local Pharmacies Act of 2017, which would allow community pharmacies to become part of the Medicare Part D preferred pharmacy network.

When seniors enroll in Medicare Part D, they're often lured into plans with promises of prescription drug savings, only to find that their local pharmacy is not part of the preferred network. Many of the nation's 22,000 community pharmacists are in underserved areas, forcing consumers to pay higher copays to continue to use a trusted community pharmacist. To take advantage of lower prices, they must take their business to

another network or opt for the mail order option.

Community pharmacists are asking only for a level playing field, Hoey wrote. **This legislation would allow pharmacies in medically underserved areas to become part of the Part D preferred network, provided they accept the same contract terms other in-network providers agree to.**

Contact your member of Congress to express your support for H.R. 1939 and its companion Senate bill, S. 1044, to allow Medicare recipients greater choice and greater savings. These bills are receiving widespread bipartisan support. Contact your legislators and let your voice be heard.

NCPA Requests Clarity—and More—on DIR Reporting

NCPA has submitted comments to the Centers for Medicare & Medicaid Services regarding proposed guidance on how Part D plan sponsors report direct and indirect remuneration fees.

The proposed guidance has potential to require plans to provide greater granularity to CMS on DIR amounts and the types of arrangements they put into place, NCPA wrote, noting that CMS has responded positively to many previous recommendations and even issued an analysis showing the financial havoc



retroactive pharmacy DIR fees are causing patients, taxpayers and pharmacies. The letter urged CMS to consider NCPA's latest suggestions.

"NCPA remains committed to ending retroactive pharmacy DIR fees by passing S. 413/H.R. 1038, the Improving Transparency and Accuracy in Medicare Part D Drug Spending Act," Hoey said. "We're also committed to working with CMS to provide clarity on DIR fees as they currently exist via the regulatory process."



NCPA Offers Suggestions to CMS on Medicare Managed Care Rule

The Trump Administration is currently reviewing policies included in the Medicaid managed care rule. In a letter to Centers for Medicare & Medicaid Services Administrator Seema Verma, NCPA suggested the following:

- Retain provision in the final rule that requires states to develop and enforce network adequacy standards (time and distance requirements) for critical provider types, including pharmacy.
- Retain provision in the final rule that requires managed care organizations to meet Medicaid fee-for-service standards regarding availability and prior authorization of covered outpatient prescription drugs.
- Advise states that MCOs must use fee-for-service Medicaid pharmacy provider reimbursement rates as a minimum reimbursement "floor."

Bipartisan Bill Seeks to Preserve Patient Access to Compounding



Reps. Morgan Griffith (R-Va.) and Henry Cuellar (D-Texas) have introduced H.R. 2871, the Preserving Patient Access to Compounded Medications Act of 2017, intended to amend the Federal Food, Drug, and Cosmetic Act with respect to compounding pharmacies.

The Drug Quality & Security Act Coalition, of which NCPA is a member, worked with Congress to get the bill introduced. The International Academy of Compounding Pharmacists organized more than 300 compounding pharmacists who traveled to Washington, D.C. on behalf of their patients and physicians to meet with their respective congressional representatives and to urge them to cosponsor H.R. 2871.

ANOTHER DIR NOTICE?

You filled the prescription months ago, the claim was adjudicated, and now the PBM is sending you a bill because they want some of that money back.

Tired of these antics? It's time to take action. Call or write today and urge your legislators to support S. 413/H.R. 1038, the Improving Transparency and Accuracy in Medicare Part D Drug Spending Act, which would address retroactive DIR fees.

Visit the NCPA Legislative Action Center at <http://bit.ly/actioncenterncpa> to send emails voicing your sup-

port for this legislation. You can also submit a letter to the editor to your local newspaper to help raise awareness of this issue in your community. NCPA is working diligently on your behalf. Please take a few moments and let your legislators know that you, their constituent, also support this critical legislation.



Stateside

PSSNY, NCPA Ask New York State to Delay Pharmacy Network Change

The Pharmacists Society of the State of New York, with support from NCPA, has asked the New York Department of Health for an immediate delay in implementing an Emblem Health/Express Scripts pharmacy network change that would drop hundreds of community pharmacists from the network. In a letter, PSSNY expressed concern that patients will suffer if the transition is not thoroughly reviewed. Taking time for careful review is necessary for smooth integration for both patients and pharmacies, the letter states.

NCPA, Arkansas Association File Brief in PBM Case

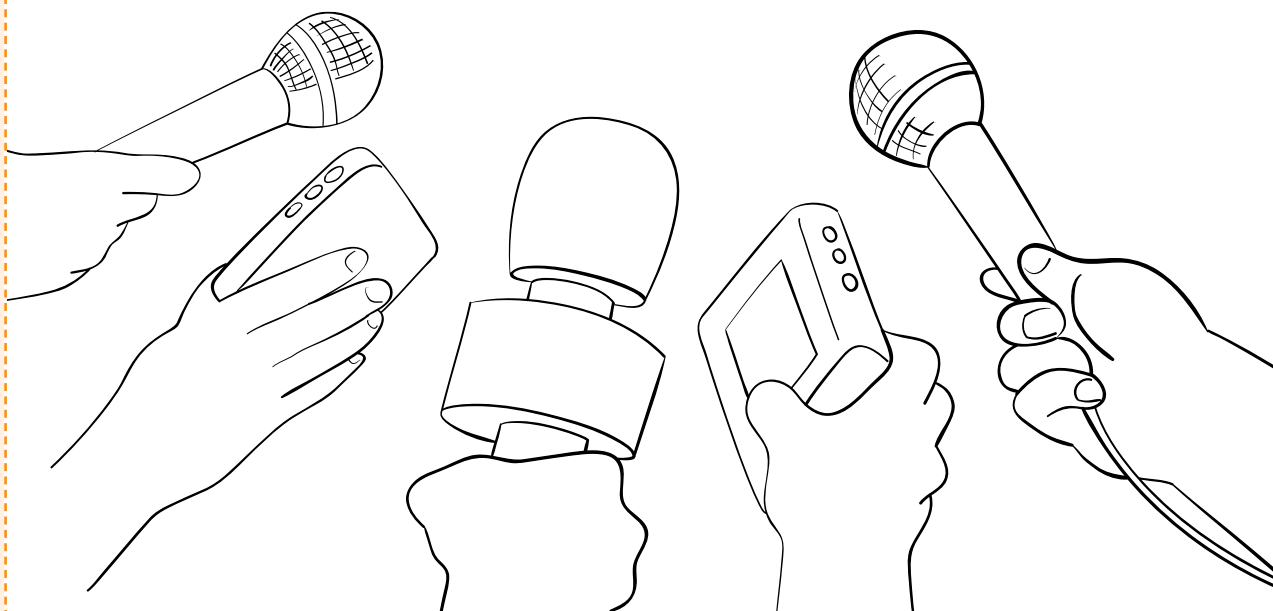
NCPA and the Arkansas Pharmacists Association have filed an *amici curiae* brief in the United States Court of Appeals for the Eighth Circuit in support of the state of Arkansas and against a challenge by the Pharmaceutical Care Management Association (PCMA) to Act 900, passed by the Arkansas General Assembly in 2015. The ongoing legal battle has prevented Arkansas from implementing a more transparent system under which PBMs determine generic prescription drug reimbursements to pharmacies.

Tennessee Program to Reimburse Pharmacists for MTM to Highest-Risk Medicaid Patients

A new Tennessee pilot project allocates funding for Tennessee pharmacists to provide medication therapy management to Medicaid beneficiaries by incorporating them into a patient-centered medical home care model, the American Pharmacists Association reported.

The bill's state Senate sponsor is a pharmacist. And his counterpart in the House? A physician. Even before the law was signed by Gov. Bill Haslam (R), pharmacists and physicians were teaming up to improve the health of Tennesseans. The pilot project is the result of legislation (HB 628/SB 398) introduced by Sen. Ferrell Haile (R-18), BSPHarm. The House version was sponsored by Rep. Sabi "Doc" Kumar, MD (R-66). The two-year pilot project recognizes pharmacists as Medicaid providers and arranges for pharmacists in collaborative practice agreements with physicians and practices to be reimbursed for providing MTM to the sickest and most expensive patients enrolled in the state Medicaid program, TennCare. This comes at a time when most states are taking a hard look at the future of their Medicaid programs.

TO LEARN MORE AND GET INVOLVED, VISIT THE NCPA ADVOCACY CENTER



National ‘Check Your Meds Day’ Set for Oct. 21

To empower consumers to give their medications a check-up and to drive more conversations between consumers and their pharmacists, Consumer Reports Best Buy Drugs is launching National Check Your Meds Day Saturday, Oct. 21. **NCPA has joined with CR to enlist community pharmacies across the country to participate in the event and encourage consumers to bring their prescription medications and supplements to their local pharmacies for “brown bag” medication reviews.** Through its yearly Rx tracking poll, CR has uncovered that more than half of Americans take multiple medications that are often prescribed by more than one doctor—increasing the risk of errors and adverse events. Learn more about the event and access a toolkit for your pharmacy at www.ncpanet.org/checkyourmeds.



NCPA FOCUSES ON PBMS' ROLE IN HIGH PRESCRIPTION DRUG PRICES AS WHITE HOUSE PREPARES TO ACT

PBMs have a business model that contributes to rising prescription drug prices, NCPA asserts in a letter to U.S. Office of Management and Budget Director Mick Mulvaney. In the letter, NCPA requested a meeting and offered recommendations for reforming PBMs as the Trump Administration considers steps to tackle rising prescription drug costs.

“We all agree on the need to ensure prescription drug access and affordability,” the letter states. “However, this issue cannot be solved without addressing the role of PBMs in increasing costs. As the PBM role has expanded to include negotiating with manufacturers, contracting with and paying pharmacies and administering plans and billing plan sponsors, they have grown into oversized players and that position requires enhanced scrutiny.”

Required Reading...

“(PBMs) extract billions of dollars in price concessions from drug companies eager to remain in their good graces. The drugmakers’ goal is to secure spots on the PBMs’ formularies, the rosters of approved drugs the PBMs maintain for their health plan clients. To do so, the drugmakers offer PBMs rebates for each prescription filled and agree to a dizzying list of other fees ... But no one can be sure that’s really happening, because the size of the rebates and the degree to which they’re passed along is guarded by the PBMs as trade secrets.”

How “Price-Cutting” Middlemen Are Making Crucial Drugs Vastly More Expensive, Los Angeles Times, June 9, 2017

“DIR fees only serve to increase PBM profits. In fact, they have no basis in regulation or law and are just part of an already convoluted system that PBMs have rigged to boost their bottom line at the expense of patients. What is particularly galling is that the DIR fees PBMs charge pharmacies are ultimately paid for by our most vulnerable patients—the sick and the elderly on Medicare.”

Unaccountable Benefit Managers: How PBMs Put Profits Over Patients, Morning Consult, June 28, 2017

“The law requires diabetes drugmakers that have raised drugs’ list prices by a certain amount to disclose information about the costs of making and marketing the drugs, along with what rebates they provide. Pharmacy benefit managers ... will also have to disclose what rebates they negotiate with diabetes drugmakers, along with what rebates the PBMs keep. The law also works to create more transparency around PBMs, compelling them to act in insurers’ best interests and bans PBMs from forbidding pharmacists from discussing lower-cost options with patients.”

Nevada Just Passed One of the Strictest Drug Pricing Transparency Laws in the Country, Business Insider, June 15, 2017

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American Pharmacy Cooperative, Inc.
American Pharmacy Services
Corporation
Georgia Academy of Independent
Pharmacy
H. D. Smith
Northeast Pharmacy Services
Corporation
PBA Health
RJRX, Inc./Denver Drug

LDF GOLD

(\$50,000 or more in corporate funds annually)

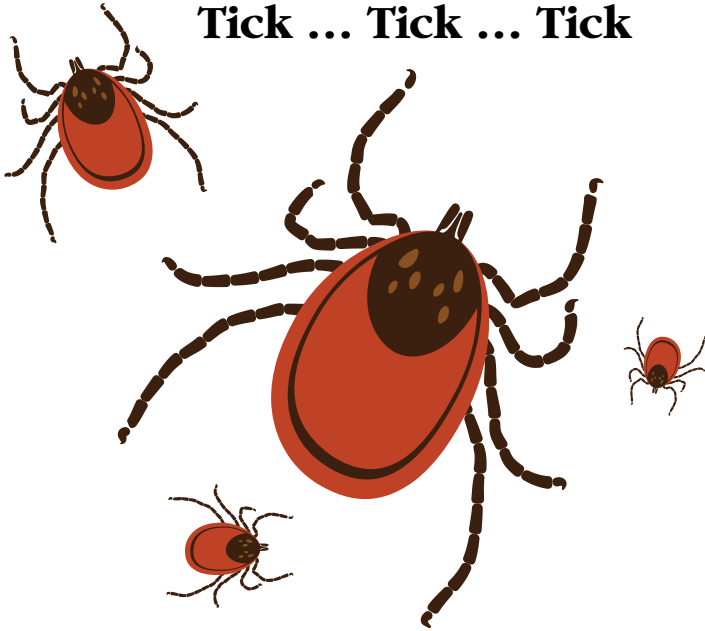
Cardinal Health
Independent Pharmacy Cooperative
McKesson Corporation
PCCA
Rochester Drug Cooperative, Inc.

LDF PLATINUM

(\$200,000 or more in corporate funds annually)

AmerisourceBergen Corporation
Compliant Pharmacy Alliance
Cooperative

Tick ... Tick ... Tick



It's not your imagination—ticks are worse than ever this year.

Thanks to a population surge among mice last year and a mild northeastern winter, we're seeing an abundance of ticks this summer and fall.

Pass along a friendly reminder to your patients to check for tick bites and signs of Lyme disease and West Nile Virus.

Some tips from the Centers for Disease Control and Prevention: To avoid bites, stay out of wooded and brushy areas. Use DEET, picaridin, or IR3535 on exposed skin. Treat clothing and gear with products containing permethrin.

When you come in from outdoors, bathe or shower within two hours. Do a full-body check—ticks like to hide in hair and in and around ears. Tumble dry clothes on high heat for 10 minutes to kill any ticks on dry clothing.

Check pets, coats and backpacks too.

Be careful out there.



My pharmacy margins keep getting tighter and tighter. What can I do to survive?

David Smith, RPh
NCPA president-elect
Indiana, Pa.

When I first bought my pharmacy, I specialized in long-term care. After many years of success, I received an offer to buy that part of the business. It was such a lucrative offer, I couldn't refuse not to sell my LTC accounts. However, in re-evaluating my two retail stores, I believed I needed to improve my front-end sales. There were some challenges I had to overcome. Cards and gifts were one of my first priorities, but I could only get Hallmark cards into one of my stores. Some of the gift lines I preferred were already held by some other retailers (in a town of 2,500 people).

I had to find some unique lines to get started. I went to the Atlanta gift show and discovered Lang, a great line of cards and gifts. This started the process of competing, and later we got into Crocs (sold \$75,000 worth in the first seven months) and jewelry. I once saw a singing fish mounted on a wall plaque. Despite my employees' rejection, I opted to purchase 12, which I sold in one week (cost \$15 each, retailed for \$29.95). I kept buying as many as I could for six months, but then Walmart started marketing them for \$15, so I stopped. Front-end sales in our pharmacy exceed \$650,000 annually (and at higher margins than the pharmacy department).

Don't forget that NCPA has OTC vendors who will only sell their products through independent pharmacies (www.frontendmarketplace.com). You can also get expert front-end advice from Gabe Trahan, NCPA's senior director of store operations and marketing (www.ncpanet.org/feo), who can help you in evaluating your store operations, marketing, and front-end sales opportunities.

NCPA Mourns Loss of John and Beverly Carson



John Carson, a Texas pharmacy leader, and his wife, Beverly, died July 7 in a car accident just hours after attending a Texas Pharmacy Association meeting in San Antonio. Carson founded Oakdell Pharmacy in San Antonio. He served as president of NCPA's Board of Directors in 2000-2001. His son Jeff is a current NCPA board member.

NCPA CEO B. Douglas Hoey, RPh, said Carson was "an encourager."

"John and Beverly Carson were two people who more than did their part to make their community a better place for thousands and thousands of people," Hoey said. "We were fortunate they helped shape NCPA's impact on community pharmacy and the patients we serve. We will miss them."

The family asks that, in lieu of flowers, donations be made to NCPA in honor of John and Beverly Carson. Send gifts to:

National Community Pharmacists Association
(In Honor of John and Beverly Carson)
100 Daingerfield Road, Alexandria, VA 22314

Opioids: 'Candy' for Depression?

The number of opioids prescribed quadrupled from 2011 and 2013, and 19 percent of Americans with mood disorders have used opioids, compared to 5 percent of the total population, according to a new study in the *Journal of the American Board of Family Medicine*. Fifty-one percent of all opioid prescriptions in the U.S. are given to people with anxiety, depression, or other similar disorders.

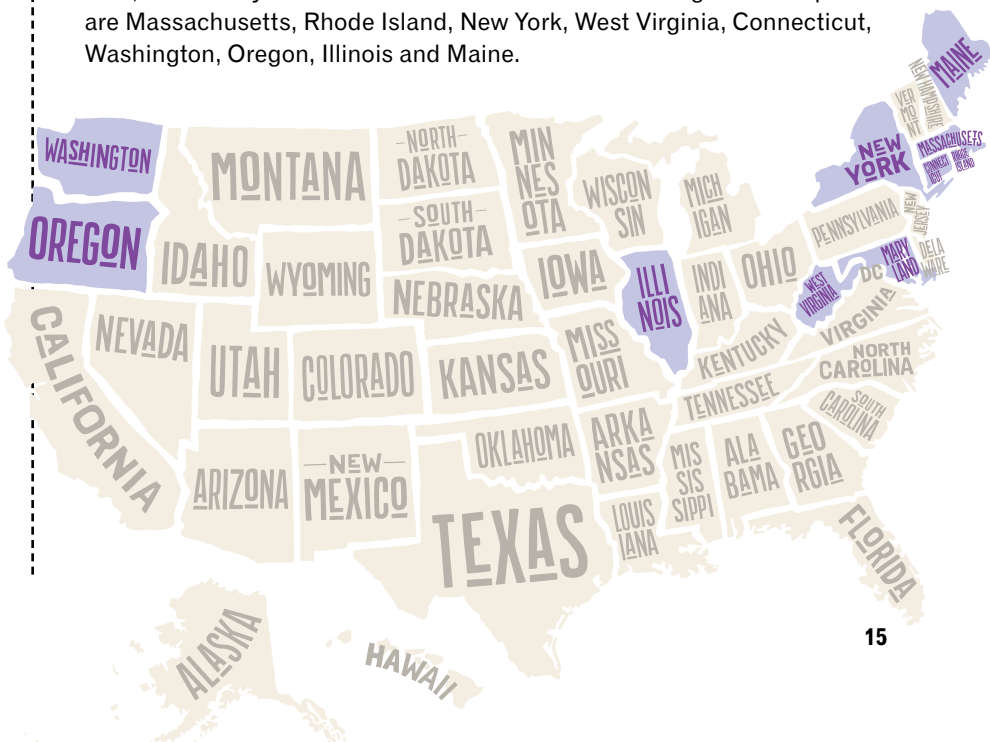
"We're handing this stuff out like candy," Brian Sites, senior author of the study, said. He offered the health news publication *STAT* a few explanations for the statistic:

- Past research has shown that people with depression are more likely to have chronic pain that is often treated with opioids.
- Doctors may be more likely to prescribe medication when they know the patient already suffers from an emotional disorder.

Opioid Epidemic is Taxing American Hospitals

The national opioid epidemic is swamping hospitals, with government data showing 1.27 million emergency room visits or inpatient stays for opioid-related issues in a single year, the *Washington Post* reports.

The 2014 numbers reflect a 64 percent increase for inpatient care and a 99 percent jump for emergency room treatment compared to figures from 2005. The report, released by the Agency for Healthcare Research and Quality, puts Maryland at the top of the national list for inpatient care in 2014, the latest year for which data is available. Rounding out the top 10 are Massachusetts, Rhode Island, New York, West Virginia, Connecticut, Washington, Oregon, Illinois and Maine.



THE **AUDIT** ADVISOR



What Should be Included in a Navitus Audit?

Q: We recently received unfavorable results from a Navitus audit, due to our compounding records being insufficient. What should be included?

A: The Pharmacy Audit Assistance Service has recently seen PBMs require additional documentation for compounded prescriptions. Navitus and EnvisionRx have both flagged compound documentation as insufficient if the following elements are missing:

- Lot numbers of ingredients used
- Expiration dates of ingredients used
- Date the compound was made
- Assigned Beyond Use Date (BUD)
- Initials of the person who prepared the compound or approved the compound.

You can find more information about recommend items for a compounding record by reviewing USP Chapter <795> Revision Bulletin from Jan. 1, 2014, available here: <http://bit.ly/paas-usp795>.

By Mark Jacobs, RPh, PAAS National, the Pharmacy Audit Assistance Service. For more information, call 888-870-7227 toll-free, or visit www.paasnational.com.



Lawsuit Blames PBMs for Spike in Diabetes Drug Prices

As the price of insulin soars, some patients are making life-threatening decisions with their health, often cutting back on their insulin because they just can't afford it, the *Los Angeles Times* reports. Much of the blame is being placed with PBMs. **A lawsuit filed in Los Angeles federal court alleges that Irvine, Calif.-based PBM OptumRx and drug company Novo Nordisk joined in an "illegal pricing scheme" in which the drug manufacturer inflated the price of Victoza, a diabetes drug, to pay for "illegal kickbacks" to OptumRx.** The price of Victoza more than doubled between 2009 and 2017, from just about \$400 a package to more than \$900.

This lawsuit is similar to some others that have been filed in recent months. In March, a federal lawsuit was filed in New Jersey against top insulin makers Novo, Sanofi, and Eli Lilly as well as PBMs OptumRX, CVS, and Express Scripts. It alleges the drugmakers significantly ratcheted up list prices on insulins, raising them in lockstep with one another, then shared the additional revenues with the PBMs through rebates.



FDA Requests Removal of Opana ER Due to Abuse Risks

The Food and Drug Administration has requested that Endo Pharmaceuticals remove its opioid pain medication, reformulated Opana ER (oxymorphone hydrochloride), from the market. The FDA's decision is based on its concern that the benefits of the drug may no longer outweigh its risks. This is the first time the agency has taken steps to remove a currently marketed opioid pain medication from sale due to the public health consequences of abuse.



Independent Pharmacy Today

Percentage of Total Prescriptions Covered by

Government programs (Medicaid or Medicare Part D) **52%**

Other third-party programs **39%**

Percentage of generic prescriptions dispensed **82%**

Source: 2016 NCPA Digest, sponsored by Cardinal Health

NEED NEW CUSTOMERS?



They Are Already Living in Your Market Area - At Home With Your Existing Customers!

- ✓ Have your pharmacy participate in the growing animal pharmacy market projected to be 10 billion dollars in the year 2017.
- ✓ Intro to Animal Med Express: <https://vimeo.com/180779150>
- ✓ Continuing Education: Animal-Medication-Dispensing-Pharmacists: <https://goo.gl/9PFFID>
- ✓ Animal Prescription, OTC and Nutritional products, made in the USA and FDA Approved as required.
- ✓ 68% of US Households (your customers) own a pet! Help them buy pet meds from their trusted pharmacist – you!
- ✓ The monopoly of the vet selling animal prescriptions has changed! 37 states have changed their laws and the AVMA has modified their Vet Code of Ethics accordingly!
- ✓ You can sell to your customers at better prices and with greater convenience than traditional sources!
- ✓ We provide a virtual warehouse of pet medications and products right at your register!
- ✓ Take the order at your window with existing staff - our web interface makes it easy!
- ✓ Typical margins for your pharmacy are in the range of 20-28%!
- ✓ Our process allows the same day shipment to your store for pickup or directly to the customer's home!
- ✓ To sign up for free contact us at: www.animalmedexpress.com
- ✓ Never any fees or monthly charges to be a member of Animal Med Express!



For more information:

Call us at 615-538-1424 or sign-up at: www.animalmedexpress.com

Like our Animal Med Express Facebook page and follow us on Twitter @AnimalMedExpress!



Don't Confuse the Five 'T's in Diabetes Products

Over the last few years the Food and Drug Administration has approved many new products to improve blood sugar control in adults with diabetes. Five of these newly approved medications have a few things in common. Four are long-acting injectable pens, three are indicated for type 2 diabetes, BUT all five of these begin with the letter "T."

TRADJENTA (linagliptin), a dipeptidyl peptidase-4 (DPP-4) inhibitor, is an oral tablet indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus.

TRULICITY (dulaglutide) injection, a glucagon-like peptide-1 (GLP-1) receptor agonist, is a once-weekly injectable prescription medicine to improve glycemic control in adults with type 2 diabetes mellitus.

TANZEUM (albiglutide) for injection, also a once-weekly GLP-1 receptor agonist, is indicated as an adjunct to diet and exercise to improve glycemic control in adults with type 2 diabetes mellitus.

TOUJEO SOLOSTAR (insulin glargine) pen, a long-acting insulin, is available in a 300 units/mL concentration for adults with diabetes

who have taken insulin and for those who haven't. Its release is gradual to provide stable insulin levels for a full 24 hours and beyond.

TRESIBA FLEXTOUCH (insulin degludec) pen is a long-acting insulin for adults with diabetes and is available in two concentrations: 200 units/mL and 100 units/mL.

Although we have not received any error reports detailing mix-ups among these products, pharmacists have expressed concerns in discussions at professional meetings. Take steps to differentiate names and concentrations on computer screens and product packaging. Provide patient counseling at the point-of-sale and include a review of the product with the patient.

MISUSE OF NEW INSULIN STRENGTHS

Education is important for both patients and health practitioners regarding the new higher concentration insulin products that are available only in a pen, including U-300 **TOUJEO** (insulin glargine), U-200 **TRESIBA** (insulin degludec), and U-200 **HUMALOG** (insulin lispro). The U-500 insulin is also available in a pen (**HUMULIN**), but vials remain on the market. Patients may not understand proper dosing

and dose measurement with these new products.

A patient who was previously using **LANTUS** (insulin glargine) U-100 was switched to Toujeo U-300. He was given pen needles to use with Toujeo, but at home, he decided to use the insulin pen cartridge as a vial. He drew up a dose with a leftover U-100 syringe, filling it to the 100 unit mark, the same daily Lantus dose he had been taking. This resulted in a dose of 300 units of Toujeo, which led to hypoglycemia and required hospitalization.

With U-500, not only is there a risk of an overdose, but underdosing is also possible. In the past, many patients using vials of U-500 insulin measured their dose with a U-100 syringe, but used the syringe scale to measure only 20 percent of the actual dose. For example, 40 units on the U-100 syringe scale is 200 units of U-500 insulin. If patients now use the new U-500 pen and dial only the number of units they previously measured (40 units), the patient would receive only one-fifth of the prescribed dose. ■

This article is from the Institute for Safe Medication Practices (ISMP). Errors, near misses, or hazardous conditions may be reported at www.ismp.org. ISMP can be reached at 215-947-7797, or ismpinfo@ismp.org.

DIRECTIONS IN *Pharmacy*[®] Quality Series

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Chicago Marriott O'Hare

ANAHEIM, CALIFORNIA

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DIP Fall Quality Overview 7 Live CE Sessions in 1 Day!

The Fall Directions in Pharmacy[®] Quality Meeting has been developed to enhance the care that community practice pharmacists provide to their patients within the framework of disease state management. This 1-day meeting will address best practices in patient care, including diabetes, cardiovascular, respiratory, and HIV, along with other informative topics. Additionally, quality measures are becoming increasingly important in the retail space and reimbursement for pharmacy services will be tied to these measures. *Pharmacy Times* Continuing Education[™] is partnering with the Pharmacy Quality Alliance (PQA) to create a program that will provide participants with knowledge they can immediately apply in their practices.

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PHARMACY MARKETING



The “B” Word

by Liz Tiefenthaler



When our children were young, we took them on the obligatory trip to the Magic Kingdom. They had their allowance and chore monies saved up along with a budget. Prior to getting there, they had a good idea of how much they could spend on treats versus stuffed animals.

Successful pharmacy owners have a good handle on what they spend every month on their cost of goods and staff. Where we see a breakdown is in the area of marketing. Almost daily, I get calls from people hoping to do something to build their prescription count, but when I ask them what they have budgeted so we can figure out the best way to spend their dollars, the majority of people say they don't know.

SETTING UP A MARKETING BUDGET

According to the Small Business Administration, companies annually spend between 1–10 percent of their gross sales on advertising. Based on our experience in retail marketing and having worked with hundreds of pharmacies, we recommend that you invest about 2 percent of your gross sales for advertising and promotion.

Is there a difference between marketing and advertising? Absolutely. Marketing is your overall strategy and goals, whereas advertising is the tactical part. Your marketing goal may be to grow your prescription count by 10 percent, and your tactics could include direct mail, door hangers, radio, and digital advertising. The worksheet that we are providing this month will take you through a budgeting process.

Let's look at an example. Recently we received a call from a pharmacy owner in a small rural Illinois community. He had just learned that he was about to face significant competition from a new player entering the community. He said, “I don't have to just lay down!” He had already determined his budget based on what he could afford. His goal was to not lose any patients, and perhaps gain some new ones before the competition opened. The next step was to determine his tactics. In this case, he decided to invest 50 percent of his budget on direct mail reaching households near his pharmacy to educate them on some of his unique services.

Another pharmacy we work with set a goal of increasing its average front-end purchases by \$10 per transaction. He is funneling all of his dollars into enhancing his website, select magazine advertising, and Facebook ads.

An important reason to have a budget, besides the most obvious (not spending what you don't have) is that it gives you a reason to look at the return on investment of your advertising. If you are spending money somewhere that isn't getting you to your goal, then it is a good idea to adjust your tactics.

The next time someone asks you what your budget is, understand they are not trying to squeeze every cent out of you. It is simply the best way to determine how to spend budgeted dollars to reach your marketing goals. ■

Liz Tiefenthaler is the president of Pharm Fresh Media, a full-service marketing company focused on helping independent pharmacies gain new customers and build loyalty with their current customers. She can be reached at liz@pharmfreshmedia.com.

NCPA supports

National Check Your Meds Day



Saturday, October 21, 2017

This inaugural event is designed to encourage consumers to bring their prescription medications and supplements to their local pharmacies for brown bag medication reviews.

Won't you join us in participating?

To help you prepare, NCPA has created a Check Your Meds Toolkit with everything you need to make this event a success in your pharmacy.



Access the toolkit at ncpanet.org/checkyourmeds

CASES OF INTEREST



Lawsuit Fights for Pharmacy Rights in One-Sided PBM Decisions

By Anthony J. Calamunci, Esq.

Last summer, Express Scripts unilaterally canceled the network contracts of Cystic Fibrosis Pharmacy, Inc., and Freedom Pharmacy, specialty pharmacies based in Orlando, Fla., owned by HHCS Health Group. Since the 1990s they have had a nationwide focus on the needs of patients with cystic fibrosis. Express Scripts said that the pharmacy's contract did not allow for mail order, and that the pharmacies had also been mailing prescriptions to states where they were not licensed to dispense.

In response, Cystic Fibrosis Pharmacy, Inc., and Freedom Pharmacy initiated suit and claimed that ESI breached the implied covenant of good faith and fair dealing. The law

firm that I work for (FisherBroyles, LLP) is providing legal representation for the pharmacies, and I am lead counsel in the suit.

ESI's attempts to immediately dismiss the claim failed and the court ruled that "Plaintiff has adequately stated a claim for breach of the implied covenant of good faith and fair dealing and defendant's motion to dismiss will be denied with respect to Count II." In support of its ruling, the court stated, "When a decision is left to the discretion of one party, the question is not whether the party made an erroneous decision, but whether the decision was made in bad faith or was arbitrary or capricious so as to amount to an abuse of discretion" (*Cordry*

v. Vanderbilt Mortg. & Fin., Inc., 445 F.3d 1106, 1112 [8th Cir. 2006]). HHCS further asserts breach of contract and "course of dealing" violations, given the sequence of conduct concerning previous transactions between the parties clearly establishing a common basis of understanding for interpreting their expressions and other conduct.

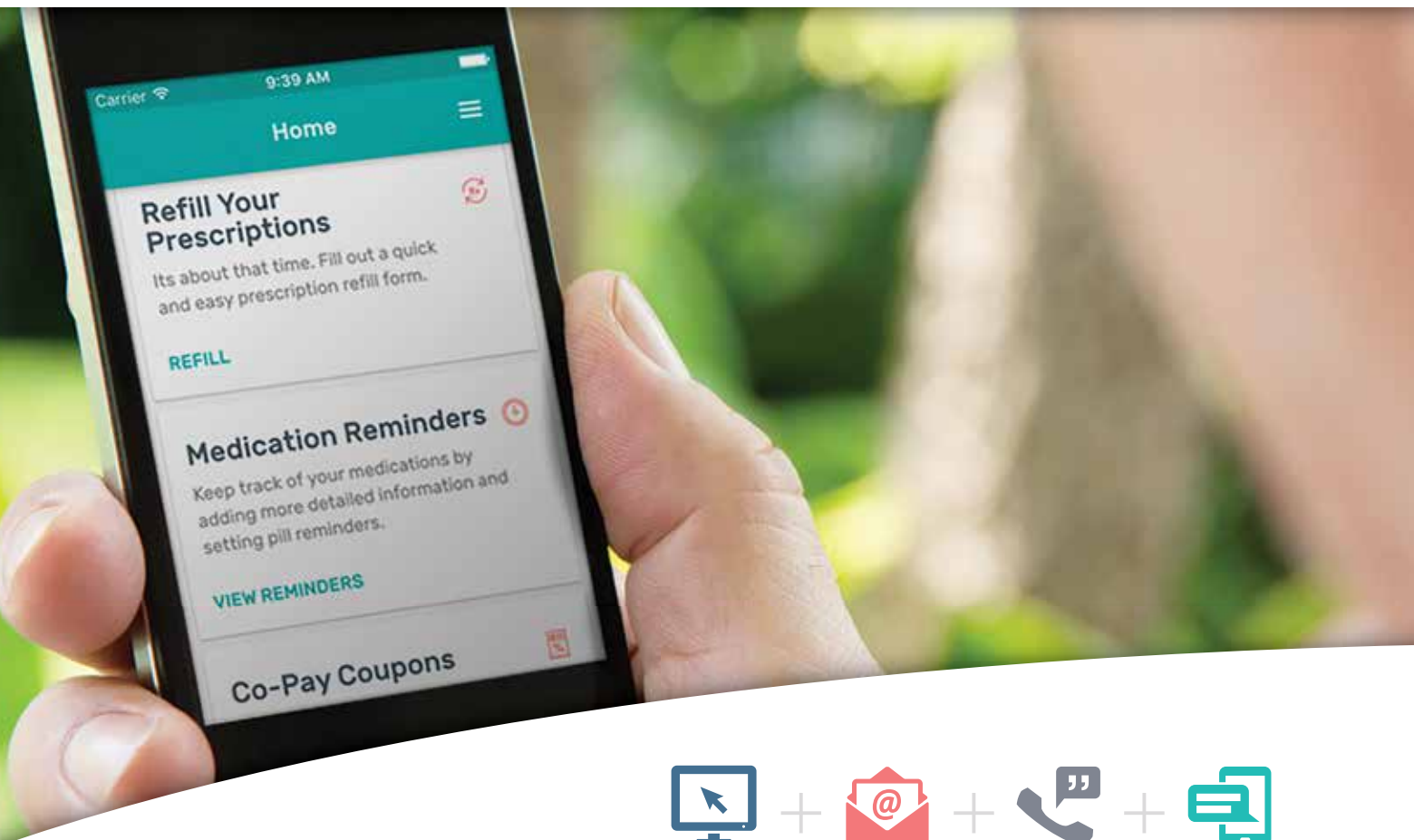
The implications of this case are far reaching and troubling. It began with an alleged violation of mail order prohibitions, but many other pharmacies have been and continue to be limited, fined, or, worse yet, eliminated from the pharmacy provider networks as a result of one-sided audit investigations and findings that target any perceived non-compliance, whether factual or not.

Unfortunately, adverse audit findings do not end upon resolution of the instant audit absent agreement and the appropriate resolution. No audit should be taken lightly. Pharmacies need to accurately provide truthful information on credentialing and re-credentialing applications, maintain proper paperwork as required by federal and state law, and make sure that all licenses and state filings remain in force and accurate at all times.

The lawsuit is pending in the U.S. District Court, Eastern District of Missouri. In this case, HHCS Health Group CEO Lois Adams remains committed to the prosecution of all claims, including but not limited to implied covenant of good faith and fair dealing for the unilateral termination of an extraordinarily one-sided agreement. ■

Anthony J. Calamunci, Esq., is an attorney with the firm FisherBroyles, LLP. He advises pharmacies, health care providers, medical facilities, business owners, corporate executives, and in-house attorneys with respect to a variety of regulatory, corporate, licensing, pharmacy/health care, and corporate litigation matters.

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3 out of 4 patients want to manage their health via digital according to Adobe Digital Insights. Digital Pharmacist was formed through the merger of TeleManager Technologies, PocketRx and RxWiki. Using our communication and digital marketing solutions (branded website and mobile app, email, text, interactive voice response and social media), we enable independent pharmacies to find and help more patients, enhance revenue streams and drive better patient adherence.



DIGITAL PHARMACIST™

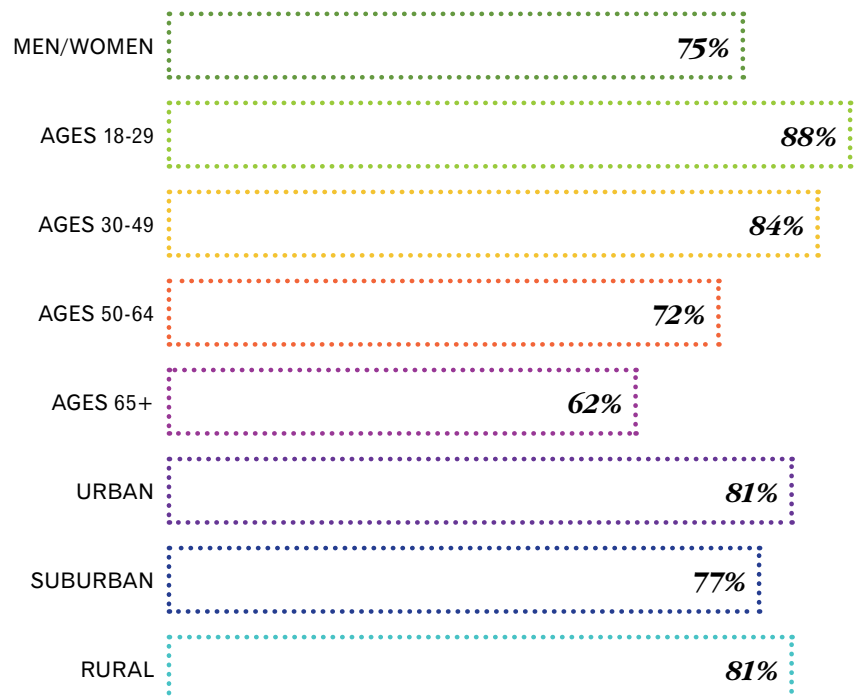
DIGITAL PHARMACY

Make Way for Today's Pharmacy With Social Media and Digital Platforms

Think you can keep doing things the old way and still attract new patients to your pharmacy?

- Three out of four patients want to engage with their pharmacist via digital channels.
- Walgreens fills a prescription from a mobile scan device every second
- Patients born in the '60s, '70s and '80s have the highest refill rates via mobile.
- 54 percent of refills are done outside of business hours.
- 65 percent of community pharmacies use social media because it works.

SOCIAL MEDIA USE IS HEAVY ACROSS ALL DEMOGRAPHICS AND GEOGRAPHIES





...if your digital strategy doesn't produce transactions, drive adherence, and increase your Star Ratings, then it is just a marketing expense.

TIPS ON CREATING EFFECTIVE BRANDED AND PERSONALIZED WEBSITES AND MOBILE APPS

- Make sure the website URL is unique and clean.
- Be sure the website is mobile and search engine optimization friendly.
- Make it Google and Apple map-friendly.
- Ensure the website and mobile app allow for easy refills.
- Include adherence tools such as medication alerts and reminders.
- Include email marketing to consistently engage your patients with interesting health information. Promotions drive in-store traffic and remain top-of-mind. For every \$1 you spend in email marketing, you get a \$44.25 in ROI.

IN THE DIGITAL AGE, FACEBOOK CAN BE ONE OF YOUR BEST SOCIAL MEDIA ALLIES—HERE ARE SOME THINGS TO KEEP IN MIND TO MAKE IT WORK FOR YOU

- Looking for quick and easy content to post online? Look at your calendar and think outside the box. Consider posting seasonal tips (e.g., summer sun care, treating bug/tick bites, back-to-school health tips); your top recommended supplements for men/women; staff features; your pharmacy's origin story; local community events; quick tips for a healthy lifestyle; and weekly/monthly promotions. Remember to keep the majority of your posts local.

- Appoint a “digital native” in your store who will champion the digital cause.
- Use online tools and in-store collateral to promote the store's digital presence at every opportunity (e.g., add social media account handles to receipts and your website).
- Industry experts recommend that 30 percent of your advertising budget should be spent online.
- Facebook is not simply a place for organic content and likes. It's also one of the largest advertising platforms in the world and can generate very positive results.
- Facebook advertisers can target potential customers based on demographic and geographic factors. For example, you can target your pharmacy message (such as “Open Enrollment,” “Flu Shots” or “Mother's Day”) to a 65-year-old male or female who likes gardening or travel or the University of Texas, and lives within 500 yards from your store. This kind of targeting is not possible with traditional media like print or radio.
- More than 50 million Facebook users are over 55 years old. Compare that to the average age of your patients, and, well ... why aren't you on Facebook?

The bottom line is that if your digital strategy doesn't produce transactions, drive adherence, and increase your Star Ratings, then it is just a marketing expense. ■

Digital Pharmacist, based in Austin, Texas, provides the digital pharmacist platform for NCPA members. Digital Pharmacist has spent the past four years working with thousands of independent pharmacies to deliver HIPAA-compliant websites, mobile apps and engagement tools that fit within the pharmacy workflow. Find out more at www.digitalpharmacist.com.

02:25:42 AM

Taking Pills

Robbery. Burglary. Theft. They happen in pharmacies every day. Here's how to protect yourself and your assets.

by Andrew Kantor

Prescription Drug Crime: A Growing Problem

Since the Centers for Disease Control and Prevention branded prescription drug abuse as an epidemic in 2010, extensive measures have been taken to make it harder to obtain narcotics.

These measures include prescription drug monitoring programs, prescription dispensing and order pattern tracking, education, and changes in how narcotics are prescribed. But even with these changes, demand for drugs is still high.

Increasingly, the need is filled by taking the drugs forcefully: by breaking in when the store is closed, by threat of physical harm to employees and customers when the store is open, or through employee diversion.

Costs to the pharmacy can be significant. Nationally, costs associated with prescription drug theft are in the tens of millions annually. Beyond what the pharmacy pays in deductibles and higher premiums, pharmacies must often invest thousands in improved security measures. Reports to the Drug Enforcement Agency, board of pharmacy, insurance companies, police, suppliers, and others can be time consuming, and if the crime is serious enough to cause the store to be closed, that's another cost. Pharmacists Mutual Insurance Company has published a pharmacy crime report looking at pharmacy burglary and robberies in the United States and the strategies and tactics needed to manage the problem.

In some cases, the most significant cost is the feeling of vulnerability and fear that accompanies pharmacy crime.

Let's follow the dominoes: We've known how addicting opioids are since at least the Civil War. We tried to limit their use (in 1924 heroin became illegal), but patients were still in pain. Over the decades pharmaceutical companies developed alternatives—think Percocet and Vicodin—even as doctors were hesitant to prescribe them.

Then came the 1990s when the pendulum swung. There was a push to treat pain *more*. They called it “the fifth vital sign,” and doctors were urged to prescribe painkillers, not the least by the pharmaceutical companies. Hospitals were (and still are) judged in part by patients' pain levels. Welcome OxyContin.

Painkiller prescriptions skyrocketed, increasing four-fold just from the early to the mid-1990s, according to the National Institute on Drug Abuse. And with those prescriptions came a high physical dependence, and addiction.

Come the 2000s and the pendulum swung back. Restrictions tightened as we realized the problem. Pain clinics shut down, “doc shopping” was tracked, and prescription drug monitoring programs were established.

The supply and availability of opioids were squeezed.

CAM-A

But not the demand.

The result: Millions of people are addicted to drugs that have become much harder to get. And where there's a demand like that, you can bet someone will find a way to meet it—legal or, more often, illegal.

In case you haven't heard, pharmacies are being robbed and burglarized, and the target in almost every case is painkillers. It's what happens when you're storing thousands of dollars' worth of products people are literally dying to get hold of.

Often the thieves are caught on video (crawling on the floor to avoid motion detectors in one case, using a sledgehammer in another), and the next day's news story has the line, "... the suspect got away with oxycodone and hydrocodone pills."

And unlike other businesses, pharmacist owners may face legal issues if they can't account for inventory—not to mention some significant cash-flow issues, too.

Before we talk about what's happening and what you can do, let's get some terminology out of the way.

In law enforcement, drug diversion involves people illegally acquiring prescription drugs. It includes burglary, robbery, faking prescriptions, hijacking trucks—the whole enchilada.

We're only concerned with some parts of that universe here:

- *Robbery*: When an outsider demands the pharmacy staff give them medications, usually with the threat of force.
- *Theft or burglary*: When someone physically breaks into the pharmacy not necessarily to steal medication, with no threat of force involved.
- *Internal theft*: When an insider steals medication using his or her position (such as an employee), either by physically taking it or by altering paperwork.

So yes, you're fighting at least a three-front war. And "you" means pharmacists, techs, and employees—at big pharmacies and small, chains and independents.

Different kinds of pharmacies face different threats. Chains are much more likely to be the victims of internal theft, while independents are more likely to be burglarized, according to Pharmacists Mutual Insurance Company. Both, however, are equally susceptible to armed robbery. So let's look at that first.

Disaster Planning Needs to Include Crime Planning

A year ago, Mary Page Nemcik, director of marketing and operations for Greenbrier Medical Arts Pharmacy, a group of independent pharmacies in southern West Virginia, was trying to deal with the devastation caused by massive flooding in the region. GMAP activated its emergency disaster plan and fortunately all of its employees were accounted for and unhurt.

However, as GMAP focused on securing power and keeping its operations up and running, the flooding brought out criminals looking to take advantage of a chaotic situation. GMAP's Lewisburg location suffered an attempted break-in early in the morning the day after the flooding on June 24, 2016. The power had been out for several hours, Nemcik said, but the store's security systems were backed up by a generator. Thieves tried to break through a side window that had been boarded up and dry walled on the inside.

"They didn't get in the building and we didn't have a loss of inventory," she said, "but on the heels of a disaster where we are trying to get medications to our customers and to our nursing homes, we had a 24-inch diameter hole in the side of our building that took two weeks to repair. So even that was a part of our disaster plan—what do we do in terms of security systems?"

Glass was hard to get at the time, so they used a bucket truck.

"We put a piece of plywood over and secured the hole and put the truck as close to the window as we could. You sometimes have to be creative when you have a crisis situation."

Since then, Nemcik says GMAP has installed a new security system with high-definition cameras and a new, larger generator at its White Sulphur Springs location that will run all systems, including HVAC.

"We have re-analyzed our staff communication plan in case of emergencies and created text groups so we can communicate with supervisors and employees quickly through their smartphones," she says. "Most of our staff don't have access to email outside of work."

Nemcik also says that GMAP is evaluating all of its communication plans, processes, and policies to address a variety of emergencies such as fire, total loss of pharmacy, and armed robbery. This includes updates of all insurance policies to include current valuation of the pharmacy contents (inventory, computer systems, robotics).

Life is unpredictable, Nemcik says. "So you prepare as best as you can."

02:25:42 AM

ROBBERY

Do we have to say this? When preparing for the possibility of robbery, the No. 1, top-of-the-list goal is *no one gets hurt*. At the end of the day, money is just money, pills are just pills.

You want to do what you can to prevent a robbery, but if it does happen your goals are simple:

1. Make sure no one gets hurt.
2. Make it as easy as possible for law enforcement to catch the thief.

But first, prevention. You can't prevent someone from attempting to rob you, but you can take steps to deter them.

At the top of the list, be obvious about it. If you have cameras (hidden or otherwise), announce that fact clearly. It also helps if you say that the video is stored off-site. Storing video off-site makes it nearly impossible for a criminal to destroy.

CVS, Kroger, and Walgreens, for example, have begun installing time-delay safes in their pharmacies for schedule II drugs. There's a waiting period—five, 10, 15 minutes—before they can be opened.

More importantly, though, they make it clear to potential robbers that the safe is on a delay; advertising the fact is what makes it most effective. A robber knows he'll have to wait before the drugs will be available, and time is not on his side.

Another potential step is to require that anyone entering the store remove hats, sunglasses, and hoodies. If you have a panic button, someone refusing to comply might gain you a few extra seconds to reach or push it.

And consider installing a height marker at your doors (public and non-public) to help determine the robber's height, assuming you have video cameras.

Pharmacists Mutual, the Drug Enforcement Agency, and the security experts at RxPATROL all agree that staff training is crucial. It should cover steps to prevent (or at least deter) a robbery, signs to watch for (such as someone 'casing the joint'), and what to do if confronted by a thief.

RxPatrol, in fact, offers free training videos at www.rxpatrol.com, and also recommends contacting your local police about educating staff. In short, in this line of work you need to be prepared and be trained.

Cameras, Candidly

Closed-circuit video cameras are a popular way to deter theft and potentially assist law enforcement afterwards. But experts from the Drug Enforcement Agency, Purdue Pharma, and RxPatrol offer some caveats and tips:

A combination of visible and hidden cameras is best. Visible to deter theft, hidden in case the thieves try to avoid being caught on them.

If you want the cameras to do more than act as a deterrent, invest in high-resolution, low-light-capable models. "Zoom and enhance" to identify criminals only works on TV.

The cameras' recordings should be stored off-site, or at least in a secure, non-obvious location.

If possible, some of the cameras should be mounted at eye level, not just from above. And be sure they're pointed at areas likely to be targeted, including registers and shelves holding controlled substances.

Finally, test the equipment regularly, and re-aim cameras as necessary.



Fast Facts from the Drug Enforcement Agency

- The most common medications pharmacy robbers seek are opiates and benzodiazepines, oxymorphone, oxycodone, methadone, Percocet, Xanax, and Valium.
- The typical pharmacy robber is often a male in his 20s or 30s who wears a hat, sunglasses, or some other material that covers his face.
- The majority of robbery cases involve a note given to pharmacy staff.
- Most pharmacy robberies are over in less than a minute.
- 69 percent of pharmacy robberies are solved.

Protecting Yourself Against Robberies

Let's face it: It's almost impossible to stop someone from walking into your pharmacy with a weapon. While it's not an everyday occurrence, it's important to have a plan to deal with it. Pharmacists Mutual suggests these measures:

1. Train your staff. Training videos are available at no charge from RxPATROL, www.rxpatrol.org, and local police are often willing to provide education on what should be done.
2. Panic buttons at fixed locations or carried by pharmacists allow you to quietly notify the police. If panic buttons are considered, make sure you know how the police will respond to them.
3. Opening doors with a buzzer and letting people in individually may help, but is not totally effective. People follow others in, some will hold the door open, and it is impossible for the pharmacist to identify every potential robber. Robbers come in all shapes and sizes, ethnicity, sex, and economic background. This technique can be effective in enforcing posted requirements that persons entering the store remove hats, glasses, and hoodies before entering. If you do use the buzzer, make sure the pharmacist has a clear view to the door.
4. One variation is to use a vestibule to trap robbers as they leave. These are expensive and require careful consideration.
5. Deploy tracking devices. Disguised to look, feel, and sound like narcotic bottles, tracking devices alert a monitoring service, which pinpoints the location of the thief. Boasting a 70 percent apprehension rate, these devices provide perhaps the best defense against armed robbers.
6. Time-delay safes. There is anecdotal evidence that the use of time-delay safes has an impact on reducing pharmacy robbery. Thieves interested in a quick score do not want to stand around until the locking mechanism allows the safe to be opened. If most targeted drugs (narcotics) are in the safe, the robber has to weigh the risk of getting caught against the expected return. If they don't feel there are enough drugs to justify the risk, they will move on.



COOPERATE AND OBSERVE

What happens if you *do* get robbed?

First and foremost, cooperate. No amount of inventory or paperwork is worth someone's life. (And that includes the thief's. If you think there are a lot of legal issues if your narcotics are stolen, they're nothing compared to what would happen if you killed or injured someone.)

The DEA is clear about this: "Do not resist!" it says. "Cooperate fully with the robberdo exactly what you are told to do, nothing more and nothing less."

That said, you should be preparing for the police later. Make mental notes on the robber(s), says the DEA, especially features that can't be changed: Age, height, weight, tattoos, scars, left-or right-handedness, and other body features.

It may seem like forever, but most robberies are over within a minute. Once that happens, you want to dial 911 and/or sound the alarm and treat anyone who's injured.

Then lock the doors and keep them closed until police arrive—yes, that means asking witnesses to stay. And *write down everything you remember about the robber*. Have anyone else in the store do the same, ASAP. Memory is incredibly fleeting and fickle. Hand out pens and paper, and explain to staff and customers what's going on.

Protect the crime scene, too. Don't touch anything the robber touched (think: door handles), and if he passed a note, be sure you know where it is—but don't touch it.

The statistics aren't great—only about two-thirds of pharmacy robberies are solved—but every step you take and take quickly can put the odds in your favor.

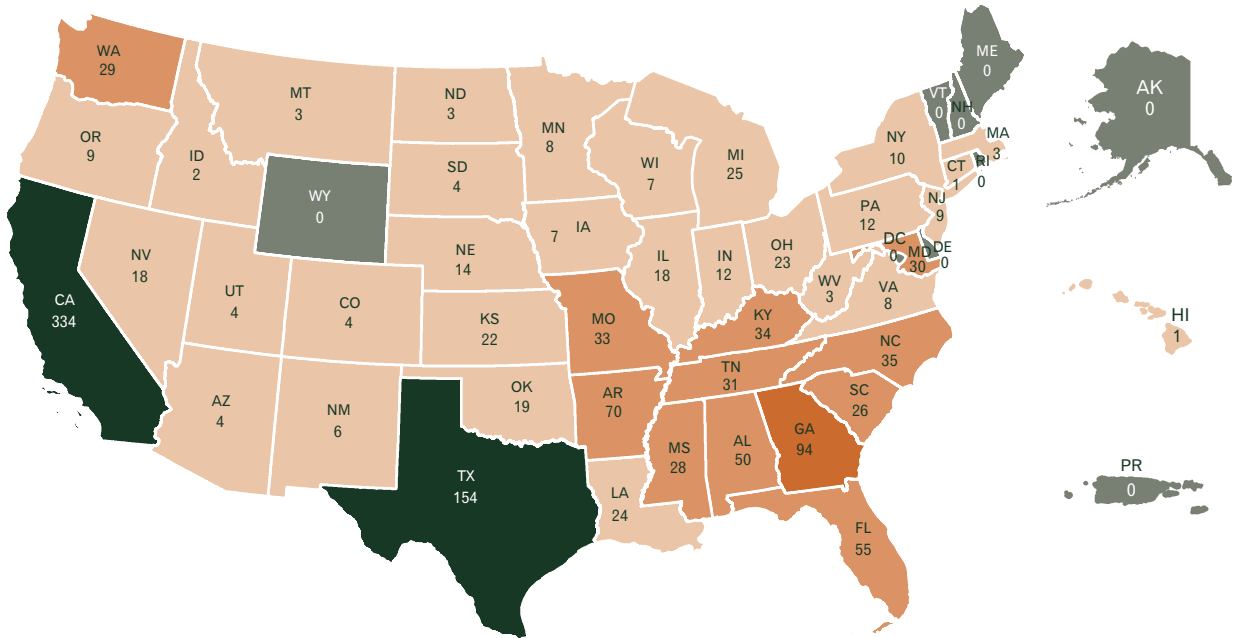
Pharmacy Burglary and Robbery Breakdown for 2016

In 2016 the Drug Enforcement Agency reported 1,268 burglaries and 822 armed robberies in the United States. The burglary breakdown was 187 incidents for chain pharmacies and 1,081 for retail pharmacies. The DEA said that California had the most reported incidents, with 334, followed by Texas with 154.

The breakdown of armed robbery was 600 incidents for chain pharmacies, and 222 for retail pharmacies. California reported the most robberies with 154, followed by Indiana with 78.

Federal Burglary Reports of Controlled Substances: Calendar Year 2016

Burglary Totals by State 2016 (Retail and Chain Pharmacies)



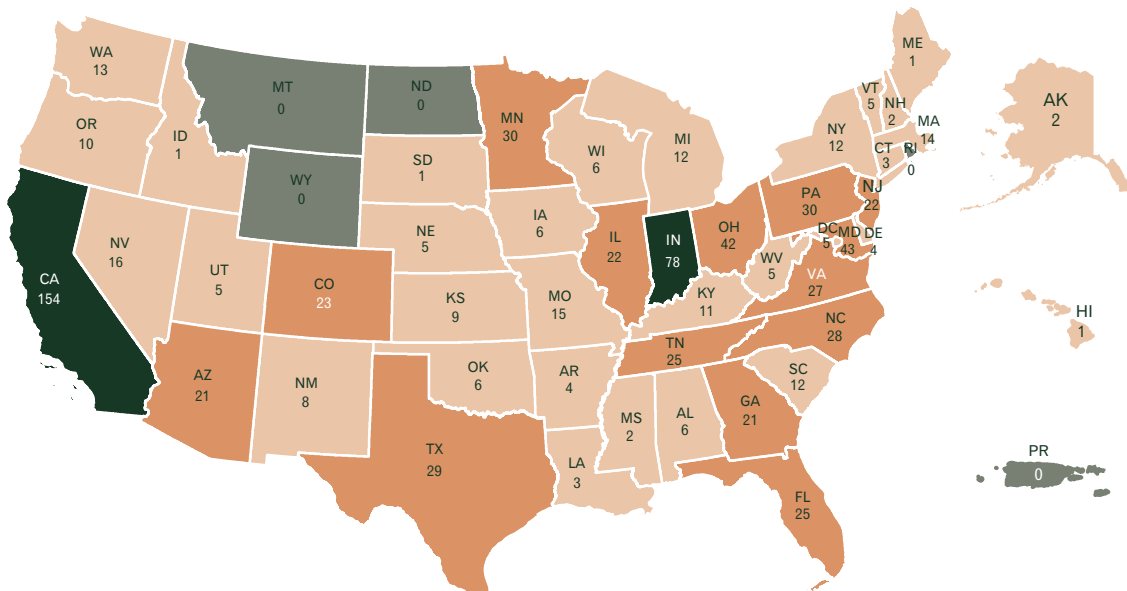
■ 0 (9) * ■ 1-25 (28) ■ 26-75 (12) ■ 76-150 (1) ■ 151-334 (2)

*Includes the District of Columbia and Puerto Rico

1,268 Total Incidents Reported in 2016 (187) Chain Pharmacy, (1,081) Retail Pharmacy

Federal Armed Robbery Reports of Controlled Substances: Calendar Year 2016

Armed Robbery Totals by State 2016 (Retail and Chain Pharmacies)



■ 0 (5)* ■ 1-20 (29)** ■ 21-50 (14) ■ 51-75 (0) ■ 76-154 (2)

*Includes Puerto Rico **Includes The District of Columbia

822 Total Incidents Reported in 2016 (600) Chain Pharmacy, (222) Retail Pharmacy

WHEN THE CAT'S AWAY

Especially for independent, stand-alone pharmacies, burglary is a bigger issue than robbery; they usually aren't open 24 hours or surrounded by a larger retail store. (See below, "Who's Robbing Whom?")

The methods have changed over the years.

"Years ago they'd throw a brick through the front window," says one pharmacist who owns 28 independent pharmacies. He's been broken into, he estimates, 50 to 60 times over the past 25 years.

His preferred method of deterrence is making it as tough as possible to even get into the store. But it's been an arms race. When he swapped out plate glass windows for laminate security glass, for example, they would go through the drive-thru window. So he added bars there while reinforcing the other entrances.

All that goes to goal No. 1 when dealing with potential burglary: Prevent a would-be thief from attempting to steal from you in the first place. That means both making it difficult, and by making it *obviously* difficult.

Another pharmacy was burglarized "semi-successfully" a few years ago when thieves punched out the deadbolt lock on the pharmacy's front door on the Sunday after Thanksgiving.

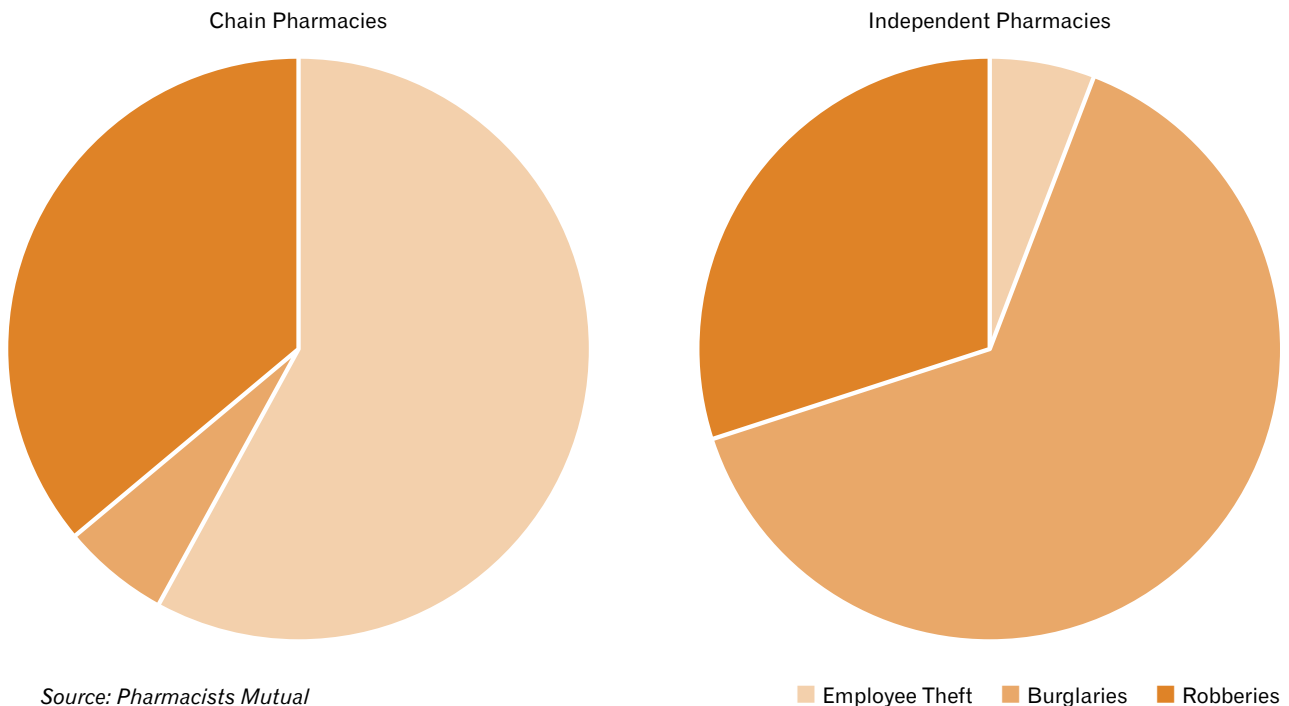
So the pharmacist made a few small but significant changes. He got a bigger, better safe—a gun safe, in fact—to store controlled substances that he's bolted to the floor. More importantly, perhaps, is that the safe is obvious to customers. Going for subtle isn't the objective. "The more obvious you are, the more high-profile it is, the better off you'll be," the pharmacy owner said. "Make it big, make it beefy."

Take another common anti-theft tool: surveillance cameras. They can help catch a thief by identifying him, but they can also help deter one by letting him know he's being watched and recorded.

It all part of the message: *Don't bother trying to steal from us.* Or, as Pharmacists Mutual puts it, "All things being equal, a criminal is more likely to avoid a 'hardened target' if they can."

Who's Robbing Whom?

Threats by Pharmacy Type



Source: Pharmacists Mutual



Advice from a Pharmacist—Who Also Happens to Be a Cop

Most pharmacies experience prescription fraud at some point. If you want some expert advice on this topic, you might want to listen to Richard Logan, PharmD, owner of L&S Pharmacy in Charleston, Mo. Logan also has hands-on experience in law enforcement, with the Mississippi County (Mo.) Sheriff's Department. He does prescription drug diversion investigations, serves on the search warrant service team, and sometimes acts as an evidence photographer.

On more than one occasion, Logan has busted criminals trying to obtain drugs with fraudulent prescriptions. A number of years ago he was working on a busy morning when he noticed an agitated man talking to one of his technicians. He had a cast on his wrist and a prescription for hydrocodone. "From behind the counter it didn't smell right," Logan said after the tech handed him the prescription. "The script looked a lot like a photocopy." (There were no indentations from the writing on the back of the prescription.)

Logan had his technician call the prescriber, who confirmed that the patient was seen on the day the prescription was written, but also confirmed that the original had already been filled and what they had was, in fact, a copy.

Having the legal authority to act, Logan decided to do so.

"While everyone at the counter watched, I went into full cop mode, which is a lot different than pharmacist mode," he says. "I told him we had him dead to rights, knew what he had done, and escorted him into my office. I also told my technician to call the sheriff's office and send a deputy to transport."

Leaving his patients at the counter, Logan told the suspect to put his hands on the wall, lean forward, and spread his feet apart. He then snatched what turned out to be a fake cast off of his arm. Logan then pulled a pair of spare handcuffs that he keeps in his desk, handcuffed the man, sat him down in a chair, and read him his Miranda rights.

"About that time he begins to tell me that I'm scaring him," Logan says. "I told him he had a right to be scared, because he had just been arrested for a felony and was on his way to jail."

As the deputy escorted the suspect out of the pharmacy, Logan said that "all of the patients who had patiently waited (most just wanted to see what was happening) gave me a big round of applause and I got back to work."

The man, who had a long history of drug arrests, was charged with several felonies and was convicted on all.

"He spent some time in jail, and surprisingly I have not seen him since," Logan said with a wry smile.

Obviously, Logan is a bit of an outlier, as most pharmacists don't do police work on the side, but he does offer some basic tips when suspecting a fraudulent prescription:

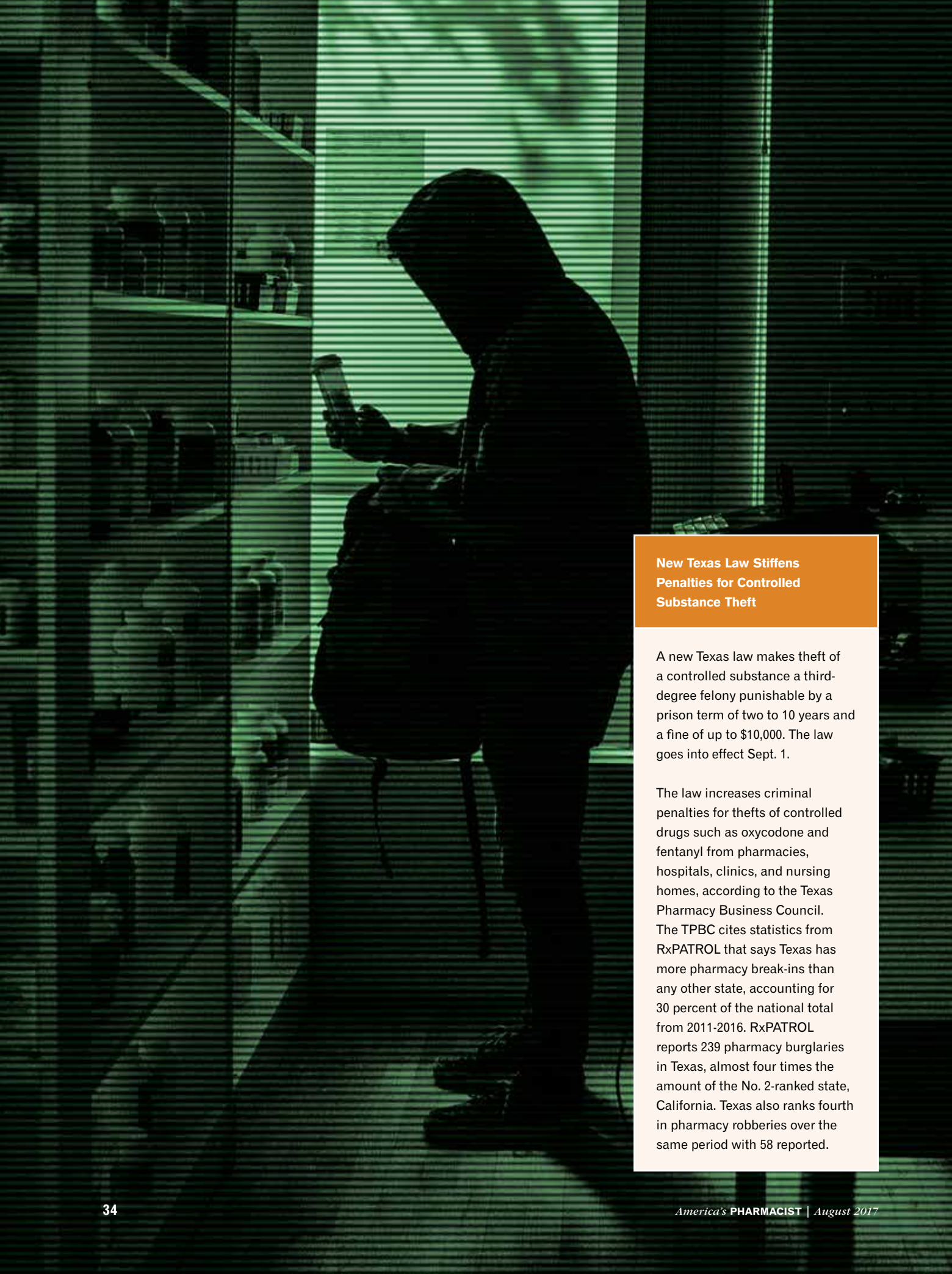
- Examine every controlled substance prescription for both legality and legitimacy, in addition to all regular clinical and third-party issues.
- Put a procedure in place for handling prescription fraud. How do you verify the legitimacy of the prescription? If fraudulent, are the police to be called? Do you just refuse the prescription? Do you tell the person you're out of stock? What are your actions?
- Presenting a fraudulent prescription is a criminal act. Think about how this situation should be handled in your pharmacy, communicate that to your staff, and try to keep the situation calm and professional.

Get to Know Law Enforcement

As a law enforcement officer, Logan also says getting to know and developing relationships with your local police department can pay dividends. He offers these tips:

- Be able to put a name and face with some of your local officers.
- Make sure the local police know your name, the location of your pharmacy, hours of operation, and emergency contact information. Introduce them to your technicians.
- Invite them to use your parking lot as an after-hours or break time meeting place to park their patrol cars, and let them know you appreciate their service.
- As you build a relationship with the police, ask their opinion about how to best protect your pharmacy. You will discover a depth of knowledge about things you have never considered. Police deal daily with criminals and have insights into their behavior. ■

Alexandra Majors, PharmD, PGY1 resident, and Benjamin Nord, 2017 PharmD candidate at the St. Louis College of Pharmacy, assisted Logan with writing and research.



New Texas Law Stiffens Penalties for Controlled Substance Theft

A new Texas law makes theft of a controlled substance a third-degree felony punishable by a prison term of two to 10 years and a fine of up to \$10,000. The law goes into effect Sept. 1.

The law increases criminal penalties for thefts of controlled drugs such as oxycodone and fentanyl from pharmacies, hospitals, clinics, and nursing homes, according to the Texas Pharmacy Business Council. The TPBC cites statistics from RxPATROL that says Texas has more pharmacy break-ins than any other state, accounting for 30 percent of the national total from 2011-2016. RxPATROL reports 239 pharmacy burglaries in Texas, almost four times the amount of the No. 2-ranked state, California. Texas also ranks fourth in pharmacy robberies over the same period with 58 reported.



HARDENED TARGETS

If you can't deter them from *trying*, your next step is preventing them from *succeeding*. Let's face it, all the warning in the world isn't going to stop some people. Warnings are great, but for a person who's an addict and just desperate, it might not be much of a deterrent.

Alarms are critical, of course. But they have to work and be used correctly. If you have a system professionally installed, it's important to test it regularly, and update and change codes on a consistent basis, especially if an employee leaves.

("Alarms," by the way, can mean everything from window-breakage sensors, to motion sensors and infrared scanners. And more. You've got options.)

And talk with your security company and local police about providing the cops with a video feed if your alarm sounds—it's called a "verified alarm." With 98 percent of burglar alarms being false ones (according to the Texas Police Chief's Association), you can't entirely blame the police if they don't always respond in seconds; that boy's cried wolf before. But with a video feed at their disposal, seeing the masked guy rummaging through your shelves will light a fire under the constabulary. You can also get a big insurance discount.

Oh, and make sure your alarm has a backup in case the phone or power lines are cut. Pharmacists Mutual laments, "Many of the alarms that are taken out do not have any form of line security, such as cellphone back-up, to alert the alarm company of tampering." Some owners go a step further. If their stores' power is cut, their alarm company will notify them and they can decide whether to investigate.

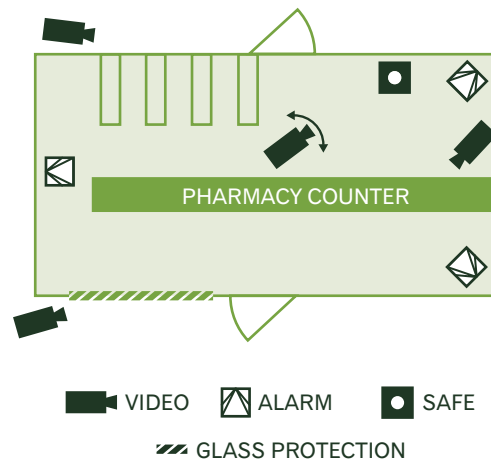
Finally, inspect your premises. Think like a thief. Look for weak spots, and don't forget to think three-dimensionally; more than one in seven pharmacy burglars enter through the roof or a wall, often from an adjacent property that doesn't have an alarm.

Then reinforce: Good fences make good neighbors, after all. In some places [burglars] have two or three doors they have to get through. Result: Only one burglary in the past three years. (Not that they haven't tried, he said. He's found dents in the back door.)

Make Crime More Difficult With a 'Hardened' Pharmacy

Making your pharmacy less attractive to thieves is called "hardening"—or making it a less attractive target. Here's how to do it:

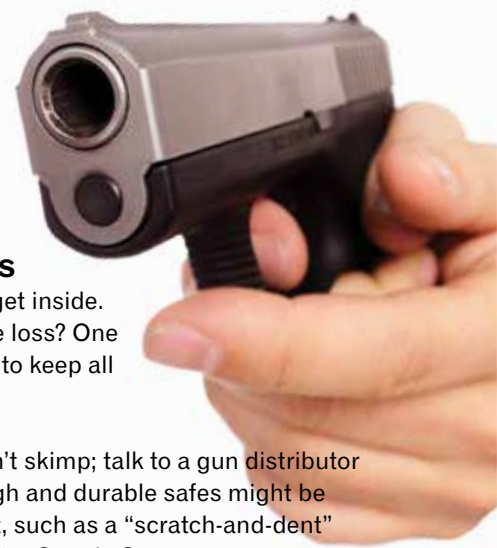
- Employees who pay attention. People entering the store are immediately greeted and asked if they need any help. The staff watches for persons acting suspiciously.
- Visible cameras and alarm devices.
- A clear and unobstructed view from the front of the store to the pharmacy counter.
- Signs and warnings, such as "under surveillance," "please remove hoodies and sunglasses when entering the store," and "safe on premises."



Protect the Perimeter

Install burglary-resistant locks, which protect against the most frequently used tool to defeat door locks—brute force such as hammers and vice grips.

- Keep the exterior of the store well lit.
- Don't provide hiding places—trim bushes, move trash bins.
- Consider external video surveillance. Cameras outside the building can be useful in catching criminals while they prepare to rob the store or as they get into vehicles.
- Add burglar bars to rear doors. These devices are placed horizontally across the door and tied to the frame to make entry more difficult.
- Protect the glass.



Robberies: Facts and Stats

Only 9 percent of thefts experienced by Pharmacists Mutual-member pharmacies involve coming face-to-face with an armed robber.

Some facts and stats about robberies:

- Most robberies last less than two minutes.
- Gangs of three or four criminals represent less than 9 percent of all robberies. The robbers tend to know the pharmacy layout, and may know specific locations of drugs and procedures followed. They have done their homework and move fast and efficiently.
- In only 48 percent of cases is an actual weapon displayed, and weapons are not always firearms. Robbers have used tasers, mace, hammers, baseball bats, and even the threat of a bomb planted on the premises. The bottom line from law enforcement: Don't resist if threatened.

(Source: *Pharmacists Mutual*)

Use Common Sense When Delivering Prescriptions

While delivery drivers rarely are robbed, it's best to prepare. A few tips:

- Know the route. Plan the route ahead of time or use GPS.
- Don't make unscheduled stops.
- Carry a cellphone. Make sure to have key contact numbers loaded and customer phone numbers on delivery order sheets.
- Call the customer to verify the address.
- Park as close to the door as possible.
- If you feel uncomfortable about the surroundings or if you spot suspicious persons, don't make the delivery.
- Be alert to vehicles that may be following you. If the vehicle follows you to the delivery destination, do not get out. Keep the doors locked and call police.

If you are approached by someone who is armed or threatening and demanding drugs, stay calm. Follow directions and do not resist. Try to remember details and call 911 as soon as possible.

Michael Warren, ARM, OHST, is risk manager for **Pharmacists Mutual Companies**.

MINIMIZING LOSSES

OK, so the Bad Guys get inside. How can you minimize loss? One way you might hear is to keep all your C-11s in a safe.

The key is quality. Don't skimp; talk to a gun distributor if you're not sure. Tough and durable safes might be available at a discount, such as a "scratch-and-dent" sale at stores like Tractor Supply Company.

But there are some downsides to be aware of, and that might explain why about three-quarters of pharmacies *don't* have a safe.

Losses, according to Pharmacists Mutual, are actually slightly *higher* in pharmacies with safes. Why? Because thieves do their homework, and the ones targeting those locations are going to be more sophisticated. They'll be prepared to disable alarms and break into the safe, and once they get in, it's a treasure chest with all the valuable drugs in one convenient spot.

The reality is, there's only so much you can do once thieves are inside. Motion detectors add another line of defense, of course, and there are several interesting options.

3SI Security Systems, for example, sells PharmaTracker bottles—containers for narcotics with GPS chips embedded in them. If the bottle leaves the premises, the company can track its location anywhere in the world.

And then there are smoke devices, like SmokeCloakDNA. If your alarm is triggered, it fills the store with a harmless smoke to cut visibility—but it *also* leaves a DNA fingerprint on everything, including the thieves. If they're caught, you can prove they were in your store. (This isn't an endorsement of either of these companies. They're just two examples of some of the more high-tech theft prevention products out there.)

Of course, one of the bigger threats to pharmacies doesn't need to break into the store at all.

INSIDE JOBS

Shall we talk about the elephant in the room when it comes to employee drug diversion?

Internal theft is more likely in a larger facility—a chain pharmacy or, obviously, a university hospital. For many, the prime focus is on preventing internal theft. In many

More than 75 percent of pharmacists do not store their controlled prescription drugs in a safe, choosing to disperse them or have a simple locking cabinet. Of the 25 percent of pharmacists who do have a safe, the majority are not designed for pharmacy/narcotics use, are broken, or are left open all day.

The Hard Truth About Pharmacy Robbery, Burglary, Internal Diversion and Opioid Addiction

Pharmacy-related crimes of robbery, burglary, and internal diversion have been growing by double digits every year for the last decade. Addiction to controlled prescription drugs, particularly opioids, is a primary culprit.

- From 1999-2013, the amount of prescription opioids dispensed in the United States nearly quadrupled.
- Deaths from prescription opioids—drugs such as oxycodone, hydrocodone, and methadone—have more than quadrupled since 1999.
- Almost 2 million Americans abused or were dependent on prescription opioids in 2014.
- According to the Centers for Disease Control and Prevention, approximately 52 people in the United States die every day from overdosing on prescription painkillers.
- Controlled prescription drug abuse is becoming the "gateway" to heroin. Ninety-one Americans are dying every day from opioid abuse, including CPDs and heroin.
- According to the National Drug Intelligence Center, the estimated impact of CPD diversion and abuse costs medical providers and insurers \$72.5 billion per year.
- The average total out-of-pocket cost for a pharmacy owner who becomes the victim of a crime is in the range of \$16,000-\$18,000 per incident.
- Industry experts across different state and federal agencies estimate that more than 25-30 percent of all crimes go unreported to authorities or insurance companies.
- Pharmacy-related crimes of robberies and burglaries have been rising double digits every year since the CDC declared an opioid epidemic in 2010.
- More than 75 percent of pharmacists do not store their controlled prescription drugs in a safe, choosing to disperse them or have a simple locking cabinet. Of the 25 percent of pharmacists who do have a safe, the

majority are not designed for pharmacy/narcotics use, are broken, or are left open all day.

- Pharmacy crimes of burglary, robbery, and diversion also represent a high risk of ID theft of patient information on prescription labels, further compromising patient safety.

There are strategies that seem to be working to reduce this threat.

- The 2016 pharmacy armed robbery statistics from the Drug Enforcement Agency show pharmacy robberies were slightly down (5 percent decrease from the previous year). Most notable is the change in Indiana, which led the nation in 2015 with 170 robberies. In the fall of 2015, time-delayed opening narcotic safes were installed in approximately 150 Indianapolis-area CVS stores, resulting in a dramatic drop in robberies, as reflected in the national decline.
- A central alarm system hook-up reduces the likelihood of a successful burglary.
- Since 2009, British Columbia, Canada, has required the use of time-delay safes for all pharmacies. The province has reported a 75-85 percent reduction in crime across its pharmacies.
- Electronic audit trails provide accountability to prevent and deter internal diversion.

Why is this so important for independent community pharmacists, and why should you care? It means that crime is being pushed down to the smaller community pharmacy chains and independent pharmacists.

Jacqueline von Zwehl, is president of Scripps Safe, Inc., Naples, Fla. She can be reached at 844-472-3379, or jvz@scripps-safe.com.

cases, it's the person you'd least expect—the “high-performing” people.

Face it, there are a lot of ways employees have to steal drugs. But knowing them is the first, biggest step to preventing them.

In some cases, employees grab a few pills here and there for personal use. In others they're looking to acquire larger quantities they can sell. Sometimes they work alone, sometimes they have accomplices.

And in all cases the pharmacist-in-charge is culpable.

So what are the most common ways employees divert drugs? According to Purdue Pharma, RxPATROL, and the DEA:

- Filling prescriptions for deceased patients
- Providing unauthorized early refills
- Filling phony written or called-in prescriptions
- Short-filling prescriptions; It's easiest to do with “as needed” drugs that patients might not be counting.
- Replacing tablets with “look alike” tablets
- Opening bottles/packages, removing tablets, then replacing and gluing the seal

So what's to be done?

Don't Miss the Aug. 22 Webinar: 'Pharmacy Security to Prevent Robbery, Theft and Diversion'

Pharmacy owners need to protect their employees and their businesses from crime. Join this webinar to learn about trends in crimes committed against pharmacies including robbery, burglary and internal theft, or diversion by employees. Most importantly, learn how to make your pharmacy a hard target and train your employees on how to respond to a robbery or when other crime is discovered. Michael L. Warren, risk manager for Pharmacists Mutual Companies, will speak about crime trends and strategies to manage it.

Tuesday, Aug. 22, 2-3 p.m. ET

Visit <http://bit.ly/aug2017ncpaforum> to register. Email webforums@ncpanet.org for additional information.

FAMILY MATTERS

Stopping your employees from stealing is a tough gig. On the one hand, you hired these people because you trust them. You don't want them to feel like potential criminals every moment they're at work. It's a needle to thread: Trust, but verify.



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Law enforcement and insurers offer some suggestions for doing just that:

- Do background checks before hiring.
- Limit access. Not every employee needs access to every area of the pharmacy.
- Manage your keys. Don't allow keys that unlock sensitive areas to be taken off-site. (And stamp all keys "Do Not Duplicate.")
- Give every employee his or her own alarm code, and change them when an employee leaves.
- If you have security cameras, remember they can also be used to watch employees.
- If non-pharmacy staff need to go behind the counter—such as repairmen, contractors—make sure they're escorted at all times.
- Pay particular attention to waste and returns—those present an opportunity for internal theft. Log and witness everything.

Here are a few more recommendations:

- Review and reconcile counts of controlled drugs regularly.
- Check in inventory quickly—don't let it sit out.
- Review and monitor orders of controls.
- Double- or even triple-count controls.

The last item is particularly helpful when trying to prevent someone stealing one or two pills. "Personal use cases, quite frankly, are the hardest to catch," one pharmacist says. Requiring at least one other person to verify a count—to say, "Yes, I agree with you"—makes theft significantly harder, she said.

When all's said and done—when employees are trained, when alarms are installed, when doors and windows are secured—we all know it's almost impossible to prevent 100 percent of thieves. It's a fact of life, especially in a business where you're dealing in a small but expensive product that's in high demand on the street.

Keep in mind, though, that the precautions you take to prevent go beyond protecting your inventory. They're also protecting patients and citizens in general. Every theft you prevent means less out *there*. " ■

Andrew Kantor is director of communications and editor at the Georgia Pharmacy Association. A version of this article originally appeared in the October/November 2016 issue of *Georgia Pharmacy*, the journal of the Georgia Pharmacy Association. Adapted and reprinted with permission.

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Wheeler Pharmacy's Home Connection provides integrative service for geriatric patients

by Lakin Mills

When Wheeler Pharmacy opened its doors in 1958, it fit the Norman Rockwell-esque image of a community drug store, complete with a soda fountain. Its goal was to provide quality service to the people of Lexington, Ky. Almost 60 years later, the pharmacy still holds true to those core values, while looking ahead by utilizing modern health care methods for its patients.

In 2006, Wheeler Pharmacy established a medication management program for seniors, and more than a decade later the Home Connection program now services some 85 patients. Pharmacy Manager Claire Wheeler Love, RPh, says the Home Connection has given the pharmacy a foothold in the community as a center for geriatric care. Love is the daughter of owner Buddy Wheel-



er, and also owns a sister pharmacy, Wheeler's Custom Compounding.

Lynne Eckmann, PharmD, BCGP, serves as the Home Connection director. Eckmann, a University of Kentucky pharmacy graduate, has devoted her career to serving geriatric patients through consulting and clinical practice in the community and long-term care settings.

BORN FROM NECESSITY

The Home Connection had its roots as part of an in-house LTC service in an independent retirement community. What became apparent was that patients were progressing from independent living to skilled nursing facilities at a disconcerting pace, and medication issues were a primary culprit. Cathy Hanna, RPh, was tasked with trying to prolong independence by reducing medication errors. After the program was sold to a larger LTC company, the patients became unhappy with the quality of care they were receiving, and turned to Hanna for help. She brought the idea and her loyal patient base to Wheeler Pharmacy. Love saw the opportunity for new patients and thought the program could grow. Eckmann eventually took over to formalize and lead the program.

HOME CONNECTION PROGRAM

The Home Connection model is an individualized medication management program that goes beyond adherence packaging services. Medications are organized in adherence packaging to decrease the scheduling burden for patients and caregivers. The pharmacist tracks missed doses and changes in overall health, and proactively addresses concerns with the patient, caregiver, family, and health care providers. This intense, continuous monitoring and pharmacist intervention helps keep patients healthier.

QUALITY CARE STARTS AT HOME

Enrollment into the program begins with a home visit by the pharmacist and continues with weekly home deliveries by the HC staff. On the initial visit, Eckmann and other members of the HC staff seek to build a foundational relationship between the pharmacy, the patient, and any family members or caregivers involved in the patient's care. There is no time limit, as the information gained from meeting with patients in the comfort of their own home is invaluable. This visit is also used to gather all existing medications in the home—such as prescriptions, OTCs,

and herbal supplements—and discard any expired or discontinued medications.

Each week, the patient's medications are delivered by a full-time pharmacy technician who makes a point to connect with the patient and address concerns that can be resolved on the spot or bring them to the pharmacist. The pharmacy utilizes reusable medication organizers, so when one week's supply is dropped off, the previous week's box is picked up. After visiting with the patient, the technician notes any concerns the patient has, any changes in overall health, and any missed doses into the patient record.

BEYOND ADHERENCE PACKAGING

At the pharmacy, the staff is doing more than packaging the medication boxes for delivery. Eckmann reviews each technician delivery note and patient chart to assess signs of non-adherence, gaps in therapy, and potential interactions. The weekly visits reveal valuable information that would otherwise be missed with in-pharmacy or over the phone interactions. It is more than asking patients or prescribers if there are any changes; it involves understand-

ing if the patients are actually taking their medications and what is happening—or not happening—inside their homes.

Each week involves monitoring and evaluating interventions implemented previously. Eckmann routinely follows up with prescribers, family members, and patients to ensure an integrated, team approach to tackling medication issues.

As an independent pharmacy owner, Love emphasizes how important it is to diversify revenue beyond prescriptions.

Eckmann attributes the acceptance rate of her interventions to the strong relationship she has built with prescribers. She has a direct line of communication with many primary care providers, and the communication goes both ways, with many reaching out to her proactively for recommendations. Prescriber access helps her deliver stronger, quicker, and more focused suggestions for interventions, instead of the often unwieldy process of relaying messages between the physician's office and the pharmacy.

The program utilizes collaborative practice agreements to expand and individualize their services to each patient. For example, one patient was struggling with fluctuating international normalized ratio (INR) levels, and was unable to keep them under control. Now the pharmacist periodically measures her INR, adjusts her anticoagulant dosage,

and updates the prescriber. A recent expansion to their protocol now allows them to immunize patients at the bedside—a service that came in handy during the last flu season.

VALUE BEYOND REVENUE

The HC program involves comprehensive pharmacist-prescriber and pharmacist-patient interventions and monitoring. Wheeler Pharmacy charges a one-time set up and monthly service fee to patients enrolled in the program, a cost that is paid out-of-pocket by either the patient or the patient's family. Eventually, the hope is that provider status may change the cost structure of the program, where the pharmacy can bill Medicare and other payers for the services. The staff—Eckmann and one full-time and two part-time technicians—are employed entirely on HC revenue.

The health system value could be tracked in medication errors prevented, adverse events avoided, or skilled nursing facility needs decreased, but the true worth goes

beyond the dollar sign. Eckmann says the most rewarding part of her job is the feedback she gets from the patients, family members, and health care providers.

TIPS FOR OTHER OWNERS

As an independent pharmacy owner, Love emphasizes how important it is to diversify revenue beyond prescriptions. She says that the Home Connection does that. For pharmacies interested in starting a similar program, Eckmann and Love suggest having someone on board who has experience and expertise in geriatrics, such as a board-certified geriatric pharmacist. Love also says, "Don't undervalue the service. We are experts in our field." She stressed delivering a service like this and doing it well, as it is important to charge for the time, energy, and resources that go into providing top-notch care. ■

Lakin Mills is a 2018 PharmD and MBA candidate at the University of Kentucky School of Pharmacy and was a summer 2017 APPE rotation student at NCPA.



Making a *Difference*

**NCPA's mentor program
allows pharmacy veterans
to provide inspiration
and wisdom to the next
generation as they embark
on their journey**

by Diana Courtney, RPh





Most of us can pinpoint that someone who has greatly influenced where we are today in our careers and in our lives. It could be a teacher, a preceptor, an employer, a neighbor, a parent, or even a grandparent. Regardless of who it is, we can all identify with that feeling you get from someone taking the time to make a difference in your life. That is why NCPA is excited about the positive response we have had to our newly revamped mentor program. This winter, 48 mentors and 52 mentees signed up for a nine-month mentorship program. As we embark on the second cycle for the upcoming academic school year, the program continues to grow.

E-PHARMACY MEETS E-HARMONY

The revised program has taken its direction from the new cultural norm of online dating sites. Instead of simply matching students and mentors based on their geographic proximity, we use 15 different interest markers to sensibly match students and mentors. In a world that stays easily connected through technology, being matched to someone based on their location is no longer the top priority. We can now focus the matches on the interests, attributes, and expertise areas that both the mentor has and the student desires. Additionally, we recognize that

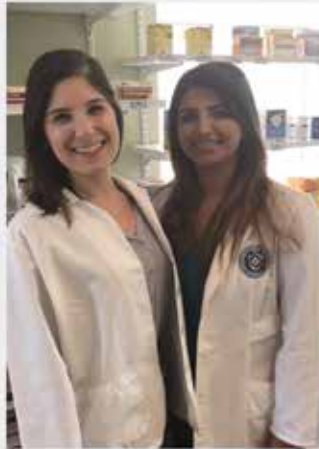
as students are exposed to more pharmacy areas, their interests can shift and change. So, at the end of each nine-month mentorship cycle, students have the option to continue on with their current mentor, or re-submit their matching survey with their newfound interests.

RETURN ON INVESTMENT

I don't know of any pharmacy owner, let alone business owner, who doesn't like to see a return on his or her investment. What makes mentorship all the better is that you don't have to actually make a financial investment to reap the rewards. With just one hour of dedication once a month, the return on investment from participating in the mentor program is immense. For the mentors, that one hour provides them with the opportunity for leadership, along with opportunities to connect with the next generation of potential pharmacy owners. While NCPA can't promise that you will find your next employee, junior partner, or pharmacy purchaser, we can promise you will open doors for students that otherwise would have remained closed. For students, their one hour

“My mentor with whom I was matched has been great. He has been willing to discuss everything that I have approached him with and has provided me with a number of useful insights that I haven't previously thought of in my pursuit of one day owning my own pharmacy. He has been willing to be a part of the dialogue, which is important to the program. Going forward I would gauge the mentors' level of interest because their active participation is key. I again want to express my gratitude for enabling such a program, and I hope that NCPA will continue to do so going forward so that other students can reap the benefits.”





Ana Simonyan (2018 PharmD candidate St. Louis College of Pharmacy) and Fatemeh Khatian (PharmD candidate 2018 Notre Dame of Maryland College School of Pharmacy) spend some time with mentor Stacey Swartz.

“He’s helped me establish some goals to work toward, so I’m excited to see how this goes. We’re planning to meet up at the next NCPA convention, so it’ll be nice to finally meet him then.”

per month investment provides them with real world examples and experiences of independent pharmacy ownership. Again, no promises that students will meet their future employer or find the pharmacy they will one day own, but the ripple effect that a mentorship like this can have is nearly immeasurable.

ALL PLANNED OUT

To maximize the learning opportunities throughout the mentorship and minimize the time outside the one-hour monthly commitment, NCPA has created a mentor program guide book. Included in this book are subjects that could be covered each month of the program. While the students and mentors are not required to cover these topics in this specific order, or even cover them at all, the monthly talking point suggestions help to ensure that each monthly meeting is productive and there is no shortage of topics to review.

An additional benefit of providing these talking points is to highlight topics that students say are the least discussed in the pharmacy curriculum. While many schools of pharmacy do offer some business and/or entrepreneurial programs which may touch on the financial or management component of ownership, the monthly topics provided in the mentor program guide book dig more into understanding the keys to operating an independent pharmacy. This next level training has the added value of utilizing “teachers” who have real world experience in implementing and practicing these topics on a daily basis.

CONNECT, FOCUS, BRIDGE, INSPIRE

These are the four tenets of the NCPA Mentor Program. We want to successfully connect entrepreneurial students and dynamic independent pharmacy owners to help students explore ownership as a career path. The

“My mentor is extremely knowledgeable about independent pharmacies and I'm grateful for his willingness to answer my questions.”



discussions between mentor and mentee need to be focused on the skills and knowledge needed in successfully owning and operating an independent pharmacy. It is through a program like this that we can start bridging the gap between current and future owners. Based on current trends, 50 percent of independent pharmacy owners will be of retirement age in 10 years.

Even if you aren't even considering retirement at this point, you never know where life will take you, so there is no better time than now to start making those connections. It just takes one to help you get on a path to early retirement. Arguably the most important tenet is the ability and opportunity to inspire and motivate students to become future owners, and to instill the desire and drive in the next generation of pharmacists to take charge of their own future. We are confident, however, that the ability and opportunity to be inspired and motivated by the students is as equally great through this program.

For more information about the mentor program, or to find out how to sign up as either a mentor or mentee, please email studentaffairs@ncpanet.org. ■

Diana Courtney, RPh, is NCPA director of student and professional affairs and committees.

Mentor Program Monthly Talking Points	
September	Introductory meeting <ul style="list-style-type: none"> • Background of mentor • Goals of mentee
October	American Pharmacists Month <ul style="list-style-type: none"> • Services offered in pharmacy • Vision for future services • Services offered in area
November	PSAO: Pharmacy Service Administration Organization <ul style="list-style-type: none"> • PSAO function • Common PSAO in marketplace • Introduction to pharmacy's PSAO
December	Legal Incorporation Structures <ul style="list-style-type: none"> • Pharmacy's legal structure: LLC, S-Corp, C-Corp, etc. • Benefits of current legal structure
January	Understanding Accounting <ul style="list-style-type: none"> • Reading P&L statement and balance sheets • How to use financial statements as tools • Vendor terms: net 15, net 30, etc.
February	Understanding PBMs <ul style="list-style-type: none"> • Function of PBMs • Reimbursement cycles • DIR fees
March	Managing Personnel <ul style="list-style-type: none"> • How to motivate/incentivize • Conflict resolution techniques • Training techniques
April	Calculating the Cost of Business <ul style="list-style-type: none"> • Cost to dispense • Department percentage breakdowns • Determining profit margins
May	Interviews <ul style="list-style-type: none"> • What employers look for in interviewees • Successful interview techniques • Mock interviews



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Some people have had seizures during treatment with CHANTIX. Tell your healthcare provider if you have a history of seizures. If you have a seizure, stop taking CHANTIX and contact your healthcare provider right away.

New or worse heart or blood vessel problems can happen with CHANTIX. Tell your healthcare provider if you have heart or blood vessel problems or experience any symptoms during treatment. Get emergency medical help right away if you have symptoms of a heart attack or stroke.

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Use caution when driving or operating machinery until you know how CHANTIX affects you. Decrease the amount of alcohol you drink while taking CHANTIX until you know if CHANTIX affects your ability to tolerate alcohol.

The most common side effects of CHANTIX include nausea (30%), sleep problems (trouble sleeping, vivid, unusual, or strange dreams) constipation, gas and/or vomiting. If you have side effects that bother you or don't go away, tell your healthcare provider.

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WHAT IS THE MOST IMPORTANT INFORMATION I SHOULD KNOW ABOUT CHANTIX?

When you try to quit smoking, with or without CHANTIX, you may have symptoms that may be due to nicotine withdrawal, including:

- urge to smoke
- depressed mood
- trouble sleeping
- irritability
- frustration
- anger
- feeling anxious
- difficulty concentrating
- restlessness
- decreased heart rate
- increased appetite
- weight gain

Some people have even experienced suicidal thoughts when trying to quit smoking without medication. Sometimes quitting smoking can lead to worsening of mental health problems that you already have, such as depression.

Some people have had serious side effects while taking CHANTIX to help them quit smoking, including:

New or worse mental health problems, such as changes in behavior or thinking, aggression, hostility, agitation, depressed mood, or suicidal thoughts or actions.

Some people had these symptoms when they began taking CHANTIX, and others developed them after several weeks of treatment, or after stopping CHANTIX. These symptoms happened more often in people who had a history of mental health problems before taking CHANTIX, than in people without a history of mental health problems.

Stop taking CHANTIX and call your healthcare provider right away if you, your family, or caregiver notice any of these symptoms. Work with your healthcare provider to decide whether you should continue to take CHANTIX.

In many people, these symptoms went away after stopping CHANTIX, but in some people symptoms continued after stopping CHANTIX. It is important for you to follow-up with your healthcare provider until your symptoms go away.

Before taking CHANTIX, tell your healthcare provider if you have ever had depression or other mental health problems. You should also tell your healthcare provider about any symptoms you had during other times you tried to quit smoking, with or without CHANTIX.

WHAT IS CHANTIX?

CHANTIX is a prescription medicine to help adults stop smoking.

WHO SHOULD NOT TAKE CHANTIX?

Do not take CHANTIX if you have had a serious allergic or skin reaction to CHANTIX. Symptoms may include:

- swelling of the face, mouth (tongue, lips, gums), throat or neck
- trouble breathing
- rash, with peeling skin
- blisters in your mouth

Some of these reactions can become life-threatening.

WHAT SHOULD I TELL MY HEALTHCARE PROVIDER BEFORE TAKING CHANTIX?

See **“WHAT IS THE MOST IMPORTANT INFORMATION I SHOULD KNOW ABOUT CHANTIX?”**

Before you take CHANTIX, tell your healthcare provider if you:

- use other treatments to quit smoking. You should not use CHANTIX while using other medicines to quit smoking. Using CHANTIX with a nicotine patch may cause nausea, vomiting, headache, dizziness, upset stomach, and tiredness to happen more often than if you just use a nicotine patch alone.
- have kidney problems or get kidney dialysis. Your healthcare provider may prescribe a lower dose of CHANTIX for you.

WHAT SHOULD I TELL MY HEALTHCARE PROVIDER BEFORE TAKING CHANTIX? (continued)

- have a history of seizures
- drink alcohol
- have heart or blood vessel problems
- have any other medical conditions
- are pregnant or plan to become pregnant. It is not known if CHANTIX will harm your unborn baby.
- are breastfeeding. It is not known if CHANTIX passes into breast milk. If you breastfeed and take CHANTIX, monitor your baby for seizures as well as spitting up or vomiting more than normal.

Tell your healthcare provider about all the medicines you take, including prescription and over-the-counter medicines, vitamins and herbal supplements. Your healthcare provider may need to change the dose of some of your medicines when you stop smoking.

WHAT SHOULD I AVOID WHILE TAKING CHANTIX?

- Use caution when driving or operating machinery until you know how CHANTIX affects you. CHANTIX may make you feel sleepy, dizzy, or have trouble concentrating, making it hard to drive or perform other activities safely.
- Decrease the amount of alcoholic beverages that you drink during treatment with CHANTIX until you know if CHANTIX affects your ability to tolerate alcohol.

WHAT ARE THE POSSIBLE SIDE EFFECTS OF CHANTIX?

Serious side effects of CHANTIX may include:

- See **“WHAT IS THE MOST IMPORTANT INFORMATION I SHOULD KNOW ABOUT CHANTIX?”**
- **Seizures**
- **New or worse heart or blood vessel (cardiovascular) problems**
 - **Get emergency medical help right away if you have symptoms of a heart attack**
- **Sleepwalking** which can sometimes lead to behavior that is harmful to you or other people, or to property.
- **Allergic or serious skin reactions.** See **“WHO SHOULD NOT TAKE CHANTIX?”**

If you experience any of the above side effects, stop taking CHANTIX and get medical help right away.

The most common side effects of CHANTIX include:

- nausea
- sleep problems (trouble sleeping or vivid, unusual, or strange dreams)
- constipation
- gas
- vomiting

Tell your healthcare provider about side effects that bother you or that do not go away.

These are not all the side effects of CHANTIX. Ask your healthcare provider or pharmacist for more information.

You may report side effects to the FDA at 1-800-FDA-1088.

WANT MORE INFORMATION?

- Ask your healthcare provider for complete product information. This is only a brief summary of important information.
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Know Your Numbers

**Keeping track of your
inventory and expenses
is the path to pharmacy
profitability**

by Scott W. Sykes, CPA, CGMA

Do you view accounting as not important or a burden? If you were to pull up a balance sheet of your pharmacy, how confident would you be in those numbers? On a scale of one to 10, how important is inventory on your balance sheet? Are you reporting third-party accounts receivables on your tax returns and financial statements? If you answered “no” or “I don’t know” to any of these questions, you’re not alone.

If you aren’t sure how your pharmacy accounting stands in comparison to your peers, then look no further. The following accounting mistakes highlight common areas that should not be an issue for a pharmacy owner. Unfortunately, these mistakes often cost tens of thousands of dollars or cause owners to miss opportunities in the pharmacy and leverage proactive tax strategies.

The most successful pharmacies understand this one bold fact: accounting is the foundation of their business. So why are you not doing everything you can to leverage that accounting foundation to help grow and serve your patients? Now is the time.

ACCOUNTING IS NOT IMPORTANT

The most successful pharmacies understand this one bold fact: accounting is the foundation of their business. So why are you not doing everything you can to leverage that accounting foundation to help grow and serve your patients? Now is the time. Weak reimbursements and tight margins are just another reason why you must have a reliable accounting system.

If you are wondering if you have a reliable accounting system right now, then you most likely do not. You know when you have a reliable system in place. It streamlines all day-to-day processes using technologies and daily bank reconciliations, and ties in your daily deposits to the point-of-sale reports. Streamlining the payable processes electronically frees you up from hand signing checks—this is 2017, not 1985. Detailed weekly status

reports customized to what you want to see is how you “check your bank account.” A reliable accounting system and efficient daily processes give you a foundation of integrity, so when it is time to review your monthly financial statements or tax plans you know that what you are looking at is accurate, timely, and valuable.

NO INTEGRITY IN THE BALANCE SHEET

This and all of the other mistakes listed in this article tie into the false idea that accounting is not important. Accounting *is* important and is fundamental to your pharmacy, so having that reliable accounting system in place is crucial. So crucial, in fact, that if you do not have a reliable system in place, there is a strong chance you are making this accounting mistake.

The balance sheet is a snapshot in time of your assets, liabilities, and equity. It changes every day as your bank account updates, your inventory changes, and your receivables fluctuate among all the other accounts. Your balance sheet on paper should change too as your accounting system operates day in and day out. Each account on that balance sheet should also be reconciled to the penny each and every month. The accounts payable at the end of the month should be exactly what you owe vendors. The credit cards and bank accounts should also be reconciled at month’s end. When you implement efficient and reliable daily accounting processes, most of this work is already done for you. There are, of course, accounting adjustments to be made for depreciation, inventory, and third-party receivables that someone should assist you with who has knowledge of the industry. This leads me to the next mistake.

NOT UNDERSTANDING HOW INVENTORY IMPACTS GROSS MARGIN

One key component of your pharmacy balance sheet is inventory. This area is often confusing for pharmacy owners and their accounting staff. The inventory shown on your balance sheet directly impacts your bottom line on the profit and loss statement, so it is vital you understand how this impacts your pharmacy and pay close attention to this figure daily, weekly, and monthly.

When a bottle of 1,000 pills is purchased, there are two accounting entries: an increase in payables for the cost of the drug, and an increase in inventory. When a prescription is filled for 30 pills, inventory is obviously less at 970. That decrease in inventory or the cost of those 30 pills is now shown as cost of goods. As a result, you have revenue from the 30 pills minus the cost of those 30 pills which equals your gross margin. As we all know, your margins are extremely important to your pharmacy, so this piece of the balance sheet puzzle is vital.



So, how do you know what your cost of goods is when filling hundreds or thousands of scripts? Well, you know what you purchased as listed in your accounts payables and, if you have a reliable perpetual inventory system or an actual physical count, you know your inventory levels at month's end. This adjustment to inventory will give you the most accurate cost of goods, gross margin, and, ultimately, net income.

AN INCORRECT ACCOUNTING METHOD

Generally, most pharmacies are *required* to report on the accrual basis of accounting, not the cash method. The accrual basis of accounting means that revenues and expenses are recorded when incurred, not when collected or paid. The cash method records revenues when money is received and when checks are cleared. Are you reporting on the correct method of accounting?

Two common mistakes we see are not reporting on the accrual basis when required and incorrectly reporting accrual. For those who are not sure what method to use, it is listed on your pharmacy tax return. From there, if you are on the cash basis and should be accrual, you will need to change your method of accounting. This change is fairly standard and requires a few additional forms with your pharmacy tax return. Your accounting professional should be able to handle that, but if they missed the correct reporting basis on your tax return, you may want to seek another tax advisor. Reporting on the cash basis does not provide valuable accounting data for a pharmacy as so much of a pharmacy's business is on the accrual basis, such as income from third-party receivables.

For those who are on the accrual basis and required to report on the accrual basis as indicated on your tax return, review the tax return balance sheet to be sure. Are you reporting third-party accounts receivables? You certainly should be. Are you reporting your payables, your liabilities such as accrued wages, sales tax payable,

and payroll? Hopefully you are but, again, if you are required to report on the full accrual as most pharmacies are, you should be doing just that reporting on full accrual. If you find you haven't been reporting third-party receivables—a common mistake for those certified public accountants who do not understand pharmacy accounting—or any other mistake, you can file a Form 3115 with the IRS to fix the error. Filing the Form 3115 usually gives you audit protection for that error and allows you to potentially spread out any additional tax from the error over a four-year period.

RELIABILITY AND EFFICIENCY ESSENTIAL

As you can see, accounting for a pharmacy is complex and ever-changing. However, having a reliable and efficient accounting system in place can help you adapt and stay ahead. Not only do you catch issues with a reliable accounting system, you are also able to be proactive with tax strategies. There shouldn't be any delay in knowing where you stand day in and day out. Ultimately, you'll be in a better position and will have more time to manage, lead, and grow your pharmacy, all while taking better care of your patients. ■

Scott W. Sykes, CPA, CGMA is with **Sykes & Company, P.A.**, working directly with pharmacy owners, assisting with day to day accounting and tax compliance issues. He is also active in year-end payroll preparation, tax planning, individual tax preparation and corporate tax preparation for pharmacy owners and businesses.



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UPCOMING EVENTS

- Aug. 9** **NCPA Innovation Center Webinar: Opportunities for Growth: Building a Business with Long-Term Care (CE)**, Webinar
- Aug. 22** **NCPA Members Forum: Pharmacy Security to Prevent Robbery, Theft and Diversion (Non-CE)**, Webinar
- Oct. 12-13** **High Performance Strategies for LTC Pharmacies**, sponsored by *Pharmacists Mutual Companies*, Orlando, Fla.
- Oct. 12-14** **Ownership Workshop**, sponsored by *McKesson*, Orlando, Fla.
- Oct. 13** **Front-End Profit-Building Seminar**, sponsored by *Good Neighbor Pharmacy*, Orlando, Fla.
- Oct. 14** **Selling Your Pharmacy Action Plan**, sponsored by *Live Oak Bank*, Orlando, Fla.
- Oct. 14-18** **NCPA 2017 Annual Convention**, Orlando, Fla. www.ncpanet.org/convention

FRONT-END OVERHAUL

Numbers Don't Lie, But They Can Mislead (Part 1)

by Gabe Trahan

Dear Gabe,

Less than a year ago we decided to run a report on our pain relief department to identify the items we had not sold at least one of within the past six months. We were shocked! Nearly 20 percent of the items had not sold at all, so we pulled the shelf tags and returned the product. Some of the product was close to the expiration date and unreturnable. Just recently we ran the report again, and this time we discovered 17 items that have not sold. Should we send these back as well? The pain department is starting to look empty. It is obvious people in this town like to buy their OTCs elsewhere.

~ Feeling the Pain

Dear Feeling the Pain,

The zeroes in that report are not telling you the complete story. The report pointed to what you did not sell, but it did not give you a hint as to why you're not selling the items. Review the following four areas when experiencing poor sales with front-end product:

Zone Pricing: Check to see if your retail OTC prices are competitive within your class of trade in your area. Remember, you are not expected to compete with dollar stores, club stores, or even the big box stores, but you do have to price within reason with the chains and other community pharmacies near you. Large profit margins for OTCs may look encouraging on paper, but rarely are in line with your retail neighbors.

"Ones" on the Shelf: Next, take a look at the depth of product you stock on the shelf. Stocking one of each item is

nearly the same as carrying none of each. Displaying one of each item works well for a museum, not for a pharmacy.

The Size of Your Departments: Are you offering too many choices for pain relief? Large department sizes are filled with line extensions, meaning stocking the same brand items that are similar in therapy but differ in either flavor, size, shape, and/or strength. For example, when a store has more than 30 different types of ibuprofen, you will find approximately 10 of the pain relievers will sell well and the others may sit on the shelves for a while. Large category sizes also offer more brand items, and more items competing for the sale will point to additional slow-moving items.

Private Label Retails: Are your private label retails priced in line with the major brand name? There are times when private label is priced too low, making the brand look overpriced. Confirm that your private label is part of your zone pricing. In nearly every case, zone pricing will cover only one brand of private label. For example, if you have two private labels of low-dose 81 mg aspirin, then you can be sure that one is priced correctly and the other is a big bargain to your customers, leaving the major brand name looking mispriced. One note about private label: their retails are based on the major brand price and then discounted down to offer the appropriate savings. Private labels retails are not solely based on the private label cost.

Numbers tell you what has happened, not why. Discovering the "why" takes more than printing a report filled with numbers. Look here next month for Part 2 of "Numbers Don't Lie." ■

Gabe Trahan is NCPA's senior director of store operations and marketing. Gabe uses more than 40 years of front-end merchandising experience to help NCPA members increase store traffic and improve profits. Visit www.ncpanet.org/feo to watch videos, read tips, and view galleries of photo examples by Gabe. Follow him on Twitter @NCPAGabe for additional tips.

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