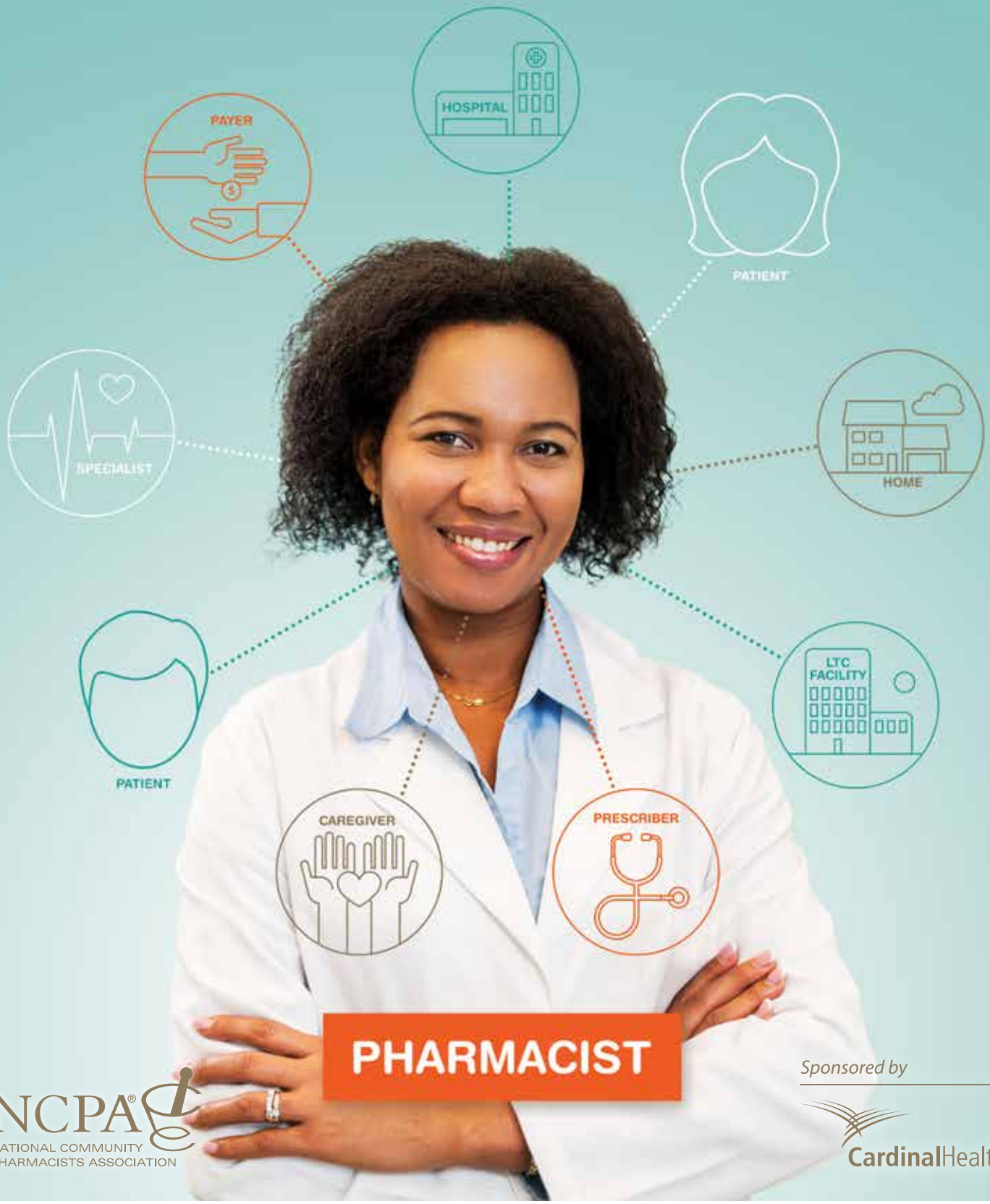
NCPA 2017 DIGEST

OPPORTUNITIES FOR COMMUNITY PHARMACY IN A CHANGING MARKET



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NATIONAL COMMUNITY PHARMACISTS ASSOCIATION
THE VOICE OF THE COMMUNITY PHARMACIST®

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Dear Reader:

"If you can't measure it, you can't manage it," goes the old business axiom.

With that in mind, the National Community Pharmacists Association and Cardinal Health proudly present the 2017 *NCPA Digest*.

The *Digest* helps community pharmacy owners and their business partners manage better by providing facts, figures, and profiles — essential data that describe the impact that community pharmacies have on individual patients and the communities they serve. It's in these communities that independent pharmacies have their greatest impact, not only economically, but through civic contributions that help make their communities better places to live.

For more than eight decades, the *NCPA Digest* has provided the most comprehensive report available on the state of independent community pharmacy, allowing pharmacy owners to make prudent business decisions and equipping elected officials with the information they need to craft sound policy. The health care landscape has changed dramatically since the very first *Digest*. Through it all, independent pharmacists' devotion to and care for both their patients and their community has been the anchor that has remained steadfast.

Community pharmacy owners can control their own destiny — it's one of the main reasons they chose community pharmacy. They're freer to customize care that meets the health care needs of their patients in ways that the competition can't. They use their expertise to make positive differences in their patients' lives.

This year's *Digest* features pharmacists who have found innovative ways to adapt to a changing market. They include David George and Phong Hoang, co-owners of Creative Care Pharmacy in Edmond, Okla. Their involvement with CPESN USA, LLC (CPESN[SM]) helps them provide patients value-based care, including patient classes in diabetes and medication synchronization. Jim McBride, owner of Clinton Drug Store in Clinton, Tenn., rents space within his pharmacy to Express Health Clinics, providing his patients with convenient access to nurse practitioners who are able to provide care for routine family illnesses. The point is, successful pharmacy owners are crafting new pharmacy services to address gaps in care in their local communities.

NCPA's partner, Cardinal Health, has long supported independent community pharmacy, recognizing that independent pharmacists make a difference in the health care marketplace with the unique services they provide and the special position they hold in their communities. NCPA and Cardinal Health provide community pharmacies with the services and tools to help them be successful in today's evolving marketplace.

Thanks to Cardinal Health, NCPA can provide the most comprehensive and useful information about independent pharmacy. This 2017 *NCPA Digest* will be your best resource throughout the year for the most pertinent business information on the independent pharmacy marketplace.

Thank you for reading.

Sincerely,

B. Douglas Hoey, RPh, MBA, CEO
National Community Pharmacists Association

Debbie Weitzman
President
Pharmaceutical Distribution
Cardinal Health

HOSPITAL
PAYER
PATIENT
SPECIALIST
HOME
LTC FACILITY
CAREGIVER
PRESCRIBER
PHARMACIST

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Foreword

This year's *NCPA Digest,* sponsored by Cardinal Health, provides an exhaustive look at the state of independent community pharmacy. Independent community pharmacies continue to capitalize on the opportunity to improve medication use, providing a wide range of specialized services tailored to their patients. This comprehensive report describes some of the steps being taken by independents to strengthen their position as health care providers and adjust to marketplace needs, not only for independent community pharmacists, but for a diverse audience including media, government, and lawmakers who wish to view this continuously evolving marketplace.

This year's *Digest* provides an in-depth look into the $79.8 billion marketplace that independent community pharmacy represents. For over 80 years, the *Digest* has provided an inside look to measure industry trends and provide benchmarking information. This year's publication follows an easy-to-use format that includes information regarding:

- **The marketplace.** Information regarding employment trends among pharmacists and technicians and the number of retail pharmacies nationally, as well as pharmacist interactions with physicians.
- **Patient care services.** Charts that provide information about the services offered by independent community pharmacies, including point-of-care testing and medication adherence.
- **Technology trends.** Information about trends in technology resulting from independent community pharmacies finding new and innovative ways to increase their productivity and differentiate themselves from their competition.
- **Third-party prescriptions.** Statistics about third-party prescription activity, including Medicare Part D.

The *NCPA Digest,* sponsored by Cardinal Health, could not be published without the cooperation of hundreds of independent community pharmacies that completed the confidential *Digest* survey. NCPA and Cardinal Health would like to thank those that provided financial data to make this year's *Digest* possible. Data for the *NCPA Digest*, sponsored by Cardinal Health, are obtained via fax and through electronic surveys sent to independent community pharmacies across the United States. Survey data are compiled and analyzed by NCPA, and the results are assessed for accuracy by the researchers at the University of Mississippi. The *Digest* is provided through the financial support of Cardinal Health.

Executive Summary

The *NCPA Digest,* sponsored by Cardinal Health, provides an annual overview of independent community pharmacy, including a comprehensive review of the financial operations of the nation's independent community pharmacies for 2016.

In 2016, independent community pharmacy represented a $79.8 billion marketplace, with 92 percent of sales for independents derived from prescription drugs. Net margins on prescription drugs continue to be slim due to third-party payer and government programs that in some cases reimburse below acquisition cost. Independent pharmacies are responding to low reimbursements by expanding their operations to include patient care services and products and by developing more efficient dispensing models.

The number of independent pharmacies has declined from

Table 1: Independent Pharmacy at a Glance

Year	2016
Average Number of Pharmacies in Which Each Independent Owner Has Ownership	1.96

Average Number of Prescriptions Dispensed Per Pharmacy Location	
New Prescriptions	28,496 (48%)
Renewed Prescriptions	31,250 (52%)
Total Prescriptions	**59,746 (100%)**
Average Prescription Charge	$55.99

Percentage of Total Prescriptions Covered By	
Government Programs (Medicaid or Medicare Part D)	52%
Other Third-Party Programs	39%
Percentage of Generic Prescriptions Dispensed	84%

22,160 to 22,041 (Table 5, page 9). Combined, these 22,041 pharmacies employ more than 207,000 full-time equivalent workers, helping to stimulate local economies, paying state and local taxes, and providing high quality services that make a difference in the daily lives of patients. An overview of the average independent community pharmacy is provided in Table 1, on page 5.

In general, the average independent community pharmacy location dispensed 59,746 prescriptions (191 per day) in 2016, a slight decrease from the 60,493 prescriptions dispensed in 2015. Mandatory mail order, including steering those patients taking specialty medications, and preferred networks most commonly in Medicare Part D may have contributed to the slight decrease in prescription volume in these independent pharmacies.

Many independents continue to operate multiple pharmacies. Twenty-nine percent of independent community pharmacy owners have ownership in two or more pharmacies, and the average number of pharmacies in which each independent owner has ownership is 1.96.

Data for the *Digest* have been collected for over 80 years, providing the opportunity to look at long-term trends for independent community pharmacies. For the last 10 years, gross margins as a percentage of sales have remained in the 22 to 24 percent range. However, below-cost reimbursement and unpredictable DIR fees in Medicare Part D, combined with other marketplace pressures, have had a profound impact on recent gross margins, falling by 5 percent over the past 3 years.

Tables 2 and 3 show the recent financial trends:

- Average sales in 2016 per location were $3,618,964, a decrease from 2015.
- Gross margin decreased for a third straight year to 22.1 percent.
- Payroll expenses, as a percentage of sales, increased from 12.8 percent in 2015 to 13.1 percent in 2016.

It is important to note that this year's *Digest* data reflect the marketplace in 2016, the eleventh year for the Medicare Part D prescription drug benefit. The Medicare Part D benefit continues to grow, and state Medicaid programs are remaining stable in enrollment. In 2016, 36 percent and 16 percent of prescriptions in independent community pharmacies were covered by Medicare Part D and Medicaid, respectively. These government programs continued to account for more than half of all prescriptions sold in independent community pharmacies (Table 1 and Table 18. See pages 5 and 19, respectively).

In 2016, independent community pharmacies continued to lead the way in innovations that define the future of pharmacy practice. As Medicare Part D and other payers focus on quality of medication use, independent community pharmacists are providing the patient care services to ensure optimal medication therapy. Community pharmacists are accessible and have the expertise to manage drug therapies. Community pharmacists are finding ways to be part of health

Table 2: Average Annual Sales (in Thousands) Per Pharmacy Location, 10-Year Trend

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
$3,604	$3,881	$4,026	$4,022	$3,831	$3,854	$3,893	$3,622	$3,678	$3,619

Table 3: Averages of Pharmacy Operations, 10-Year Trend

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of Goods Sold	76.8%	76.8%	76.2%	76.0%	77.1%	76.8%	76.7%	77.1%	77.7%	77.9%
Gross Profit	**23.2%**	**23.2%**	**23.8%**	**24.0%**	**22.9%**	**23.2%**	**23.3%**	**22.9%**	**22.3%**	**22.1%**
Payroll Expenses	13.7%	13.5%	14.1%	14.5%	13.4%	13.7%	13.4%	13.0%	12.8%	13.1%

care teams and facilitating transitions of care as patients move from inpatient to ambulatory settings. They are also utilizing newer technologies and social media in their business operations.

- Ninety percent of *Digest* pharmacies are offering some type of medication adherence program. Improving medication adherence aligns the interest of patients, payers, pharmacists, and plans.

- Independent community pharmacists consult with physicians 9.3 times daily on prescription drug therapy. This includes generic product recommendations and therapeutic interchange recommendations. Physicians in turn accept pharmacists' generic product recommendations 95 percent of the time and 80 percent of the time for other therapeutic recommendations, providing evidence of the important role pharmacists are playing as part of the health care team (Tables 13–15, page 17).

- Sixty-four percent of *Digest* pharmacies have a mobile app, 42 percent have mobile commerce/signature capture, and 86 percent have a Facebook page to interact with their patients and customers (Tables 16 and 17, page 18).

Independent community pharmacists have proven throughout the years that they are resilient and will modify and reinvent their practices to adapt to economic challenges. They will continue to define the future of pharmacy by timely innovation and exceptional customer service. Most important, they continue to be vital health care providers to patients and dynamic leaders in communities of all sizes, including key locations in rural and underserved areas.

Methodology

Independent community pharmacy owners, having completed at least one entire year of operations, were invited to participate in this study. Pharmacy owners or their designees were asked to complete the surveys. NCPA has exercised the utmost professional care in compiling the information received. While we have tested the information for clerical accuracy, the data supplied were not necessarily based on audited financial statements. NCPA does not make any assurances, representations, or warranties with respect to the data upon which the contents of this report were based. The information which the 2016 portion of the study is based was from the calendar year of Jan. 1, 2016 through Dec. 31, 2016. Results from prior issues of the *Digest* have been incorporated with the 2016 results to facilitate assessing industry trends.

The Independent Community Pharmacy Marketplace

Independent community pharmacies are all privately held small businesses, but they vary in practice setting. They include single and multiple store operations, regional chains, and franchises. At the end of 2016, there were 22,041 independent community pharmacies, a slight decrease from the 22,160 independent pharmacies in 2015. Independent community pharmacy continues to represent a significant portion of pharmacies in the United States (Table 5).

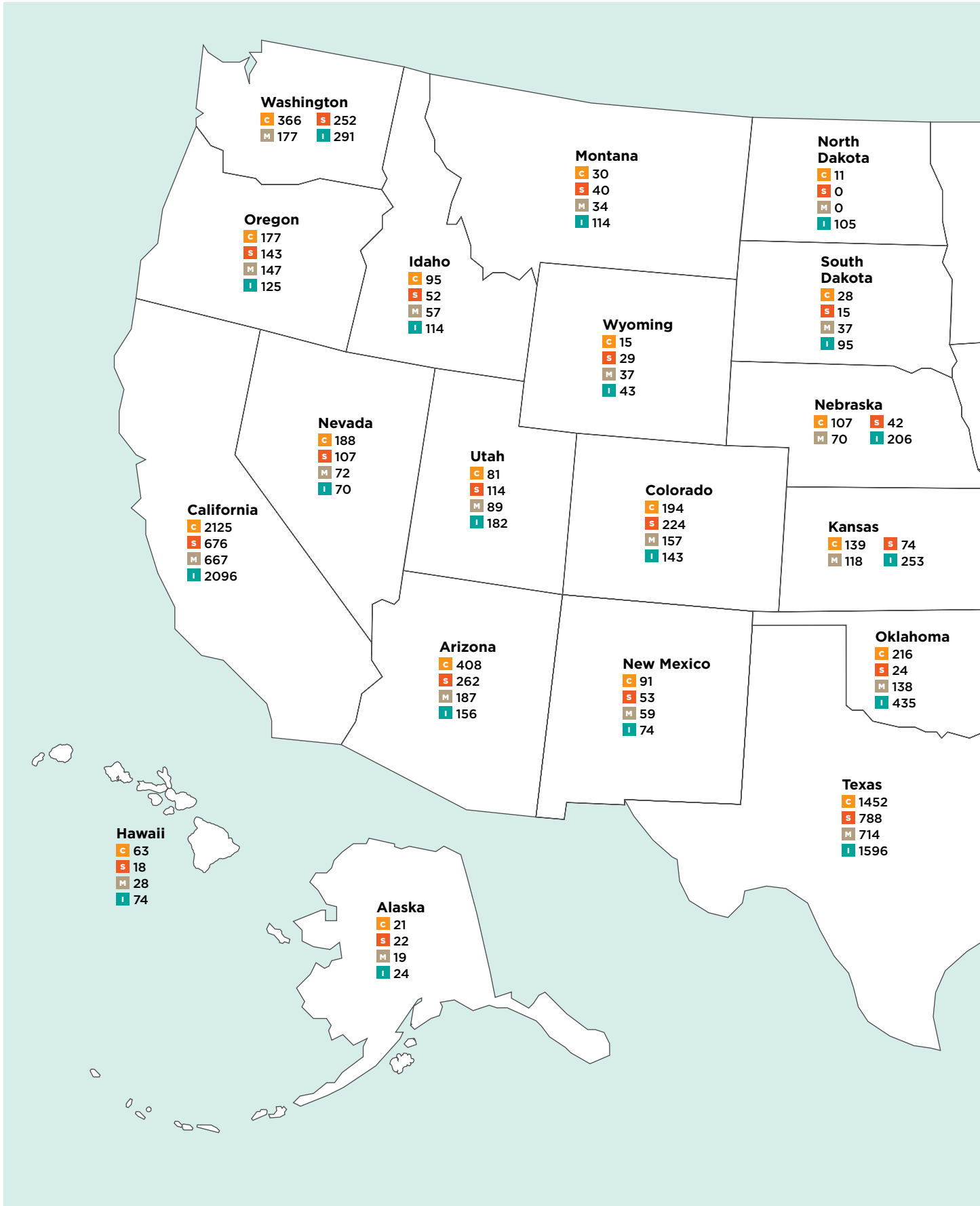
It is important to note that this independent community pharmacy industry still represents 36 percent of all retail pharmacies in the U.S. and a 79.8 billion marketplace.

Table 4: Pharmacy Staff Positions

	2014	2015	2016
Non-Owner Pharmacists	1.5	1.5	1.6
Technicians	3.5	3.2	3.1
Other Positions	3.4	3.3	3.4
Total Non-Owner Employees	**8.4**	**8**	**8.1**
Working Owners—Pharmacists and Other Positions	1.5	1.4	1.3
Total Workforce	**9.9 Full-Time Employees**	**9.4 Full-Time Employees**	**9.4 Full-Time Employees**

Table 5: Pharmacy Practice Settings

	2012	2013	2014	2015	2016
Independents	23,029	22,814	22,478	22,160	22,041
Traditional Chains	21,170	21,394	21,514	22,164	22,400
Supermarket	8,341	8,301	8,356	8,208	8,402
Mass Merchant	8,290	8,330	8,382	8,477	8,640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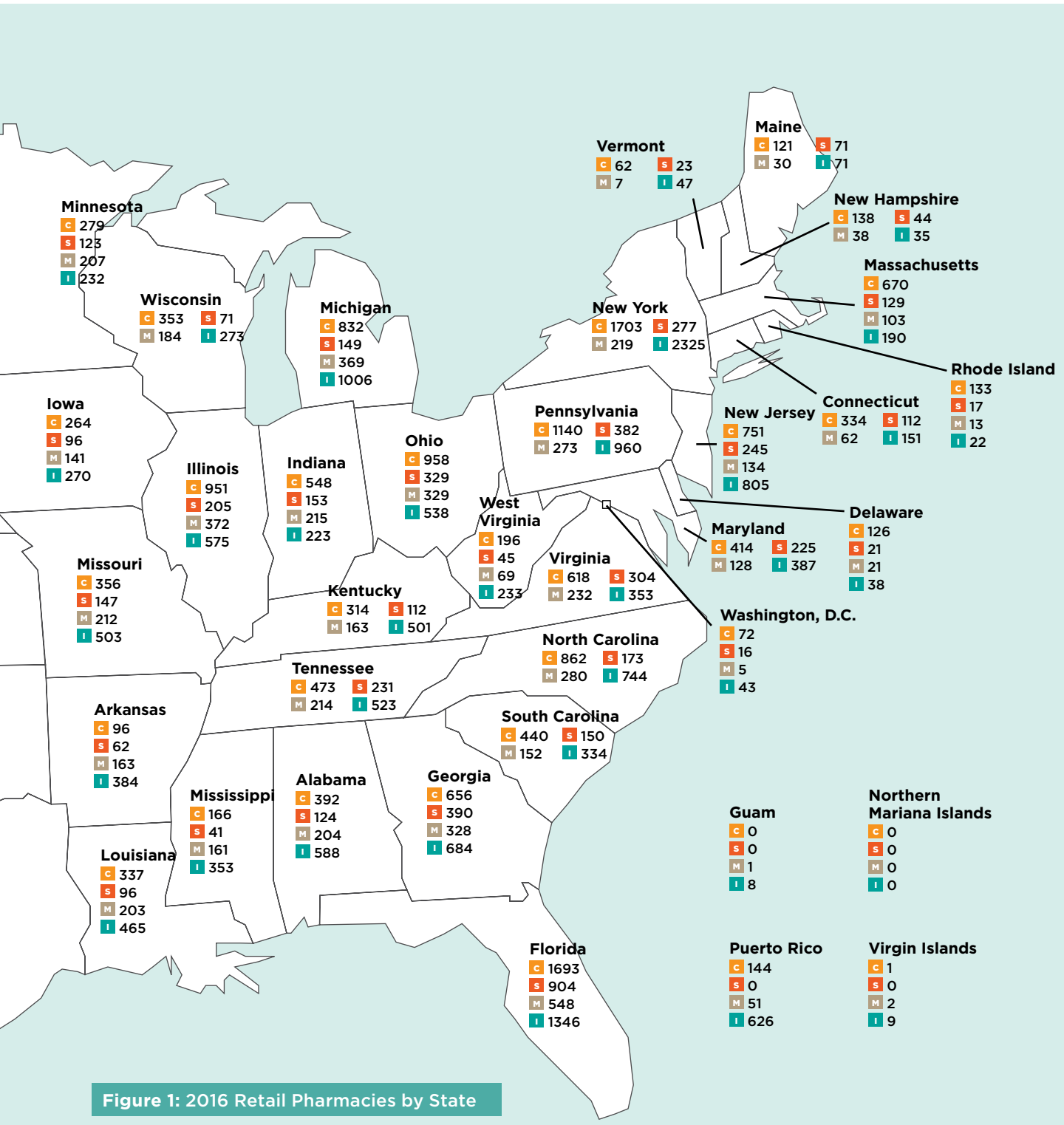


Figure 1: 2016 Retail Pharmacies by State

LEGEND

C Traditional Chain
S Supermarket
M Mass Merchant
I Independents

Source: NCPA analysis of NCPDP data and NCPA research

Table 6: Percentage of Generic Prescriptions Dispensed

2012	2013	2014	2015	2016
77%	78%	80%	82%	84%

Table 7: Average Hourly Wages

	2012	2013	2014	2015	2016
Pharmacist	$54.15	$55.62	$55.37	$55.89	$57.21
Technician	$13.90	$14.00	$14.31	$14.37	$14.87
Clerk	$9.63	$10.40	$10.51	$10.46	$10.95

Other notable characteristics about independent community pharmacies:

- In 2016, independent pharmacy owners on average employed 8.1 non-owner, full-time equivalent employees (FTE) per location, a slight increase from 2015 (Table 4, page 9).
- Hourly wages for staff pharmacists and technicians are up slightly in 2016. Staff pharmacist wages increased by $1.32 per hour to $57.21. Pharmacy technician wages increased to $14.87, and clerk/cashier wages increased by 49 cents to $10.95 per hour (Table 7).
- During these difficult economic times, independent community pharmacists continue to help patients lower their costs by encouraging the appropriate use of generic drug products, which are less expensive than their brand counterparts. As shown in Table 6, generic dispensing increased again in 2016 to 84 percent of total prescriptions.
- Thirty-six percent of independent community pharmacies are located in an area with a population of less than 20,000. These community pharmacies are providing vital services to very rural areas. Forty-five percent are located in areas with a population between 20,000 and 50,000. Collectively, 81 percent of independent pharmacies are serving areas with a population less than 50,000.
- In 2016, 13 percent of independent community pharmacies had total sales over $6.5 million, 38 percent with sales between $3.5 and $6.5 million, 18 percent with sales between $2.5 and $3.5 million, and 31 percent with sales under $2.5 million.
- The majority (65 percent) of independent community pharmacies are organized as a small corporation, followed by 22 percent which are a limited liability corporation (LLC). Thirteen percent are organized as a C corporation.
- The *2017 Digest* pharmacy's cost of dispensing for all pharmacies is $11.09, down from $11.21 last year.

Pharmacists as Health Care Providers

Independent community pharmacists are an easily accessible health care provider specializing in high-quality patient-centered care. One of the hallmarks of independent pharmacy has long been the services to which patients have access and receive in the pharmacy. As Medicare Part D and Medicaid continue to expand, and health care reform is implemented, community pharmacists are positioned best to expand these services. The following pages will show the patient care services and niches that independent pharmacy is providing their patients.

LONG-TERM CARE SERVICES

Independent community pharmacists play an important role in caring for the nation's 46.2 million seniors. They provide pharmacist care for seniors in nursing homes, assisted living facilities, hospice, and home-based care. They also provide many specialty services for seniors such as nutrition assessment and support, intravenous therapy, durable medical equipment, ostomy supplies, and pain management. By thinking innovatively, independent community pharmacists provide needed services and improve their business financially. In 2016, 44 percent of independent community pharmacists provided long-term care services to the residents of LTC facilities (Table 8, page 14).

ADHERENCE SERVICES

Costs associated with chronic illness are a major driver of rising health care costs in America. For most of these chronic illnesses, medications are the most cost-effective course

Table 8: Long-Term Care Beds Served by Type of Facility

Type of Facility	Average Number of Beds in 2016
LTC Facility	144
Assisted Living	124
Residential Facility	61
Correctional Facility	51

Table 9: Services Included in Medication Synchronization

	2016
All chronic medications synchronized to a single monthly pick-up date	94%
Pharmacist meets with patient as needed to review medication use	64%
Patient is called 4 to 10 days in advance of the monthly pick-up date	58%
Patient is called the day before the pick-up date	35%

PATIENT CARE SERVICES HIGHLIGHTS

- Table 11 shows the top patient care services offered are medication therapy management (86 percent) and compounding (62 percent). Additionally, these services provide a competitive advantage for independent community pharmacy.
- As the population of Medicare beneficiaries grows, pharmacies are also increasing services to the elderly.

DISEASE STATE MANAGEMENT SERVICES HIGHLIGHTS

- The top three disease state management services offered are immunizations (74 percent), blood pressure monitoring (61 percent), and diabetes training (41 percent). These reflect the increased prevalence of diabetes and cardiovascular disease and the emphasis on wellness and patient outcomes.
- Pharmacists may bill separately for lipid monitoring, immunizations, osteoporosis services, and asthma management. Pharmacists bill both patients and third-party providers, charging based on service provided, time needed to perform the intervention, and value of service. These services are associated with better patient outcomes and improved quality of care.
- It is important to note that the No. 1 service offered is immunizations, highlighting the public health role of pharmacists. Many states are expanding the role of the pharmacist in immunizations.

of treatment, yet many patients don't take their medication. To help combat the $290 billion dollar medication non-adherence problem in the U.S. and improve patient health, 90 percent of independent community pharmacies have deployed comprehensive adherence programs, with nearly 77 percent offering medication synchronization services to their patients.

Medication synchronization (med sync) or the appointment-based

model is the process of aligning all of a patient's medications to come due on the same day of each month, coupled with an appointment with the pharmacist. Both patient and pharmacy benefit from med sync programs. The med sync appointment date is used as a plan for a pharmacy visit, making note of any outstanding questions or clinical issues and maximizing the opportunity to provide any beneficial pharmacy services. Ninety-four percent of independent community pharmacies offering med sync services report synchronizing all chronic medications to a single monthly pick-up date and 58 percent report calling patients 4-10 days in advance of the monthly pick-up date (Table 9).

PROGRESSIVE PHARMACY NICHES

Independent community pharmacies are engaged in various progressive niches. These niches are helping owners differentiate their pharmacies in local markets and become better integrated in the community's overall health care system. Thirty-five percent of pharmacists have a collaborative drug therapy agreement with a physician, and 23 percent have access to electronic medical records (Table 10). Pharmacists are part of the health care team providing innovative services, transitions of care, and patient education.

DISEASE STATE MANAGEMENT

As pharmacists continue their history of adopting practice models that include patient care services, they also provide disease state management services. Many independent community pharmacists offer patient care services for patients with certain disease states. Numerous studies have documented that pharmacist intervention can significantly reduce overall health care costs in patients with diabetes, heart disease, asthma, and other chronic conditions. Moreover, pharmacists can play a significant role in improving public health by promoting cancer awareness, educating patients about the dangers of smoking, and providing immunizations. Independent community pharmacists continue to lead the industry by providing these valuable services regularly across the nation (Table 12).

SPECIALTY MEDICATION

Independent community pharmacy is playing a major role in the rapidly growing specialty pharmacy market. Thirty-nine percent of independent community pharmacies dispense specialty medications. The top disease state specialty medications dispensed by these pharmacies include rheumatoid arthritis (85 percent), HIV (55 percent) and hepatitis C (45 percent). These pharmacies provide high-touch care to the patients in their local communities who need these medications.

Table 10: Emerging Models: Enhanced Services Pharmacies

	2015	2016
Collaborative Drug Therapy Agreements	31%	35%
Access to Electronic Medical Records	23%	23%
Conduct Patient Education Classes	17%	19%
Transition-of-Care Program	10%	11%
Implemented Convenient Care Clinic	2%	2%

Table 11: Summary of Patient Care Services Offered

	2014	2015	2016
Medication Therapy Management (MTM)	80%	81%	86%
Compounding	65%	61%	62%
Durable Medical Goods	56%	61%	52%
Ostomy Supplies	36%	38%	35%

Table 12: Summary of Disease State Management Services

	2014	2015	2016
Immunizations	71%	67%	74%
Blood Pressure Monitoring	64%	57%	61%
Diabetes Training	41%	35%	41%
Smoking Cessation	19%	20%	24%
Asthma Management	14%	11%	17%
Weight Management	11%	10%	13%
Lipid Monitoring	9%	7%	8%

Interactions With Other Health Care Professionals

HIGHLIGHTS

- Independent community pharmacists consult with physicians or other health care professionals 9.3 times daily regarding prescription drug therapy (Table 13). Pharmacists continue to intervene and contact prescribers to make recommendations and improve medication therapy for their patients.
- Independent community pharmacists recommend brand to generic drug changes when appropriate to other health care professionals. Ninety-five percent of these recommendations were accepted by other health care providers and a change to a less expensive generic medication was made (Table 14).
- When independent community pharmacists recommend therapeutic changes to prescribers, 80 percent of the recommendations are accepted (Table 15).
- Therapeutic recommendations being accepted by physicians and other health care professionals demonstrates that pharmacist recommendations are highly valuable and trusted by other health care professionals.

Table 13: Pharmacist Interactions with Other Health Care Professionals — Discussion With Physician or Other Health Care Professional Regarding Patient's Drug Therapy

2014	10 Times Per Day
2015	9.7 Times Per Day
2016	9.3 Times Per Day

Table 14: Pharmacist Interactions with Other Health Care Professionals — Percentage of Pharmacists Offering Recommendation for Brand to Generic Drug Change

2014	94% Accepted
2015	95% Accepted
2016	95% Accepted

Table 15: Pharmacist Interactions with Other Health Care Professionals — Percentage of Pharmacists Offering Recommendation for Therapeutic Interchange

2014	80% Accepted
2015	80% Accepted
2016	80% Accepted

An independent community pharmacist is a vital link between the patient and the entire health care system. Pharmacists fulfill a need in most communities because of the unique accessibility and the knowledge about medications that these professionals possess and share with their patients.

Since pharmacists are engaged in providing patient care services and helping patients obtain needed medications at an affordable price, it is important that they communicate with physicians and other health care professionals. Often the pharmacist is the health care provider who is helping the patient understand their prescription benefit design and facilitating compliance with its requirements. Additionally, it is the pharmacist who is often seeing the entire medication profile of a patient and using their experience to determine the safety and appropriateness of each prescription. Thus, it is important that pharmacists, physicians, and patients interact. Fortunately, physicians and other health care providers continue to trust and value the recommendations offered by independent community pharmacists. Pharmacists are being asked to be part of health care teams in accountable care organizations and other health care entities. Community pharmacists are advocating for recognition as health care providers and to be paid for the valuable services they are providing to the health care system. The services provided by the independent pharmacist often optimize clinical outcomes and reduce health care costs.

Technology Trends

HIGHLIGHTS

- Independent pharmacies are embracing social media. Eighty-six percent of independent pharmacies utilize Facebook, 64 percent use a mobile app, and 23 percent have a Twitter account (Table 17).
- Independent community pharmacists continue to embrace workflow technology to improve their effectiveness and efficiency. Eighty-eight percent of pharmacies use point-of-sale technology (Table 16).

To remain competitive in today's marketplace, the use of technology in independent community pharmacy practice continues to increase. More and more, independents are taking advantage of emerging technologies to enhance pharmacy efficiency, reduce costs, improve patient care, and facilitate communications with health care providers and patients. The use of social media is also increasing.

Table 16: Percentage of Pharmacies Utilizing Workflow Technologies

Category	2014	2015	2016
Point-of-Sale	82%	84%	88%
Automated Dispensing Counter	48%	51%	56%
Telephone IVR	40%	42%	50%
Mobile Commerce/Signature Capture	43%	48%	42%
Automated Dispensing System	28%	30%	32%

Table 17: Social Media

Category	2015	2016
Facebook	87%	86%
Mobile App	62%	64%
Twitter	28%	23%
YouTube	7%	7%

Third-Party Prescriptions

The most significant external pressure on the business of independent community pharmacy is third-party prescription coverage and the corporations that administer drug coverage, pharmacy benefit managers. For independent pharmacy, public and private third-party payers dictate prescription drug reimbursement payments and introduce additional operational and financial challenges to the pharmacy. For example, forcing patients to use a mail order pharmacy for their prescription refills rather than the community pharmacy hurts patient care as well as impacts the financial performance of a community pharmacy. Mandatory mail order, including steering those patients taking specialty medications, and preferred networks most commonly found in Medicare Part D, may be contributing to the flat growth in prescription volume in independent pharmacies. This directly impacts the pharmacy and local economy. For most independent community pharmacies, achieving a functional and fair working relationship with third-party payers is essential to attain long-term profitability and overall business survival.

Table 18: Summary of Third-Party Prescription Activity

Category	2012	2013	2014	2015	2016
Medicaid	18%	17%	17%	17%	16%
Medicare Part D	33%	34%	34%	35%	36%
Other Third Party	37%	39%	38%	39%	39%
Non-Third Party	12%	10%	11%	9%	9%

HIGHLIGHTS

- Ninety-one percent of prescriptions are covered by third-party contracts—52 percent are covered by government programs (Medicare and Medicaid), similar to last year (Table 18).
- Medicare Part D and Medicaid now cover 36 percent and 16 percent of prescriptions filled, respectively, in the average independent community pharmacy. With over half of the prescriptions filled by independents being paid for by a government program, the reimbursement strategies of government programs significantly affect the financial viability of independent community pharmacy.
- Nine percent of prescriptions are paid by cash customers, indicating that there is a significant portion of patients who depend on independent community pharmacists to work with them and their physician to identify the most cost-effective, affordable medication therapy.

Figure 2: Full-Line Independent Community Pharmacies

87% of the respondents to the 2017 NCPA Census consider themselves full-line pharmacies*

Here is what these pharmacies are offering...

87% provide **MEDICATION THERAPY MANAGEMENT** services

MEDICATION ADHERENCE/ SYNCHRONIZATION services are provided by **92%**

72% offer **HOME/WORK SITE DELIVERY**

BLOOD PRESSURE MONITORING is offered by **62%**

76% do **IMMUNIZATIONS**

63% offer **COMPLIANCE PACKAGING**

44% care for **LTC** patients

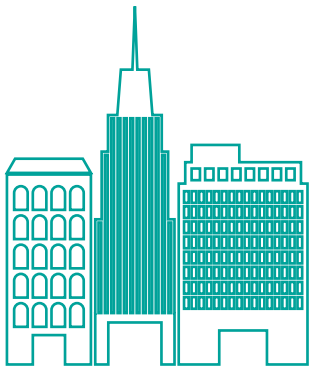
44% provide **HOSPICE** services

*The 2017 *NCPA Digest* findings are based on pharmacies that self-identify as full-line, apothecary, compounding, long-term care, or specialty stores. These data are for the full-line stores.

Figure 3: Community Involvement Infographic

51%
OWNERS AND/ OR EMPLOYEES

51% of owners and/or employees have direct personal relationships with a state representative or a state representative's key staff member.



59%
OWNERS

12%
EMPLOYEES

59% of owners and 12% of employees are members of the Chamber of Commerce.

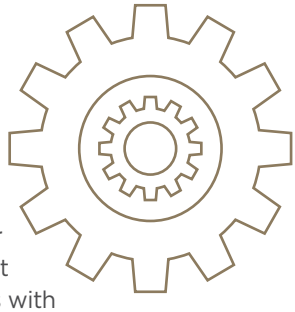
43%

43% of owners provide monetary support to 10 or more community organizations.

27%

An additional 27% provide monetary support to between 5–9 community organizations.

32%
OWNERS AND/ OR EMPLOYEES



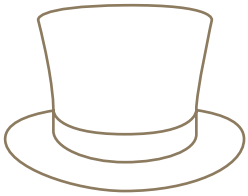
32% of owners and/or employees have direct personal relationships with a U.S congressman and/or senator.

23%
OWNERS

9%
EMPLOYEES

23% of owners and 9% of employees are members of a local business association.

64%



OWNERS AND/OR EMPLOYEES

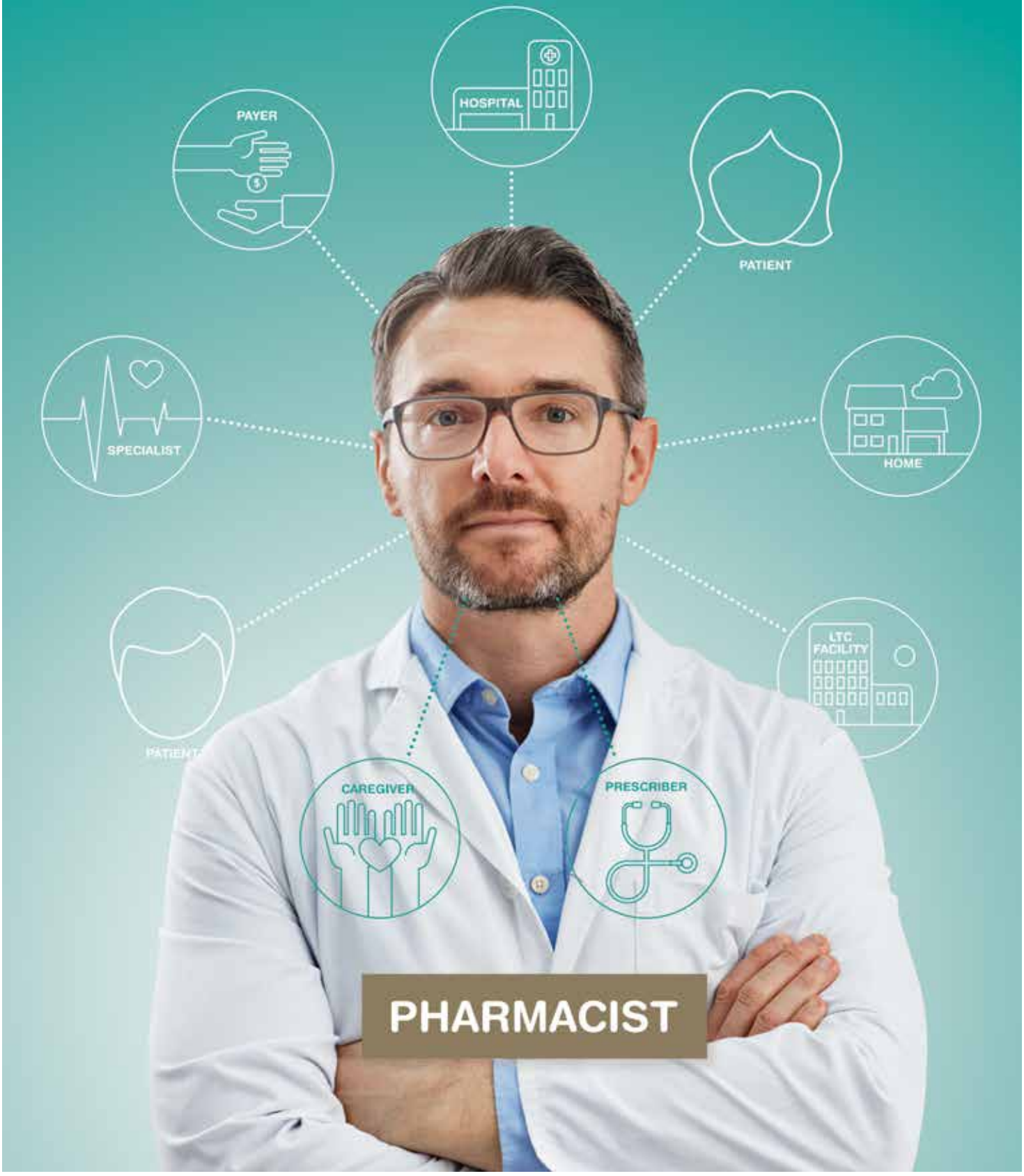
64% of owners and/or employees have direct personal relationships with a mayor or a mayor's key staff member.

4%

OWNERS AND/OR EMPLOYEES

4% of all owners or employees hold an elected office.

NCPA **2017** PROFILES



Cannon Pharmacy Main

Kannapolis, N.C.
Owner: AJ Bhatt, PharmD

For many patients, the concept of health care can be confusing, complicated and frankly, a bit scary. AJ Bhatt, PharmD, understands that and tries to reduce their anxiety level.

"Our goal is to make the patient's life easier and to view Cannon Pharmacy as a health care facility, instead of just a pharmacy," says Bhatt, owner of Cannon Pharmacy Main in Kannapolis, N.C. "Our motto itself states 'Life is easy here,' and that is exactly what we aim to do for every customer."

Cannon Pharmacy was established in 2001 and has 267 employees in six stores in the Charlotte, N.C. area. Cannon offers compounding, long-term care, post office services, durable medical equipment and home delivery. Bhatt, born in Charlotte, grew up in Burlington, N.C., and received his degree from the Wingate (N.C.) School of Pharmacy. After spending seven years with Target, he joined Cannon Main in 2014, and within six months was given the option to buy.

One of the ways Cannon tries to make life easy for patients is with Medicare, Bhatt says. The pharmacy was receiving excessive patient requests about Medicare prescription drug plans, so the staff decided to become Medicare Part D experts, and have offered the service since 2006.

Cannon Pharmacy wants to be known as a health care facility instead of just a pharmacy.

"We provide free Medicare consultation during open enrollment period," he says. "Additionally, we help those who are new to Medicare get educated on the options that are best available to them based on their medications."

Bhatt says Cannon also tries to integrate patient outreach in several ways. It has brought on board a community liaison and a patient advocate to the company's centralized location, Cannon Health.

"Cannon Health's mission is to reach beyond the medications and provide services that maintain and promote patients' health and well-being," Bhatt says. "With our enhanced pharmacy service, our ultimate goal is to be the patient's trusted partner and health advocate for life. The patient advocate role was implemented to help bridge the gap for patients who struggle to afford their medications. It eliminates the difficult work for the patient, deciding which assistance program is a best fit for that patient and ensuring a seamless process for the patient."

Another initiative that Bhatt says has proved popular is a customer appreciation day held on the third of every month. The pharmacy offers a 15 percent storewide discount along with free snacks.

"Another thing our patients look forward to is our biannual customer appreciation cookout, where we provide food, games, door prizes, giveaways, and a chance for everyone to join together for outdoor fun," he says.

Looking ahead, Bhatt says that independent pharmacy needs to continue its focus on patient adherence and show adaptability.

"We can't just fill prescriptions and assume our job is complete," he says. "We have to provide additional enhanced services that separate us significantly from the chain pharmacies and stand out in our community. Showing compassion to our customers and people within our community is a gesture that brings customers into our stores and is an example of what Cannon Pharmacy strives to uphold."

Jim McBride (at right with Tyler Daugherty) emphasizes clinical services.

Clinton Drug Store

Clinton, Tenn.
Owner: Jim McBride, PharmD

Jim McBride had a goal. He wanted to become a pharmacist and one day own his own community pharmacy. In 1991, that dream became a reality when McBride became part-owner of Clinton Drug Store when he was doing a community pharmacy practice residency there.

In 2002, McBride became sole owner of the pharmacy and moved the location a half block down the street to a freestanding 7,700-square-foot building. With the move, McBride began to offer additional services.

Inside the pharmacy is the Polka Dot Boutique gift shop, managed by McBride's wife, Pam. It's a popular place for patients to browse as they wait for their prescriptions.

Clinton Drug Store also devotes 400 square feet of the pharmacy to compounding medications, providing customized medications. The pharmacy has been a member of PCCA since 1995.

Additionally, you will find an Express Health Clinic inside Clinton Drug Store. The clinic is staffed by nurse practitioners providing services to help the Clinton, Tenn. community stay healthy.

"Pharmacy today is more than just putting pills in a bottle; it's about having a relationship with the patient," McBride says. He and his staff strive to be problem solvers, identifying patient needs and meeting them. That relationship may simply involve splitting tablets for a patient or contacting a physician to recommend an alternative medication to avoid an unwanted side effect.

McBride, a member of the Clinton City Council, places a strong emphasis on community involvement. He's active in his church and a member of many local organizations, including the Anderson County Board of Health.

McBride's passion for empowering colleagues to drive clinical services in the community has inspired many students and residents. To emphasize his educational focus, McBride established a partnership with South College of Pharmacy in Knoxville. As part of the arrangement, Tyler Dougherty, PharmD (one of McBride's former students) and two South College students are in the pharmacy three days a week, interacting with Clinton Drug Store's patients. Dougherty and the students facilitate numerous patient-centered care activities, including medication therapy management, medication synchronization, diabetes education and immunizations. Dougherty splits his time, working as a staff pharmacist while also teaching at South College.

The partnership helps students apply their knowledge to clinical practice with experiential education and it facilitates a high-quality patient care experience at Clinton Drug Store.

Creative Care Pharmacy

Edmond, Okla.
Co-owners: David George, PhD, PharmD and Phong Hoang, PharmD

It was a chance meeting that brought David George, a doctoral student, and Phong Hoang, a postgraduate pharmacy resident, together. Their shared passion for community pharmacy has enabled them to build a successful business partnership as well as a lasting friendship.

George and Hoang each bring unique, yet complementary strengths to the business relationship. George has a strong academic background and engagement in academic research methods and designs as a postdoctoral scholar. And Hoang brings robust clinical experience as his PGY1 residency focused on providing clinic-based ambulatory care for diseases such as diabetes, high blood pressure and anti-coagulation. George summed up the partnership best by stating the pair have a "one-two punch" that's a great combination.

The business partners opened their first pharmacy, Creative Care Pharmacy in Edmond, Okla., in late 2013. They go beyond dispensing and counseling on medication to provide a variety of services to the community, including immunizations, non-sterile compounding, and compression socks. However, with the role of the community pharmacy now transforming into a practice of direct patient care services, the partners offer services such as medication therapy management, medication synchronization, and patient education, including diabetes education classes.

Both George and Hoang understand the importance of quality and value-based care and have recently become involved with CPESN USA, LLC. CPESN[SM] empowers community-based pharmacies to improve their portfolio of medication optimization activities and patient care services. Now, not only are George and Hoang providing niche services to meet their patients' needs, they are also providing value-based patient care services, ultimately improving health outcomes for their patients — in turn, not only helping their pharmacy, but also other pharmacies in the network.

> George and Hoang each bring unique, yet complementary strengths to the business relationship.

Another important focus for the partners is mentoring the next generation of pharmacists. Their mentoring activities are wide-ranging, spanning from speaking at college of pharmacy events to welcoming students, even high schoolers, into their pharmacy to shadow. Most recently, George and Hoang invited two recent pharmacy school graduates to join them as owners/operators of two new pharmacies. Selma Alami operates Mustang Drug, a newly built community pharmacy in Mustang, one of the fastest growing cities in Oklahoma, and Clark Bishop operates Hutton Pharmacy, a recent acquisition in Blackwell, Okla.

Creative Care Pharmacy co-owners Phong Hoang and David George have a passion for community pharmacy.

By implementing and sustaining mentoring activities, George and Hoang are not only promoting community pharmacy but also serving as role models — helping to prepare the next-generation for a career in pharmacy or to take the leap to community pharmacy ownership.

Vicki Einhellig and Good Day Pharmacy has enhanced its medication synchronization program.

Good Day Pharmacy

Loveland, Colo. (company headquarters)
Vicki Einhellig, RPh, president and COO

You could say Good Day Pharmacy does a lot of really good stuff. The nine-store chain based in Loveland, Colo., offers services such as a breast care center, compounding, durable medical equipment, vaccinations, hospice, long-term care, home and office delivery, and an online medical store. Of course, it offers prescriptions, with about 300 dispensed daily at its busiest retail location and 80 compounded prescriptions per day.

Another good thing Good Day does is its medication synchronization program, which was formally launched in 2013. Its eight retail pharmacies have 2,539 patients enrolled, with at least 100 at every store.

"We had actually been doing it for years," says Vicki Einhellig, RPh, Good Day Pharmacy president and COO. "It's such a common-sense thing, especially if you are delivering to people and then you realize we are delivering to you every week. We figured, let's all do it at the same time."

When the med sync program started, Einhellig said it was a bit labor-intensive. Moving its computer system to PioneerRx and utilizing PrescribeWellness has helped Good Day improve efficiency, save time and provide better documentation. "Going with PrescribeWellness was very necessary for our success in that area," she says.

Einhellig says that Good Day doesn't have specific staff assigned to the med sync program, as it has tried to educate the entire staff in the basics and provide a sense of ownership in the program all throughout its pharmacies.

"We've been doing it for a few years now so it's part of our language," she says. "We've trained everyone to understand what it is."

Einhellig, a University of Iowa graduate who has been with Good Day since 1992, does say that much of the program has become a technician-driven process, as they do much of the behind-the-scenes work to make everything go smoothly.

As with anything, more information can help provide guidance for better outcomes, so gathering as much data about patients within the normal prescription dispensing process is a priority.

"We figured that we are already filling prescriptions, so it makes sense," Einhellig says. "It's a little bit of extra work up front to set them up, but once you do that there are benefits as far as more efficiency with time and phone calls, and better inventory control."

Einhellig says that while gathering medication information about patients has been effective, she says Good Day would like to take that a step further by doing a better job "of identifying those patients who really need to have a more in-depth conversation." And she says that medication therapy management is an effective tool in that regard.

"It makes sense to sync MTM with your patients with whom you are having monthly conversations," Einhellig says. "We want to make sure we are organizing it in a way that when they do come in to pick up their medications, we are also talking to them about any other opportunities to help them even more in managing their medications."

Katterman's Sand Point Pharmacy

Seattle Metropolitan Area
Co-owners: Beverly Schaefer, RPh, and Steve Cone, RPh

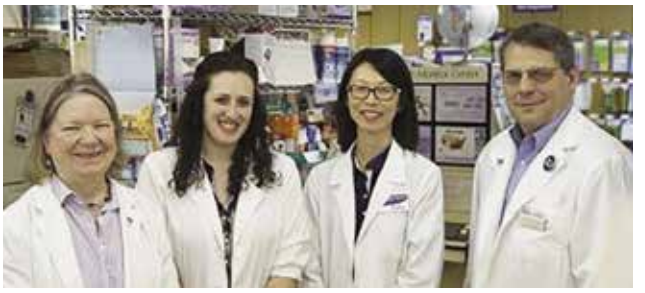
A staple of the neighborhood since 1965, Katterman's Sand Point Pharmacy provides the suburban Seattle communities of Laurelhurst, Windermere and Sand Point, Wash., with exceptional service and products. Beverly Schaefer, RPh, has co-owned Katterman's Pharmacy with Steve Cone, RPh, since 1996. Both Schaefer and Cone started their careers at Katterman's.

"Our job is helping people, it's not just great customer service," Schaefer says. She and Cone believe it's all about treating people well, specifically helping patients be OK with their current health situation. Whether it's spending time with a patient to find the proper fit for compression hose or selecting a cane from their extensive selection, the pharmacy staff provides one-on-one consultation.

The co-owners also have an exceptional ability to uncover and address the needs of their patients. For instance, they say Katterman's was the first pharmacy in the country to offer mass influenza vaccinations given by a pharmacist.

Additionally, several years ago Schaefer and Cone realized that primary care physicians were not well-versed in travel health, presenting an opportunity to offer travel health services. Katterman's travel health services now include consultations, immunizations, preventive medicines and accessories. Because of the reputation that Katterman's has built around pharmacy-based travel health services, people from all over the Seattle-Tacoma area visit Katterman's before traveling abroad.

Educating their customer base and helping them make wise decisions is the partners' main mission. Most recently, the co-owners introduced a "Health Corner" within the pharmacy where they offer a full body composition analysis. They have made a significant investment in a medical grade scale with



Beverly Schaefer (far left) and Steve Cone have owned Katterman's Sand Point Pharmacy since 1996.

Educating their customer base and helping them make wise decisions is the partners' main mission.

a goal of paying it off by the end of this year. The pair say they take risks after assessing the needs of the marketplace, and they'll continue to be on the lookout for unmet needs. Schaefer recognizes an opportunity to provide patients with information they are not getting anywhere else, such as a complete body analysis, consultation, and sample diets.

With the introduction of the "Health Corner," the co-owners expect to see three primary benefits to the pharmacy, including:

- An enhanced reputation for unique, cutting-edge offerings
- A healthier population base
- A greater collaboration with practitioners with a focus on patient health outcomes.

"Adviser for making wise health choices" is the title Schaefer selected for her new business cards. There are many title variations she could have selected (such as Entrepreneur, Pharmacist, or Co-owner). However, the self-identified title is appropriate, as Katterman's Sand Point Pharmacy has and will continue to serve the community for good health.

Bremo Pharmacies

Richmond, Va.
Tana Kaefer, PharmD,
clinical coordinator

In 1976, the late Dan Herbert founded Bremo Pharmacy in Richmond, Va. believing that local community pharmacies should be an important part of each family's health care, and a part of the community. That philosophy evolved into what it calls "The Bremo Way" — its process of customizing its pharmacy care to meet its patients' full health needs.

Over the years, Bremo has expanded, and now has three locations (Bremo LTC, Bremo Pharmacy and Bremo Pharmacy at Henrico Doctors).

Bremo offers a variety of services, including its transitions of care program called BremoBedside®, women's health (including maternity and bio-identical hormone replacement therapy), along with compounding, long-term care services, durable medical equipment, support hose and compression socks, and health screenings.

Another offering that has expanded in recent years is its immunization program. Along with providing flu shots, Bremo has created something of a travel agency for patients who are visiting other parts of the world.

"We've tried to grow our travel health vaccinations. We basically want to be more than just a shot shop," says Tana Kaefer, PharmD, Bremo Pharmacies' clinical coordinator. When another local pharmacy that was doing travel vaccines closed down, Bremo was able to pick up additional business.

Kaefer says that consultations, for which the pharmacy charges a consultation fee, are done by appointment.

"Patients make appointments for other health care professionals, and we think it's important to set that precedent at the pharmacy," Kaefer says. "It also frees up time to allow us to quickly meet up with the patient. Setting aside time allows the patient to feel like they are getting more of our undivided attention."

Kaefer says that patients are asked in-depth questions, including not only their destination, but how they are getting there.

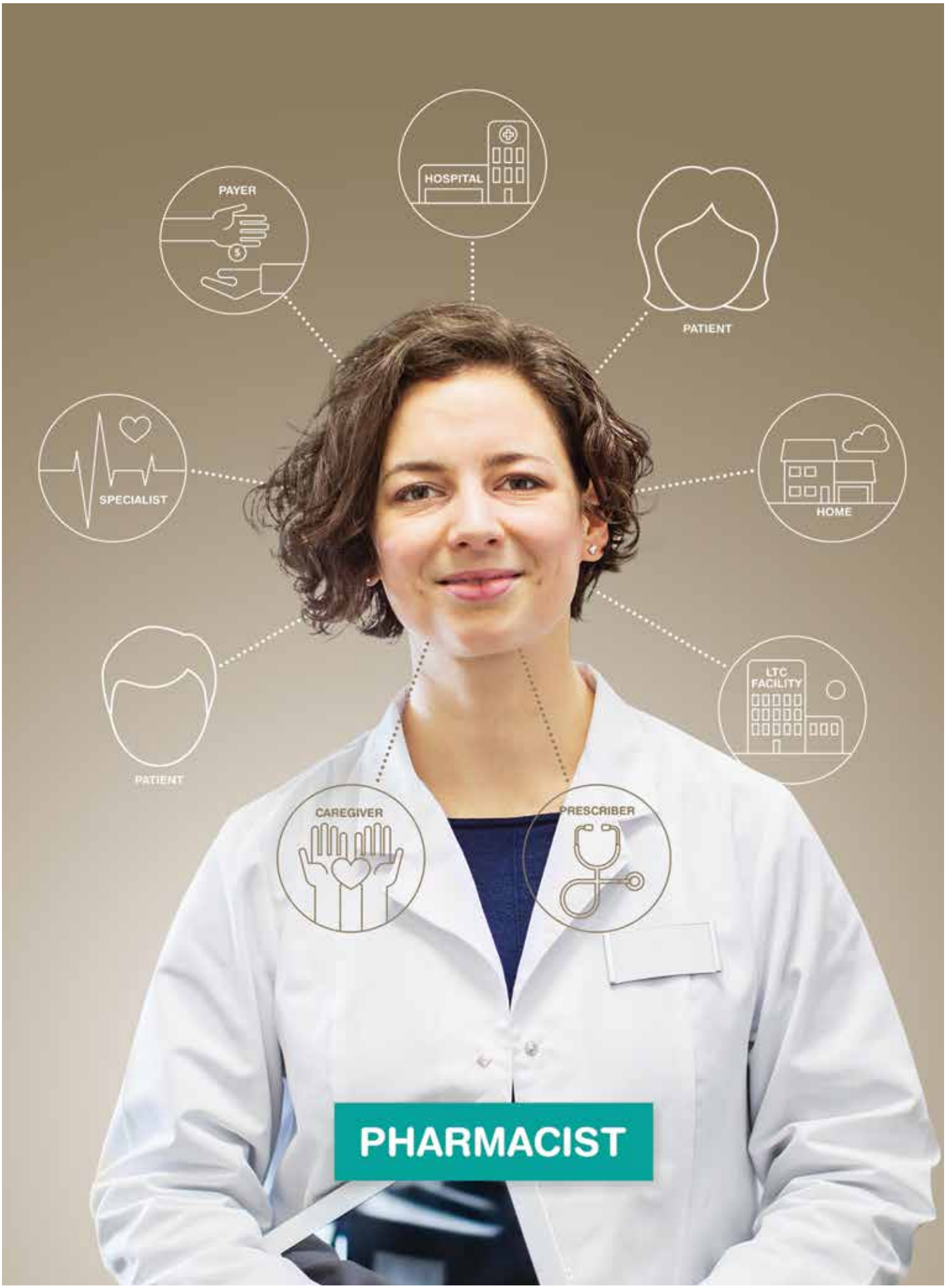
"In some airports you have to have certain vaccinations to even go through, even if your destination is somewhere else," she says. "We also counsel them on what's going on in the country to which they are traveling. For example, what are the most common things that you need to be aware of when you are there? (Such as a high vehicle accident rate). What kind of sun protection do you need? So we offer travel tips, and not just vaccinations. We also give them small travel items such as toothbrush holders and luggage carriers. Of course, we give them any vaccinations they might need. We find out what they are going to be doing in the country or countries they are visiting — is it with a travel group, are they staying in a hotel, or camping out in the desert? That determines what their risk is for certain diseases and how we're going to counsel them and vaccinate them appropriately."

Kaefer says the most common vaccines are for typhoid, malaria, and yellow fever. The pharmacy uses information from the Centers for Disease Control and Prevention website when counseling patients about their travel plans.

Based on feedback from patients, Kaefer says they appreciate any tidbits and facts about what they might encounter when they are traveling.

"It not just about the vaccine, but how to be safe," she says. "We have a lot of handouts that we give patients, educating them on the different diseases that they might encounter. So along with being vaccinated, they leave with a lot of knowledge."

Travel vaccine services has become a focus for Tana Kaefer and Bremo Pharmacy.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