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2014

NCPA

# DIGEST

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## ***National Community Pharmacists Association***

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## Dear Reader:

The National Community Pharmacists Association (NCPA) and Cardinal Health are proud to present the 2014 *NCPA Digest*. From helping shape public policy to assisting pharmacy owners make prudent business decisions, the *Digest* is the most trusted and comprehensive report available on independent community pharmacy.

Independent community pharmacists have great stories to tell about the many ways they care for their patients. Patient care stories speak not only about counseling and helping patients achieve high rates of medication adherence and better health outcomes, but also about the strong ties independent pharmacists have with their local communities.

The *Digest* provides the facts, figures, and profiles that help describe the impact that these small business owners have on individual patients, their families, and the communities they serve. It's in these communities that pharmacy small business owners have their greatest impact not only economically by creating employment opportunities but through their civic contributions that help make their communities unique and great places to live.

The *Digest* presents inspiring profiles of where independent community pharmacy is today. The profiles portray pictures of community involvement and public service and of patient-focused niches like immunizations, compounding, long-term care, and specialty pharmacy. New entrepreneurs and family businesses are establishing their presence in communities nationwide and are capitalizing on opportunities like Medicare Part D Star Ratings.

Cardinal Health values its relationship with community pharmacy, realizing that independent community pharmacists play a unique role in helping improve our nation's health care system. To support this role, both NCPA and Cardinal Health continue to provide new services and resources that can help community pharmacies thrive in today's competitive market.

NCPA, with the support of Cardinal Health, is pleased to continue the *Digest* tradition of providing meaningful information and insight into the independent pharmacy marketplace. We are confident that you will find the 2014 *NCPA Digest*, sponsored by Cardinal Health, to be an excellent resource on the industry providing you value throughout the year.

Sincerely,



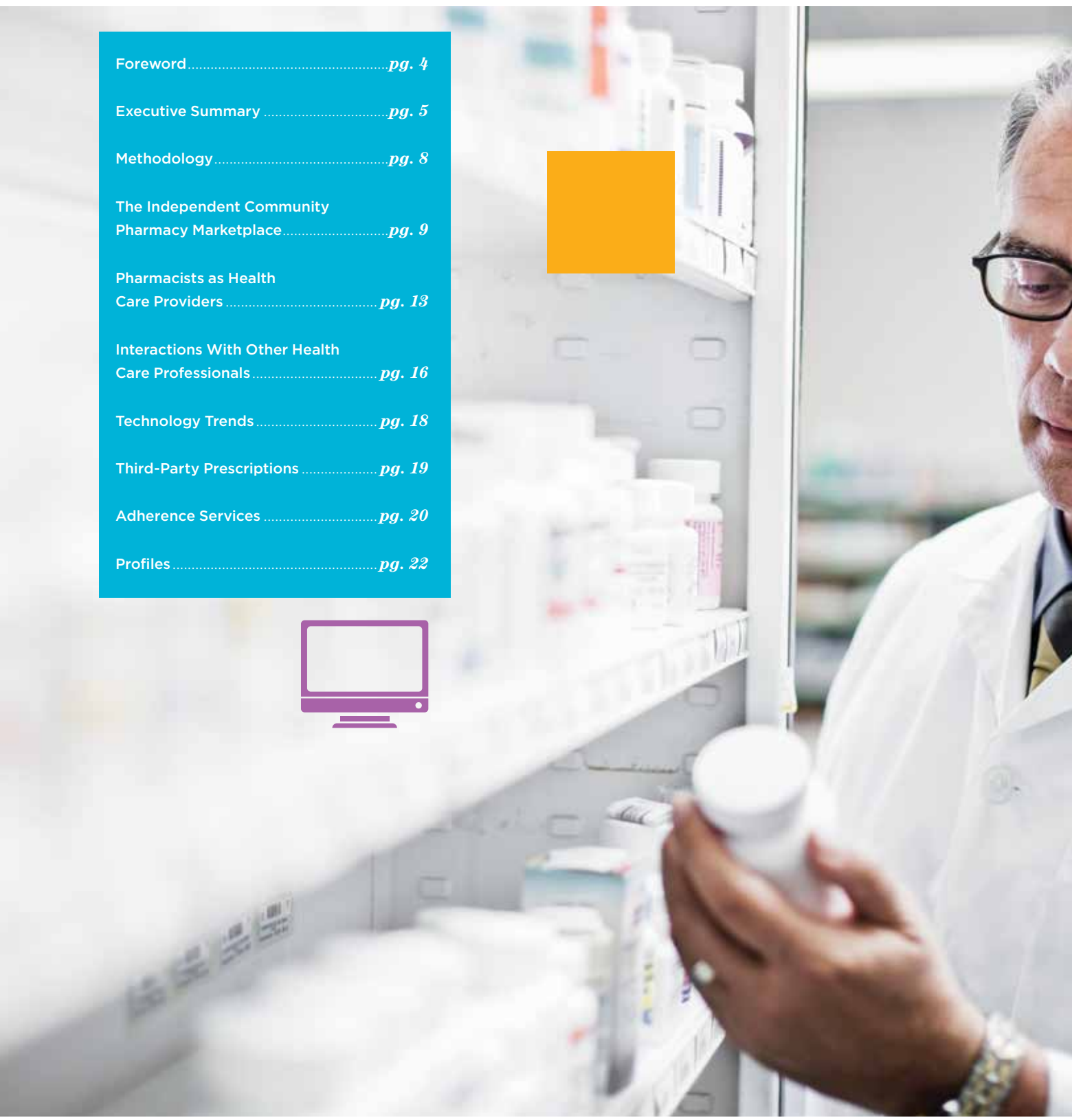
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**This year's *NCPA Digest*, sponsored by Cardinal Health**, provides an exhaustive look at the state of independent community pharmacy. Independent community pharmacies continue to capitalize on the opportunity to improve medication use, providing 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. The *Digest* continues to grow as a resource 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 \$88.8 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, 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.

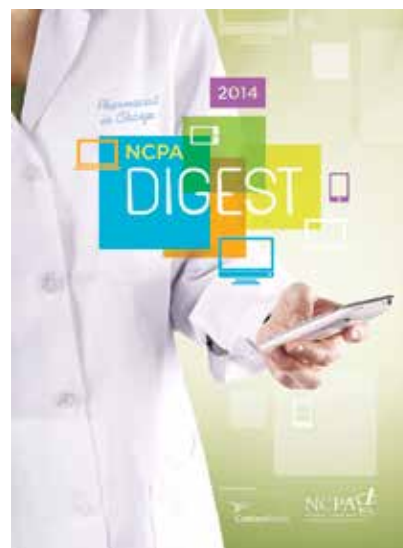
The *NCPA Digest*, sponsored by Cardinal Health, could not be published without the cooperation of hundreds of independent community pharmacies that confidentially completed the *Digest* survey. NCPA and Cardinal Health would like to thank those that provided financial data to make this year's *Digest* 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 2013.

In 2013 independent community pharmacy represented an \$88.8 billion marketplace, with ninety-two 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 contracts that in some cases reimburse at 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 continues to be flat going from 23,029 to 22,814 (Figure 2). Combined, these 22,814 pharmacies employ over 220,000 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.



In general, the average independent community pharmacy location dispensed 62,424 prescriptions (200 per day) in 2013, a slight decrease from the 62,583 prescriptions dispensed in 2012. Mandatory mail order, including steering those patients taking specialty medications, and preferred networks most commonly in Medicare Part D may have contributed to the flat growth in prescription volume in these independent pharmacies.

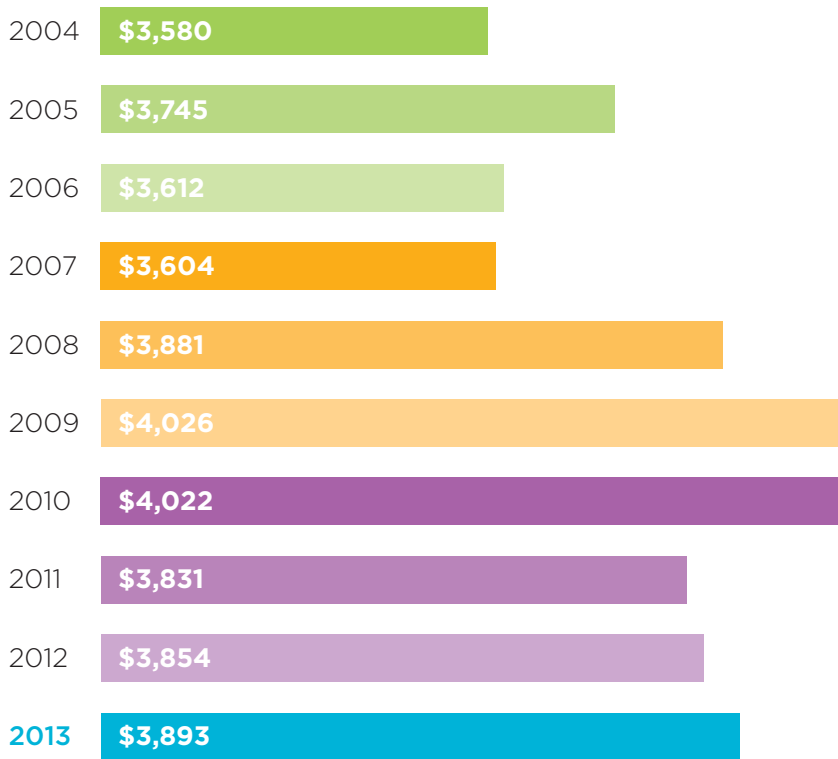
**Table 1:** Independent Pharmacy at a Glance

YEAR	2013
Average Number of Pharmacies in Which Each Independent Owner Has Ownership	1.71
<b>Average number of prescriptions dispensed per pharmacy location</b>	
New Prescriptions	28,837 (46%)
Renewed Prescriptions	33,587 (54%)
Total Prescriptions	62,424 (100%)
Average Prescription Charge	\$57.50
<b>Percentage of Total Prescriptions Covered By</b>	
Government Programs (Medicaid or Medicare Part D)	51%
Other Third-Party Programs	39%
Percentage of Generic Prescriptions Dispensed	78%

Many independents continue to operate multiple pharmacies. Twenty-seven 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 1.71.

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 relatively flat at 22 to 24 percent. However, the

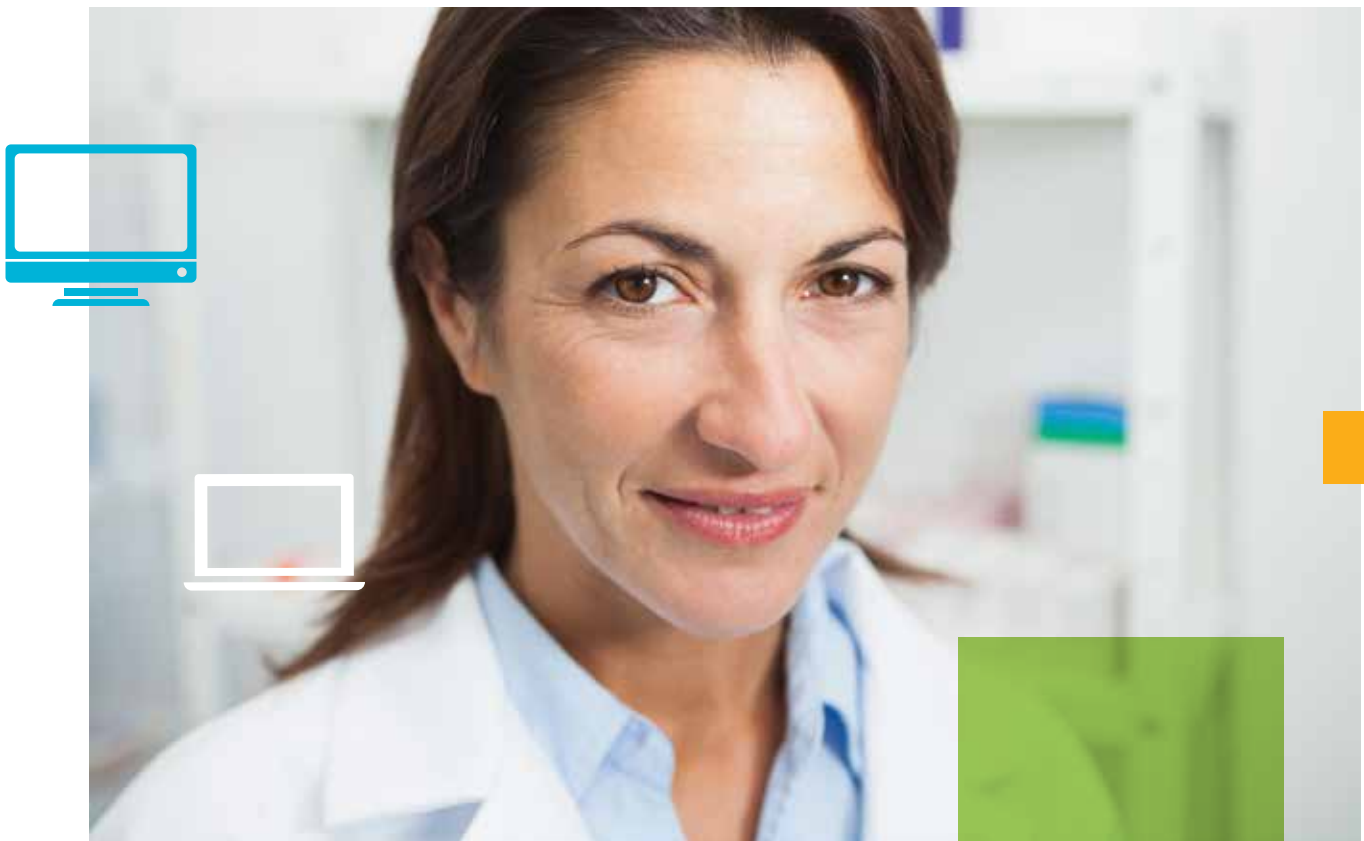
**Figure 1:** Average Annual Sales (in Thousands) Per Pharmacy Location, 10-year Trend



community pharmacy marketplace continues to be very dynamic with hundreds of generic products increasing in price in 2014. Combined with other marketplace pressures, this could have a profound impact on gross margins. Figure 1 and Table 2 show the recent financial trends:

- **Average sales** in 2013 per location were \$3,892,702, similar to 2012.
- **Gross margin** remained relatively stable at 23 percent.
- **Payroll expenses**, as a percentage of sales, decreased from 13.7 percent in 2012 to 13.4 percent in 2013.

It is important to note that this year's *Digest* data reflect the marketplace in 2013, the eighth year for the Medicare Part D prescription drug benefit. The Medicare Part D benefit continues to



**Table 2:** Averages of Pharmacy Operations, 10-Year Trend

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of Goods Sold	77.9%	76.4%	77.2%	76.8%	76.8%	76.2%	76.0%	77.1%	76.8%	76.7%
<b>Gross Profit</b>	<b>22.1%</b>	<b>23.6%</b>	<b>22.8%</b>	<b>23.2%</b>	<b>23.2%</b>	<b>23.8%</b>	<b>24.0%</b>	<b>22.9%</b>	<b>23.2%</b>	<b>23.3%</b>
Payroll Expenses	12.2%	13.4%	13.6%	13.7%	13.5%	14.1%	14.5%	13.4%	13.7%	13.4%



grow, and state Medicaid programs are growing as well. In 2013, 34 percent and 17 percent of prescriptions in independent community pharmacies were covered by Medicare Part D and Medicaid, respectively. For the second year in a row, these government programs accounted for more than half of all prescriptions sold in independent community pharmacies (Table 1 and Table 7).

In 2013 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 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.

- Sixty-seven 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 8.7 times daily (up from 7.5) on prescription drug therapy. This includes generic product recommendations and therapeutic interchange recommendations. Physicians in turn accept pharmacists' generic product recommendations 91 percent of the time and 78 percent of the time for other therapeutic rec-

ommendations, providing evidence of the important role pharmacists are playing as part of the health care team (Figures 9-11).

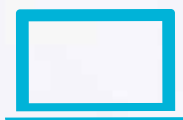
- Forty-five percent of *Digest* pharmacies utilize mobile commerce/signature capture, and 80 percent have a Facebook page to interact with their patients and customers (Table 6 and Figure 12).

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 2013 portion of the study is based was from the fiscal year of January 1, 2013 through December 31, 2013. Results from prior issues of the *Digest* have been incorporated with the 2013 results to facilitate assessing industry trends.



# The Independent Community Pharmacy Marketplace

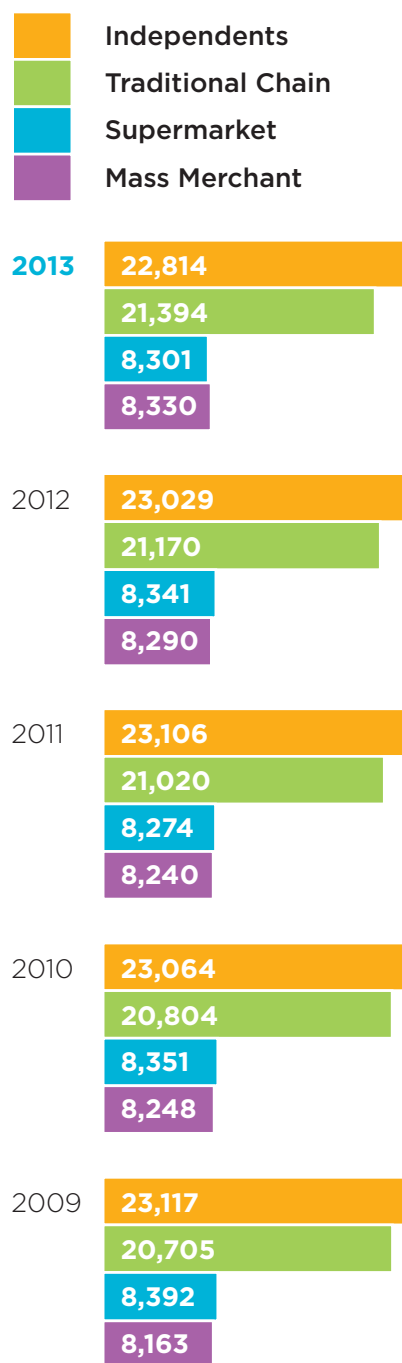
**Independent community pharmacies** are all privately held small businesses, but they vary in practice setting. They include single and multiple store operations, regional chains, and franchises. At the end of 2013, there were 22,814 independent community pharmacies, a slight decrease from the 23,029 independent pharmacies in 2012. Independent community pharmacy continues to represent a significant portion of pharmacies in the United States (Figure 2).

It is important to note that this independent community pharmacy industry still represents 37 percent of all retail pharmacies in the U.S. and an \$88.8 billion marketplace.

Other notable characteristics about independent community pharmacies:

- Independent community pharmacies are attempting to control payroll costs in a myriad of ways. In 2013 independent pharmacy owners on average employed 8.3 non-owner, full time equivalent employees (FTE) per location, a slight decrease from 2012 (Table 3).
- Hourly wages for staff pharmacists and technicians increased slightly in 2013. Staff pharmacist wages increased to \$55.62 and pharmacy technician wages increased to \$14.00. Clerk/cashier wages increased to \$10.40 per hour (Figure 4).
- During these difficult economic times, independent community pharmacists continue to help patients lower their costs through encouraging the appropriate use of generic drug products, which are less expensive than their brand counterparts. As shown in Table 4, generic dispensing increased again in 2013 to 78 percent of total prescriptions.
- Thirty-six percent of independent community pharmacies are located in an area with a population of less than 10,000. These community pharmacies are

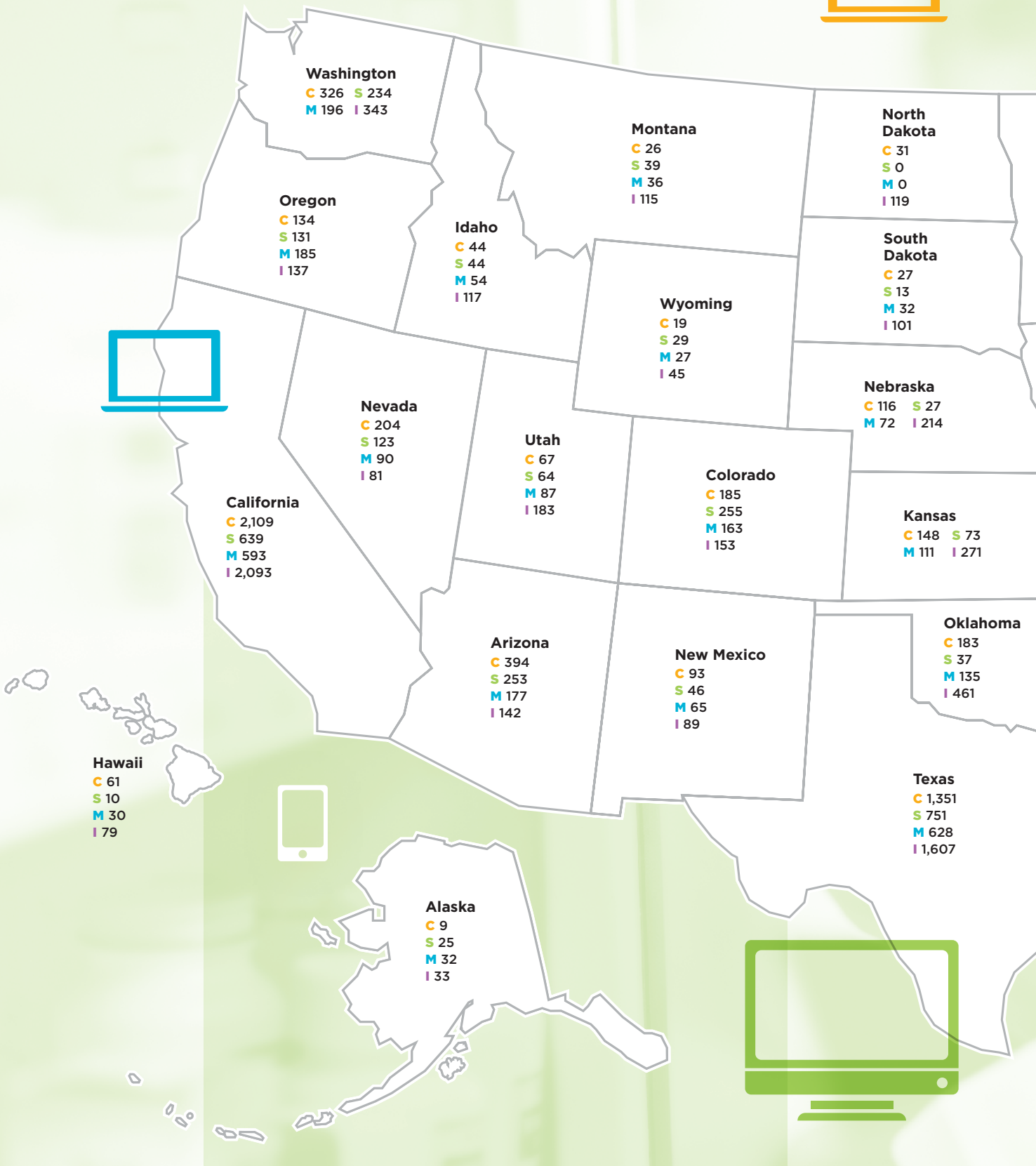
**Figure 2:** Pharmacy Practice Settings

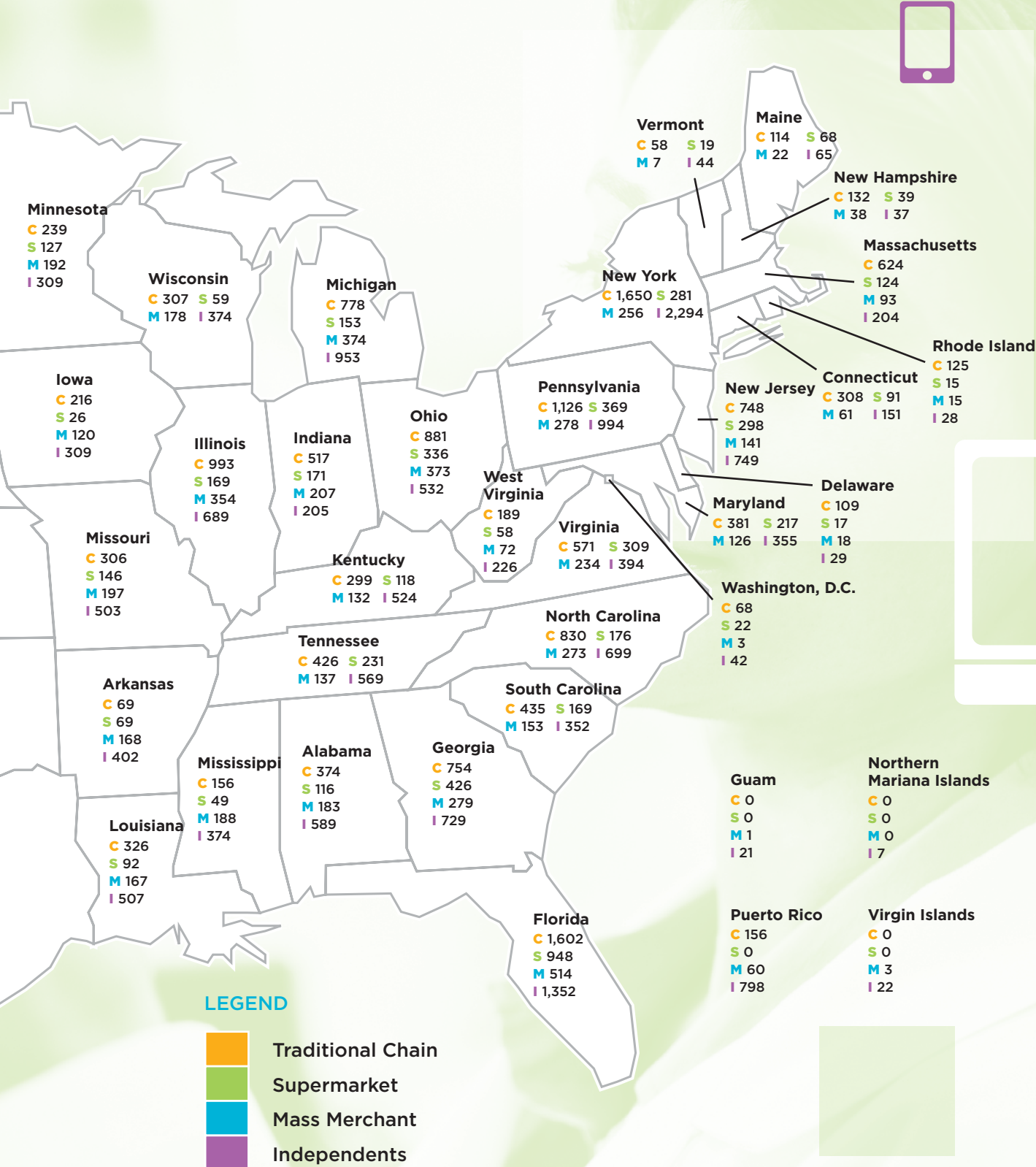


**Table 3:** Pharmacy Staff Positions

	2011	2012	2013
Non-owner Pharmacists	1.6	1.7	1.5
Technicians	3.7	3.7	3.3
Other Positions	3.8	3.1	3.5
<b>Total Non-owner Employees</b>	<b>9.1</b>	<b>8.5</b>	<b>8.3</b>
Working Owners—Pharmacists and Other Positions	1.2	1.4	1.5
<b>Total Workforce</b>	<b>10.3 Full Time Employees</b>	<b>9.9 Full Time Employees</b>	<b>9.8 Full Time Employees</b>

Figure 3: 2013 Retail Pharmacies by State





Source: NCPA analysis of NCPDP data and NCPA research

providing vital services to very rural areas. Thirty-seven percent are located in areas with a population between 10,000 and 50,000. Collectively, over 70 percent of independent pharmacies are serving areas with a population less than 50,000.



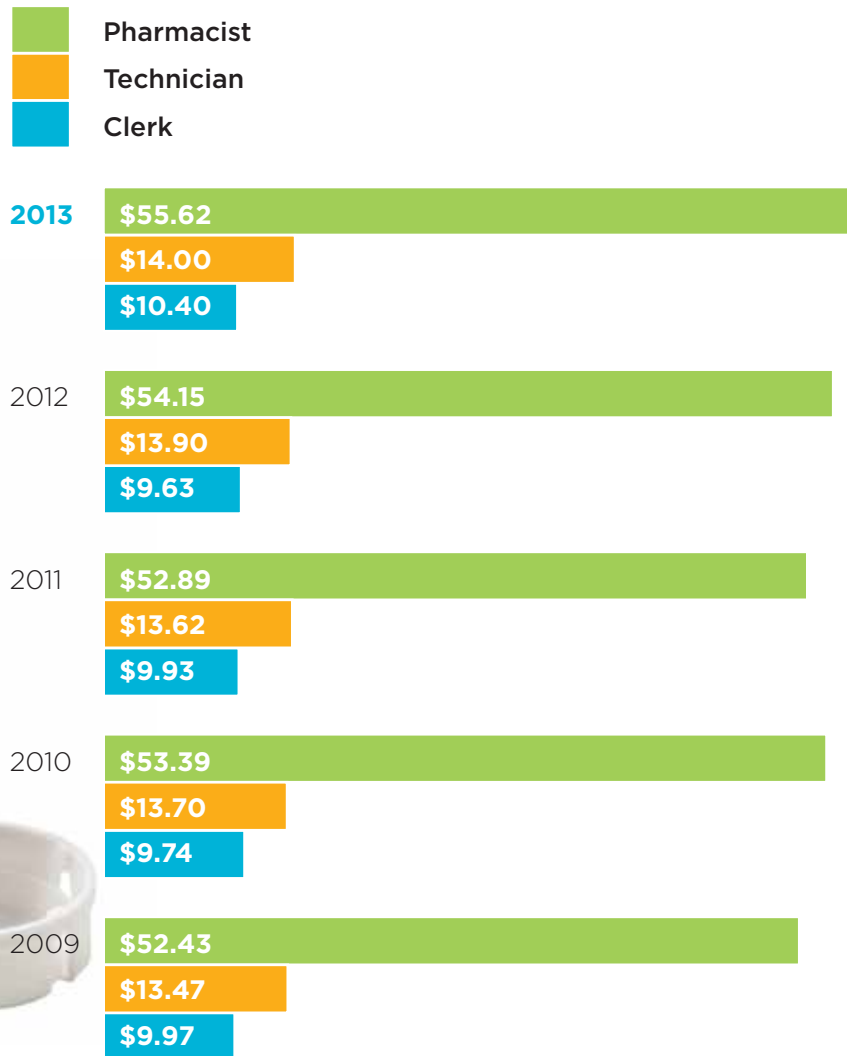
- In 2013, 14 percent of independent community pharmacies had total sales over \$6.5 million, 31 percent with sales between \$3.5 and \$6.5 million, 22 percent with sales between \$2.5 and \$3.5 million, and 33 percent with sales under \$2.5 million.
- The majority (53 percent) of independent community pharmacies are organized as a small corporation, followed by 24 percent which are a limited liability corporation (LLC). Seventeen percent are organized as a C corporation.
- The 2014 *Digest* pharmacy's cost of dispensing for all pharmacies is \$11.17, down from \$11.96 last year.



**Table 4:** Percentage of Generic Prescriptions Dispensed

2009	2010	2011	2012	2013
69%	72%	76%	77%	78%

**Figure 4:** Average Hourly Wages



## 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.

### Medication Therapy Management

MTM programs are designed to optimize the benefits of prescribed drugs, improve medication use, reduce the risk of adverse drug events and drug interactions, and increase patient adherence to prescribed regimens. Pharmacists are ideally positioned to administer MTM programs for their patients at the community pharmacy as the most accessible health care professional. The Medicare Part D prescription drug benefit requires participating plan sponsors to develop MTM programs for certain high-risk beneficiaries. The Centers for Medicare and Medicaid Services is now evaluating how these Part D plans

offer MTM programs and measure the quality of medication use. Community pharmacists are ready to provide these services to many more Medicare Part D beneficiaries and receive appropriate compensation for the services. In 2013, 75 percent of independent community pharmacies provided MTM services, up from 69 percent of independent pharmacies that provided MTM services in 2012 (Table 5). As shown on the following pages, independent community pharmacists continue to offer patient care services and find niches to serve their communities.

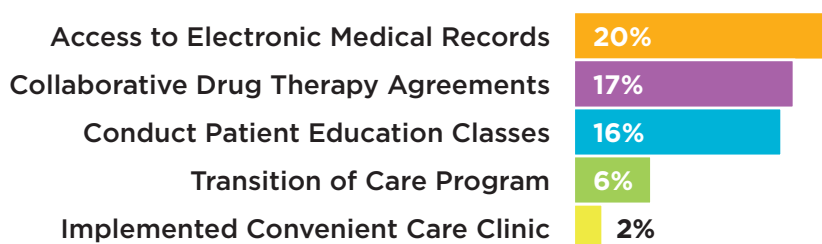
### Progressive Pharmacy Niches

Independent community pharmacists 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. As technology advances, independents are offering more point-of-care testing in their pharmacies, including cholesterol screenings, A1c testing, and rapid strep testing. Pharmacists are collaborating with physicians to improve the health of patients. Seventeen percent of pharmacists have a collaborative drug therapy agreement with a physician, and 20 percent have access to electronic medical records (Figure 5). Moreover, 40 percent are offering cholesterol screening and 27 percent are offering A1c testing (Figure 6). Pharmacists are part of the health care team providing innovative services, transitions of care, and patient education.

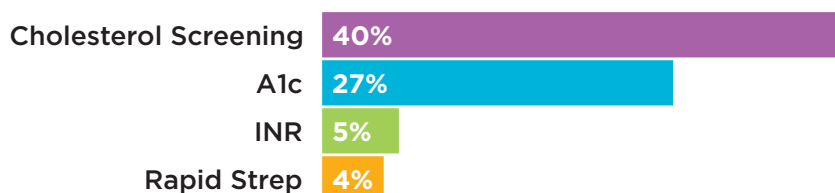
**Table 5:** Medication Therapy Management in Independent Community Pharmacy

	2011	2012	2013
Percentage of pharmacies providing MTM under Medicare Part D	74%	69%	75%

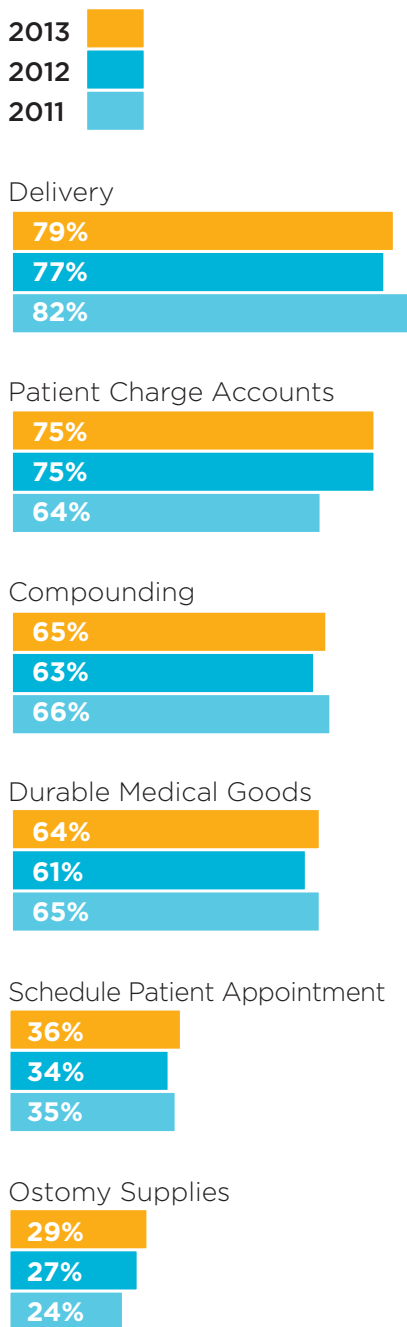
**Figure 5:** Emerging Models: High Performance Pharmacies



**Figure 6:** Point-of-Care Testing



**Figure 7:** Summary of Patient Care Services Offered



### Patient Care Services Highlights

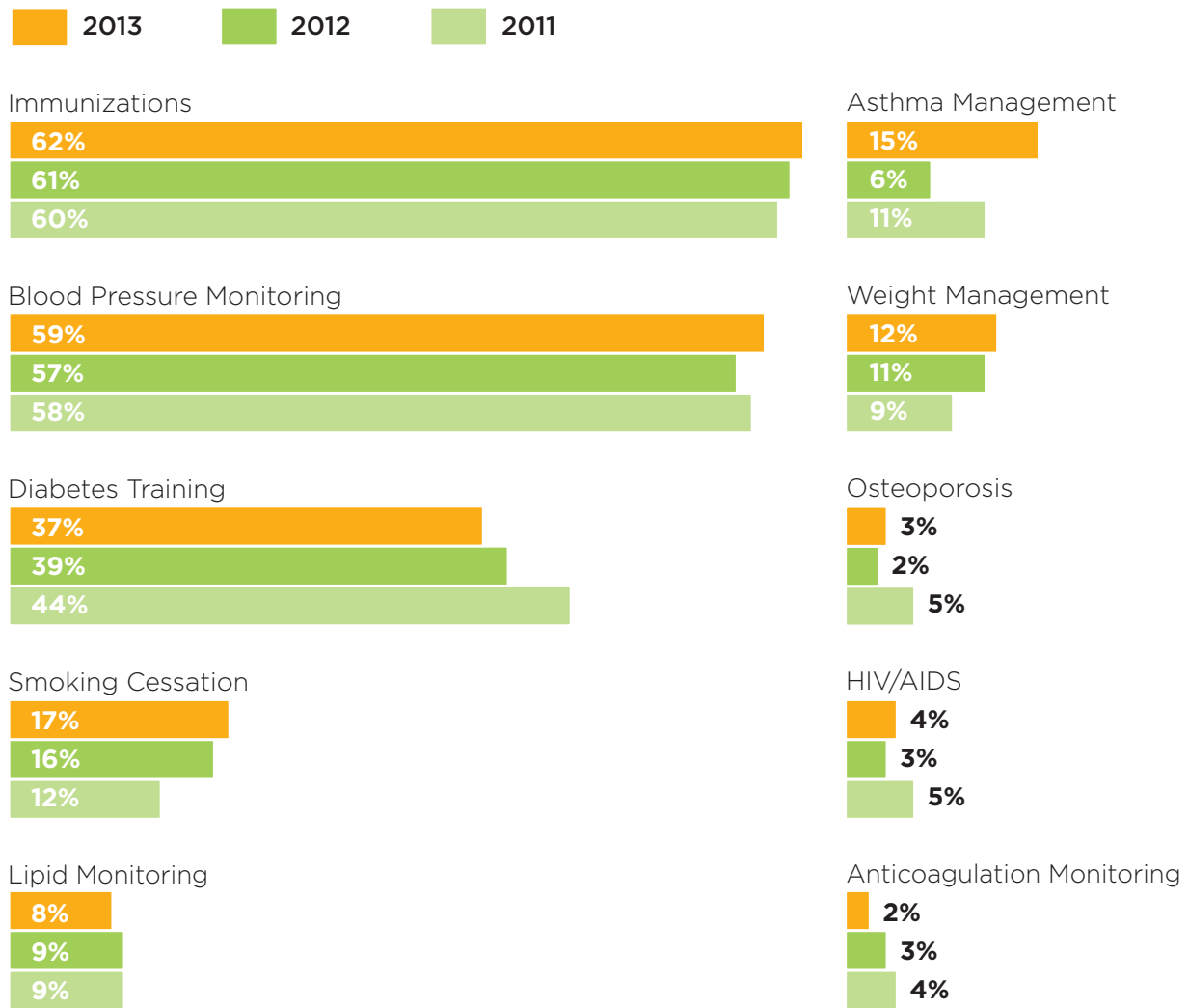
- The top three patient care services offered are delivery (79 percent), patient charge accounts (75 percent) and compounding (65 percent). All three of these services have been in high demand among patients for the past three years. Additionally, these services provide a competitive advantage for independent community pharmacy.
- As independents provide more prescriptions to Medicare beneficiaries, they are also increasing services to the elderly, like ostomy supplies.



### Disease State Management

As pharmacists adopt practice models that include patient care services, they also provide disease state management services. Many independent community pharmacists offer generalized MTM services as well as specific 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 (Figure 8).

**Figure 8:** Summary of Disease State Management Services—Frequency of Services Offered in Pharmacies That Offer at Least One Disease State Management Service



### Highlights

- The top three disease state management services offered are immunizations (62 percent), blood pressure monitoring (59 percent), and diabetes training (37 percent). These reflect the increased prevalence of diabetes and cardiovascular disease and the emphasis on wellness and patient outcomes.
- To provide these services, a pharmacist is often required to use sophisticated medical equipment to measure and monitor the patient’s condition. Thus, a number of pharmacists bill separately for lipid monitoring, immunizations, osteoporosis services, MTM, 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.
- It is important to note that the number one service offered is immunizations, highlighting the public health role of pharmacists. Many states are expanding the role of the pharmacist in immunizations.

## Interactions With Other Health Care Professionals

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

### Highlights

- Independent community pharmacists consult with physicians or other health care professionals about 8.7 times daily regarding prescription drug therapy (Figure 9). 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-one percent of these recommendations were accepted by other health care providers and a change to a less expensive generic medication was made (Figure 10).
- When independent community pharmacists recommend therapeutic changes to prescribers, 78 percent of the recommendations are accepted (Figure 11).
- 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.





**Figure 9:** Pharmacist Interactions With Other Health Care Professionals—Discussion With Physician or Other Health Care Professional Regarding Patient’s Drug Therapy



**Figure 10:** Pharmacist Interactions With Other Health Care Professionals—Percentage of Pharmacists Offering Recommendation for Brand to Generic Drug Change



**Figure 11:** Pharmacist Interactions With Other Health Care Professionals—Percentage of Pharmacists Offering Recommendation for Therapeutic Interchange



**Table 6:** Social Media (2013)

Facebook	80%
Mobile app	45%
Twitter	25%
YouTube	7%
Pinterest	4%

## Technology Trends

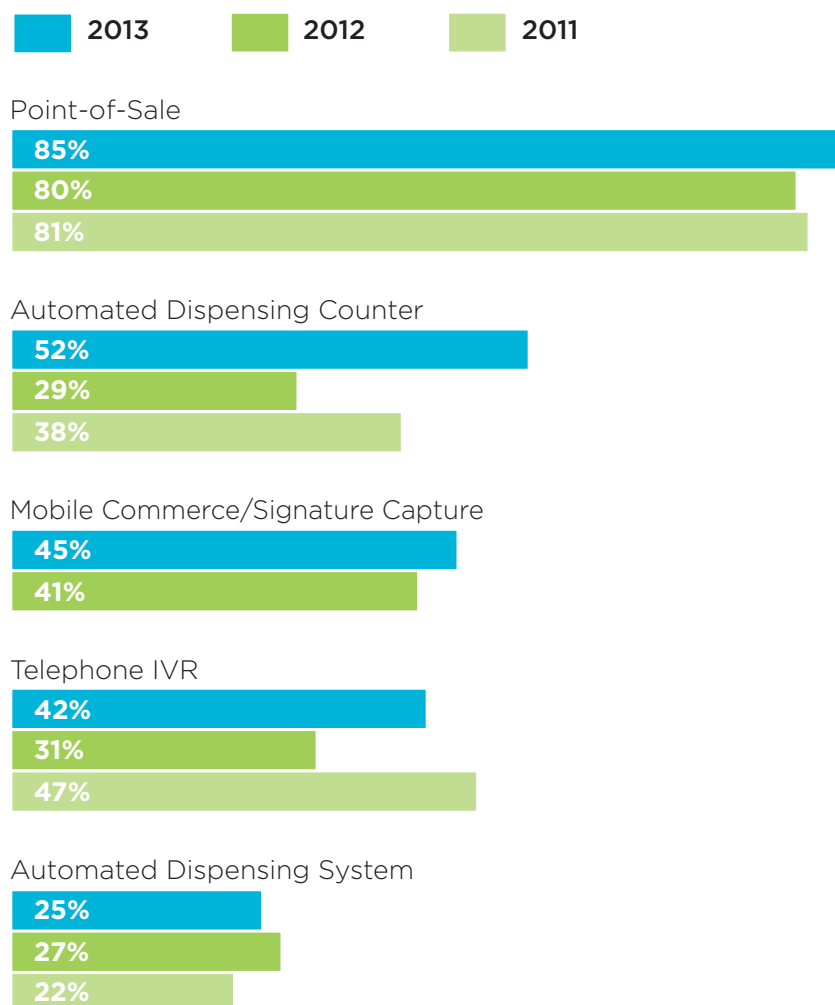
**To remain competitive in today's marketplace,** the use of technology in independent community pharmacy practice continues to increase. More and more, independents are taking advantage of emerging technologies to enhance pharmacy efficiency, reduce costs, improve patient care, and facilitate communications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

### Highlights

- Independent pharmacies are embracing social media to some extent. Eighty percent of independent pharmacies utilize Facebook, 25 percent have a Twitter account and 45 percent use a mobile app (Table 6).
- Independent community pharmacists continue to embrace workflow technology to improve their effectiveness and efficiency. Eighty-five percent of pharmacies use point-of-sale technology (Figure 12).



**Figure 12:** Percentage of Pharmacies Utilizing Workflow Technology



## 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 (PBMs). 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 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 7:** Summary of Third-Party Prescription Activity, 5-Year Trend

	2009	2010	2011	2012	2013
Medicaid	13%	16%	17%	18%	17%
Medicare Part D	30%	30%	32%	33%	34%
Other Third-Party	45%	43%	37%	37%	39%
Non Third-Party	12%	11%	14%	12%	10%



### Highlights

- Ninety percent of prescriptions are covered by third-party contracts—51 percent are covered by government programs (Medicare and Medicaid), similar to last year (Table 7).
- Medicare Part D and Medicaid now cover 34 percent and 17 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.
- Ten 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.

## Adherence Services

**Costs associated with treating chronic illnesses** are a major driver of rising health care costs in America. For many of these chronic illnesses, medications are the most cost-effective course of treatment. Many community pharmacies have implemented a medication synchronization program to help patients stay adherent to their chronic medications. Synchronizing refills, combined with the opportunity for patients to discuss their complete medication regimen with their pharmacist each month, has been shown to improve adherence and provide a more coordinated level of care.



**Table 8:** 2013 Benefits from Implementing Medication Synchronization Technology

<b>More Adherent Patients</b> .....	<b>90%</b>
<b>Streamlined Workflow</b> .....	<b>70%</b>
<b>Improved Time Management</b> .....	<b>65%</b>
<b>Better Inventory Control</b> .....	<b>63%</b>
<b>More Prescriptions Filled</b> .....	<b>61%</b>
<b>Easier Transition to Patient Services</b> .....	<b>35%</b>

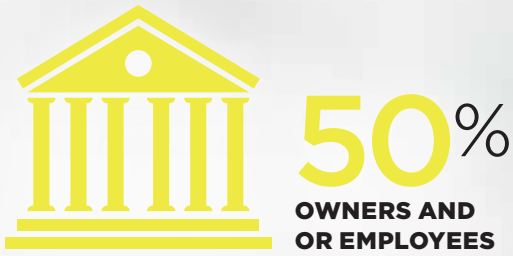
**Table 9:** 2013 Elements of Medication Synchronization Utilized

<b>Chronic Medications Synchronized to a Single Monthly Pick-Up Date</b> .....	<b>91%</b>
<b>Patient is Called 7 Days in Advance of Monthly Pick-Up Date</b> .....	<b>50%</b>
<b>Pharmacist Meets with Patient upon Pick-Up to Review Medication Use</b> .....	<b>39%</b>
<b>Patient is Called the Day Before the Pick-Up Date</b> .....	<b>35%</b>

### Highlights

- Sixty-seven percent of independent community pharmacies offer some form of adherence services.
- Ninety percent of independents that implement Medication Synchronization Technology find that their patients are more adherent.
- Ninety-one percent of independents that implement Medication Synchronization Technology synchronize chronic medications to a single monthly pick-up date.

Figure 13: Community Involvement Infographic (2013)



50% of owners and or employees have direct personal relationships with a state representative or a state representative's key staff member.



59% of owners and 15% of employees are members of the Chamber of Commerce.



35% of owners provide monetary support to 10 or more community organizations.



An additional 28% provide monetary support to between 5-9 community organizations.



30% of owners and or employees hold a leadership role in a local business or civic association.



28% of owners and 10% of employees are members of a local business association.



59% of owners and or employees have direct personal relationships with a mayor or a mayor's key staff member.



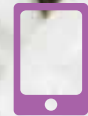
7% of all owners hold an elected office.

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## Blount Specialty Pharmacy

*Blount County, Tennessee*  
Phil LaFoy



**At Blount Discount County Pharmacy, Inc.**, in Tennessee, the business was wrestling with a sort of Catch-22 that many other independents face. “Filling prescriptions is our bread and butter. That’s our connection to the community,” co-owner Phil LaFoy, DPh, says. Yet at the same time, many pharmacies are losing money on prescriptions. So in a sense, they can’t afford to do it, but at the same time they can’t afford to not do it. “If we’re not filling prescriptions, we’re toast. That said, if the only thing you are doing is filling prescriptions, you’re toast. So you have to open some new doors.”

Blount Discount County Pharmacy has three retail locations in Blount County (two in Maryville and one in Alcoa). Blount County is near Knoxville in the eastern part of the state. LaFoy (who co-owns the business with fellow Samford University pharmacy graduate Aaron Clark, DPh) says that in mid-2011 the pharmacy was doing Medicine-On-Time packaging in one of its retail locations and looking to possibly expand it into a stand-alone long-term care operation. Around that time, he also became more aware of specialty pharmacy from respected colleagues he serves with on Cardinal Health’s advisory board (Nick Karalis, John Balch, and Angelo Defazio). LaFoy says that consultant Joe Giorno helped Karalis set up the marketing team for Karalis’ specialty pharmacy (Elwyn Specialty Care in Media, Pennsylvania).

“In talking to those guys who were in specialty already, we knew they were affiliated with CSPN [Community Specialty Pharmacy Network]. So we hooked up with CSPN and started educating ourselves on what specialty pharmacy was and what it entailed,” LaFoy says. “Joe came to us and helped walk us through setting it up. We just feel strongly that specialty should be in communities, and should be provided by community pharmacies.”

In June 2012, Blount Specialty Pharmacy opened as a stand-alone business, with an LTC section also sharing the facility. (The three retail stores operate as Blount Discount County Pharmacy. The combined entity [Blount Discount County Pharmacy and Blount Specialty Pharmacy] do business as Blount Discount County Pharmacy, Inc.)

Blount Specialty Pharmacy serves not only Blount County, but patients throughout eastern Tennessee. It also has licenses to deliver medications to patients in Virginia and North Carolina. The disease states it treats include hepatitis C, Crohn’s disease, HIV/AIDS, multiple sclerosis, cancer, rheumatoid arthritis, pso-

riasis, and anemia. In July 2014 Blount Specialty Pharmacy dispensed 345 specialty prescriptions alone, and has about 125 specialty patients.

LaFoy says that Blount Specialty Pharmacy uses technology from Therigy LLC to help manage its operations. He also says that the pharmacy received a URAC accreditation on July 1, 2013. He says the URAC process not only gives the pharmacy extra prestige, but from a practical point of view it was essential as many network providers require it.

LaFoy also tries to deflect any credit for the pharmacy’s success, pointing to the efforts of his staff, including his compliance packaging team (Belinda Ellis, PharmD; Cathy Bush, CPhT; Patricia Cable, CPhT; and Donna Silcox, CPhT), specialty pharmacy services professionals (Jennifer Wilson, PharmD; John Peterson, DPh; and patient care coordinator Beth Byerly, CPhT), and marketing representative MaryAnn Riddle.

“They do a tremendous amount of good work, so they deserve to be recognized,” LaFoy says.

### DEMOGRAPHICS BLOUNT COUNTY, TENNESSEE

Total Population — **124,177**

Median Household Income  
— **\$45,516**

Source: *city-data.com*

## Island Drug

**Oak Harbor, Washington**  
Aaron Syring

**A number of years after purchasing** Island Drug in Oak Harbor, Aaron Syring, PharmD, realized that with the expanding variety of health care products and services he wanted to provide, space was becoming an issue.

“As we started to grow, we decided we needed more elbow room,” he says. “The whole goal was to provide a better customer experience. Our customers have been really good to us over the years, and we wanted to in turn be good to them and make a trip to the pharmacy a good experience.”

Prior to acquiring Island Drug, Aaron worked for several years at Hi-School Pharmacy, a regional chain in Oregon and Washington. Hi-School’s president and CEO Steve Oliva had a history of mentoring young pharmacists for ownership and took Syring under his wing. With Oliva’s assistance, Syring bought Island Drug in July 2004. At the time, the pharmacy was about 7,000 square feet with limited parking. It was located away from the center of Oak Harbor, a town of some 22,000 residents on Whidbey Island, about an hour and a half northwest of Seattle in Puget Sound. So in 2011, when the decision was made to build a new pharmacy from the ground up, Aaron, a 2002 Washington State University pharmacy graduate, had a number of items on his wish list.

“We wanted to capture the Northwest theme,” he says. “We wanted something unique, but Northwest at the same time. Our tagline is ‘service excellence, delivered locally.’ That sums it up, whether it is medical equipment, gifts, CPAP, DME, or immunizations, it’s all about delivering a higher level of service to our community. So everything that we did in this project was centered on how we could do that better.”

To help get the project off the ground, Aaron enlisted the services of Live Oak Bank, which specializes in providing pharmacies with a variety of financial and logistical support for purchases, expansions, and other major projects.

“Being here on the West Coast, even if we are still working at 5 p.m., the Live Oak staff back East would be checking emails and correspond with us frequently,” Aaron says. “They worked very hard and efficiently to get the deal done, which is impressive, because there is a lot of red tape and the Live Oak team made it very seamless. They were a pleasure to work with on this project.”

The 10,000-square-foot new building opened on April 29, 2013. Along with the prescription area, the pharmacy has sections dedicated to long-term care, durable medical equipment, compounding, CPAP (continuous positive airway pressure) and an immunization room. The front end houses a lunch counter and a section dedicated to gifts, cards, and OTC products.

Aaron couldn’t be more pleased with how things turned out.

“Now we’re right in the center of town, on the state highway,” he says. “It makes a big difference being centrally located. We have much more parking, and lots of different ways to access the property, which is convenient for our customers.”

Being collaborative is a major theme for success, Syring says. “We’re a reflection of our community, and that also takes into account our business partners as well,” he says. “It’s the people we’ve worked with at Live Oak Bank, and our tech partners, and our prescribers. It’s a cool building and it was a cool project to finish, but it’s definitely bigger than me, it takes a full team of people and it’s a community effort.”



### DEMOGRAPHICS

OAK HARBOR,  
WASHINGTON

Total Population — **22,260**

Median Household Income  
— **\$47,071**

Source: *city-data.com*



**Kicking back and wasting time** are phrases one wouldn't associate with Robert "Bob" Grisnik. When Grisnik isn't at the pharmacy he owns working diligently with customers, he is volunteering as an active leader in his community. For 48 years Grisnik has stayed busy building his pharmacy business and giving back to the community, a lifestyle he wouldn't trade for anything in the world.

In 1972, Grisnik purchased Southrifty Drug on Main Street in Southampton, on Long Island's south shore, and has since relocated to Jagger Lane. As a Vietnam veteran, Grisnik ran his pharmacy for 28 years while also serving in the Air Force and National Guard, where he eventually retired as a colonel. As a pharmacy owner, Grisnik goes above and beyond for his community in various ways, including sponsoring free health screenings, hosting blood drives, funding scholarships, and assisting with many local school functions. In 2010, he organized a group of 12 pharmacies and a number of local law enforcement agencies that took part in a joint program to take back expired and unwanted pharmaceuticals for proper disposal at no cost to the consumer.

Furthermore, Grisnik is active in many local civic and service organizations. Among these is the Tuckahoe School Board, which he claims as his biggest passion and where he has served for 28 years, presiding as president for many of those years. He is also a member of the Elks Club, Knights of Columbus, Civil Air Patrol, American Legion, the chamber of commerce, the Air Force Association, Combined Veterans Organization, and the Lions Club. He has served as the VFW (Veterans of Foreign War) commander, and fire district commissioner.

Grisnik serves as a true leader to his community and his commitment has not gone unnoticed. In 1992 he received the Bowl of Hygeia Award for his outstanding achievements in the community, and in 1993 he was awarded the Honorary Doctor of Humane Letters Degree from Long Island University for Outstanding Community Service. He most recently was a finalist for the Cardinal Health Ken Wurster award, which recognizes an independent pharmacist for outstanding contributions to his or her community.

## DEMOGRAPHICS SOUTHAMPTON, NEW YORK

Total Population — **3,149**

Median Household Income  
— **\$89,360**

Source: *city-data.com*



**While being in a small town** unthreatened by chain competition might be an advantage for Village Pharmacy in Baldwin, that doesn't mean owner Dave Willink, PharmD, is taking anything for granted.

Willink and his wife Susie purchased the pharmacy on Dec. 31, 2012, and spent much of 2013 revamping the store, overhauling the front end, and adding new products and services.

Willink, a 2004 University of Minnesota School of Pharmacy graduate, was born and raised in Baldwin (as was his wife), and his pharmacy roots date to his teenage years when he worked at Village Pharmacy as a clerk for former owner Dane Rasmussen. Willink grew up a block away from the pharmacy, and his brother was friends with Rasmussen's son.

Purchasing the pharmacy actually became a reality for Willink after he attended the NCPA Ownership Workshop in February 2012 in Dallas. While there, he met with representatives from Live Oak Bank, who assisted in setting up the purchase and all of the details that needed to be worked out. "We came in with no credit or skin in the game, and we arranged it where the previous owner did some of the financing, Live Oak took care of the rest, and we did a stock purchase agreement. Dane still owns the building, and we lease it from him."

Village Pharmacy is housed in a 3,500-square-foot building on Main Street (which is literally Baldwin's main street). Approximately 2,500 square feet are dedicated to the front end, and the pharmacy covers about 500 square feet. The business has about 20 employees on staff, with five pharmacists (including Willink), who rotate between the primary location in Baldwin—30 miles east of Minneapolis—and a new pharmacy that opened in November 2013 in Glenwood City, about 20 miles away. The business gets 95 percent of its annual

revenue through prescriptions, with an average of about 300 daily. Among the pharmacy's core offerings are medication reviews, diabetes products and services, email and text message refill reminders, lift chairs, compounding, immunizations, and a recent push into the durable medical equipment market. A new privacy room has been created, which Willink says will be ideal for services such as shoe fittings, MTM consultations, and immunizations.

Going forward, Willink wants to continually solidify Village Pharmacy's bonds with the community and provide excellent care for its customers.

"We just want to be a resource for the next generation if they are looking for advice on health and wellness or products," he says. "That's something that most people [now] are driving 20 miles to get. The more health and wellness products we can provide locally will strengthen our place in the community."

## DEMOGRAPHICS BALDWIN, WISCONSIN

Total Population — **3,960**

Median Household Income  
— **\$59,476**

Source: *city-data.com*

## Pacific Pharmacy Group

Newport Beach, California  
Gerard Rivera

**Growing up in Southern California** in the 1980s, it took a nudge from Mama Shaw to get Gerard Rivera interested in pharmacy. Mama Shaw was the mother of a close friend of Rivera and she owned an independent pharmacy in the neighborhood. “Mama Shaw was a huge influence in my life and a great role model for me to look up to. She was the one who directed me to the profession of pharmacy,” Rivera explains. With this encouragement, he decided to go to school at Loma Linda University where he studied pharmacy. His ties to the university would result in his early success in the pharmacy business. In fact, this past year Rivera was recognized as Loma Linda University’s first ever alumnus of the year.

During pharmacy school Rivera interned at a chain pharmacy. Upon graduation in 2011, he started working at the chain as a pharmacy manager. After a short while he became connected with a fellow alumnus from Loma Linda and interviewed with the Pacific Pharmacy Group. Pacific Pharmacy Group owns six independent pharmacies, a medical supply store, and a wellness center. Thanks to this connection, Rivera became director of pharmacy for all six pharmacies.

While working at one the member pharmacies, one of his fourth-year intern students, Stephen Hom, had an idea. Hom said that he noticed many requests in the pharmacy from patients who were professional surfers who were concerned about yellow fever, and wanted access to the yellow fever vaccine. The surfers frequently travelled to competitions in South America, where the vaccine was mandatory. This particular pharmacy was located in a medical building in Newport Beach with physicians who referred the professional surfers to the pharmacy. Well, the seed was planted.

Rivera and Hom worked together to figure out the regulations and protocols to administer yellow fever vaccines at their pharmacy. Newport Lido Pharmacy was able to work with the California Public Health Department to submit a request to offer these vaccines. Thanks to Newport Lido Pharmacy offering these travel vaccines, Loma Linda University refers many of its health care professionals there. Loma Linda University is number one in the nation when it comes to mission work and it is happy to send patients who need these types of vaccines before they can go on their trips. Thanks to this niche business, the pharmacy has been able to bring in additional revenue.

Rivera explains, “Once the patients know we can offer special services such as travel vaccinations, they are more willing to transfer their entire profile to us. It’s a great way to get customers in the door.”

Rivera has appreciated his partnership with his alma mater. “We work hand in hand,” he says. “I’m able to give back and they take great care of me and the company I work for. I feel like my career has really taken off because of this partnership and their support.”



### DEMOGRAPHICS NEWPORT BEACH, CALIFORNIA

Total Population — **87,068**

Median Household Income  
— **\$112,259**

Source: *city-data.com*



**Skip Matthews grew up in a pharmacy**—it was the family business. His father and his business partner (Clark Matthews and Louis Demosthenous) purchased an existing independent pharmacy in 1965 in Chicopee, Massachusetts. Located near a U.S. Air Force base, the pharmacy was called Airline Drug. But customers were soon commenting on the first names of the new owners and suggesting that Louis & Clark might be a catchier name. Knowing a good idea when they heard it, the partners made the switch to Louis & Clark Pharmacy within a year. Skip worked at a pharmacy near Boston while in college and joined Louis & Clark shortly after graduating in 1987.

Over the years, Louis & Clark grew to become the region's largest independent pharmacy and health care solutions provider. In the wake of industry consolidation, the company sold off some branches and made a conscious decision to focus on medical equipment sales, medication synchronization, and multi-dose packaging, areas in which they have realized significant growth opportunities. Skip became president in 2005 and currently presides over two pharmacies and two medical equipment stores.

Louis & Clark serves group homes, prep schools, colleges, assisted living facilities, and hospices. It also does single-dose packaging for medication therapy management. Louis & Clark Pharmacy uses Dispill multi-dose packaging with the automated packaging system SynMed as its solution. Between the two pharmacies, Louis & Clark provides multi-dose synchronization services to more than 3,000 patients.

It can be interesting having a father and son work together, but Clark and Skip have made it work. (Louis has long been retired.) Although Clark Matthews no longer works behind the pharmacy counter, he is still involved in the business and is a familiar face to customers in the stores. Skip says that what is so

rewarding about being an independent pharmacy is that they're able to tailor programs for their patients. He says that it's really all about finding solutions to help their patients, especially for those patients who are a little more complex or have greater needs. "For me, the changes with the (Medicare) Five Star Ratings are exciting," Skip says. "It means we need to figure out ways to better take care of our patients, whether it's through medication therapy management or medication reviews. These are things that we should all be doing anyway." Louis & Clark Pharmacy is doing just that—making the lives of the patients they are serving better.

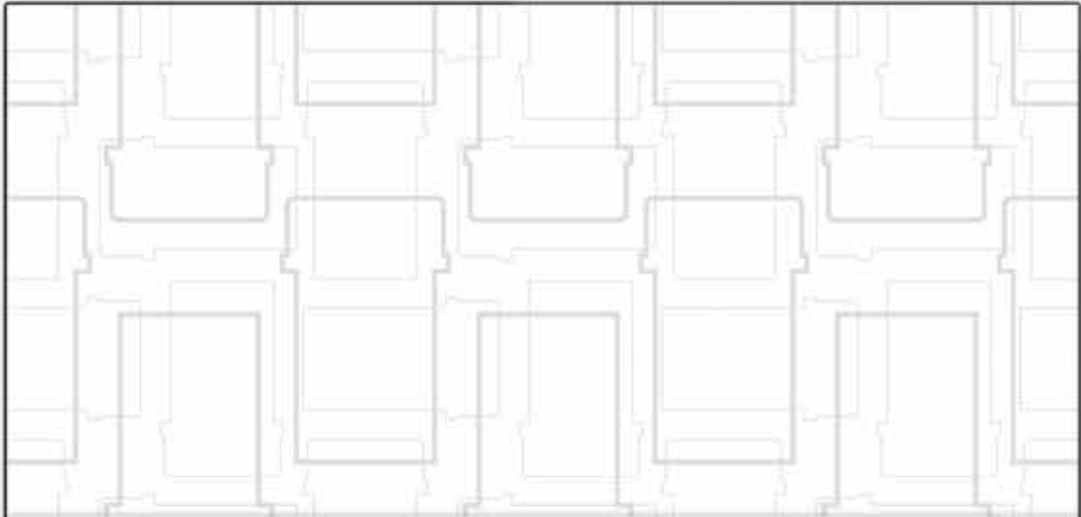
## DEMOGRAPHICS SPRINGFIELD, MASSACHUSETTS

Total Population — **153,552**

Median Household Income  
— **\$31,356**

Source: *city-data.com*





*The Voice of the Community Pharmacist*