

Moving beyond the pill Increasing consumer engagement through retail pharmacy services

The pharmacy business is undergoing dramatic changes. Fueled by health care reform, increasing competition, and shrinking margins, retailers are faced with the reality that their health and wellness business should consider adapting to the changing landscape.

The rise of value-focused health care in the face of a looming primary care physician shortage presents retail pharmacies with an opportunity to expand their services beyond basic prescription dispensing.

With the Affordable Care Act's expansion of insurance, 14 million Americans will have health care coverage for the first time. They will need access to physicians, medication, and a multitude of health care services.¹

Unfortunately, the physician population is not set to match this growth and 7 million Americans will likely face a primary care physician shortage after 2014.²

Simultaneously, the U.S. health care system is experiencing an increase in value-focused, cost-conscious consumers. Lower cost and convenient access to quality health care has spurred the enrollment of about 13.5 million people in high deductible health plans.³ As consumers begin to take a more proactive role in their health care, they are also turning to pharmacies for advice and counseling. The increased access and value focus could end up diverting some consumers to the retail pharmacies thereby impacting foot traffic and, potentially, the market basket.



Increased access and potential physician shortage creates opportunities to engage with health care consumers

While consumers are looking to the pharmacist as a potential health care services provider, providers are also aware that a team approach could eliminate the physician shortage. Pooling patients at least partially between two or three doctors and diverting as little as 20 percent of patient demand to nonphysician professionals, and/or using electronic communication with patients, could eliminate most if not all of the projected primary care physician shortage.⁴

This could spell out potential to increase foot traffic for retailers.

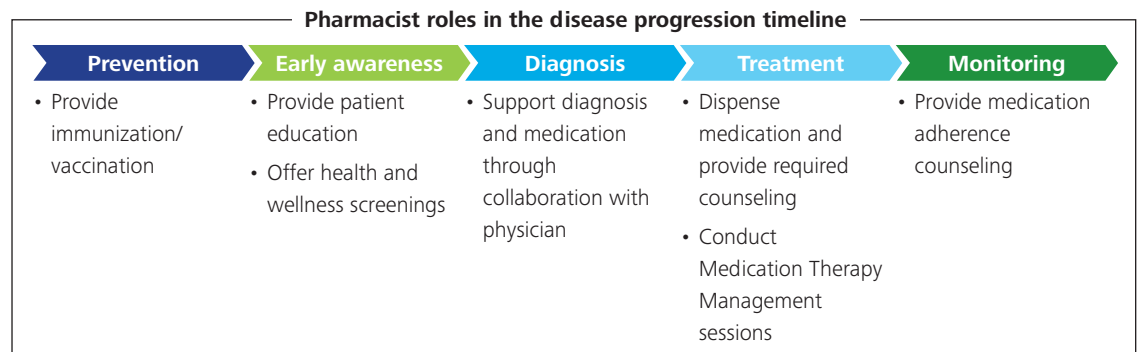
Retail pharmacies are well-positioned to provide expanded services to consumers by virtue of their accessibility, experience, and trusted relationship with consumers.

- 93 percent of Americans live within five miles of a pharmacy.⁵
- Many pharmacies are typically open more days and more hours than physician offices.
- Pharmacists have undergone formal education that prepares them to perform clinical services related to the prevention and control of disease through medications.
- Pharmacists have provided expanded patient care services for decades in many federal settings.

- Pharmacists are well trusted by consumers. In 2012, 68 percent of uninsured people say retail pharmacies will be a primary source of information about health care reform.⁶

More recently, pharmacists have embraced expanded patient care roles through Collaborative Drug Therapy Management, medication management, and other public health initiatives, such as immunizations, emergency/disaster care, point-of-care testing, and smoking cessation programs, indicating the capabilities of the pharmacy as a health care services provider.⁷ Leveraging these capabilities in a retail setting goes beyond the traditional dispensing relationship to engaging with the consumer in a meaningful health care discussion.

Retail pharmacies should look holistically across the disease progression timeline to identify ways to engage with the consumer and play a larger role in the health care space



Retail pharmacies are an attractive setting for immunizations and vaccinations

The benefit of immunizations to health care consumers is unquestionable: immunizations, including those administered by pharmacists, help prevent 14 million cases of disease and 33,000 deaths every year.⁸

Many federal institutions have also found cost-saving benefits by allowing beneficiaries to obtain vaccinations from retail pharmacies. With a strong value proposition, retail pharmacies can collaborate with plans to boost foot traffic and sales through increased coverage of immunization and vaccination services.⁹

Lower cost of immunization in retail pharmacies creates opportunities to partner with payers, driving traffic to retail pharmacies and creating additional opportunities to engage with the consumer.

As a recent study illustrates, allowing beneficiaries to obtain flu, and pneumococcal vaccines from retail pharmacies can drive quantifiable results: During the initial six months of the study, 18,361 vaccines for H1N1, flu and pneumococcal were administered with savings of \$1.5M to the system.⁸

Health and wellness screenings increase foot traffic for retailers

Health and wellness starts with creating awareness. Services to screen cholesterol, blood pressure, diabetes and other chronic diseases can create awareness in the community, while providing valuable information to the individual consumer.

Starting the health care discussion with screenings creates engagement with the consumer while also supporting physician diagnosis.

Pharmacists are already leveraged in this capacity in federal collaborative practice settings where they often perform assessments, order tests or refer the consumer to a physician as a follow-up to providing such services, resulting in additional prescriptions. Some screening services may also be reimbursed by plans.

The screenings can identify as many as 20 percent of consumers outside of clinical guidelines, providing the opportunity for further engagement in medication and services, including professional consultation and appropriate physician and specialist referrals.¹⁰

Over-the-counter (OTC) consultation, when done in conjunction with related prescription pick up, can be a powerful way of helping the consumer and impacting basket size

As high deductible health plans gain traction, consumers have become more interested in self-diagnosis where pharmacists have an opportunity to provide additional guidance.

A 2010 survey by the American Pharmacists Association suggests that 81 percent of consumers purchase OTC medication that has been recommended by their pharmacist.¹¹ A further study of 23 community pharmacies demonstrates that 42.6 percent of customers alter their OTC purchasing decision after a brief consultation with their pharmacist.¹² Such consultations often take less than three minutes and are shown to be effective.¹³

While the service does not generate direct prescription revenue, pharmacists get a chance to interact with the consumer, provide valuable education and guidance. Cough, headache and migraine, and allergies represent significant OTC categories where a few minutes of knowledge-based interaction with a pharmacy team member can benefit the consumer.

Those few minutes are also valuable in showcasing new related products, as well as store brands which are popular with cost-conscious consumers.

Medication Therapy Management (MTM) can be a valuable mode of engaging with frequent pharmacy customers and increasing loyalty through established relationships

Once a diagnosis is determined, the pharmacist plays a greater role in advancing medication therapy.

Pharmacies provide MTM services mostly to patients with plans that require it, such as Medicare and Medicaid. The reimbursement of MTM services is not supported by some commercial plans and the cost of labor to provide the services should be evaluated. However, as a key player reviewing medication therapy and addressing barriers for the consumer, pharmacies have a strong value proposition and should consider these services to drive adherence and loyalty.

The value of pharmacist-led MTM services has generally been cost-effective from an outcomes perspective, thus creating opportunities to collaborate with plans as well as providers in the developing health care landscape.

In a pharmacy benefits study, MTM services leveraging pharmacists provided an overall return of \$2.50 for each \$1 spent when patients chosen were 5 percent of plan membership, but 29 percent of prescription costs.

Medication savings per patient were as high as \$4,413 and combined medication and health care savings per patient were as high as \$6,305. The pharmacy shared in the savings from MTM activities, estimated at \$52 per member per month.

MTM-related improvements noted beyond return-on-investment include impact on productivity, absenteeism, consumer satisfaction, and health-related quality of life.¹⁴

Recent MTM and adherence programs		
Payer	Illustrative payment cycle	Illustrative savings
Medicare Part D through Pharmacy Benefit Managers (PBMs)	Determined by third-party provider, but Centers for Medicare & Medicaid Services requires amount be adequate to reimburse pharmacists	\$1.29 per \$1 of MTM administrative costs ¹⁵
PBM	Pharmacist reimbursed for: 1. Drug product focused interventions 2. Medication assessment and review	\$2.50 for every \$1 spent ¹⁶
Various State Medicaid programs	Paid in 15-minute increments: First 15 minutes \$28–\$52; additional 15 minutes \$5–\$24	31 percent decrease in health care expense per patient for 12:1 savings ¹⁷
Employers via Payers and Pharmaceutical Companies	Pharmacists paid a fee for each patient interaction	Results still being evaluated ¹⁸

Counseling services can drive foot traffic by building trust and improving adherence using motivational tools

As the point of sale, pharmacies are in a strong position to impact medication adherence and related outcomes.

Studies show that increased medication adherence can provide a net economic return when the improved adherence is linked to guidelines-based therapy.¹⁹ Pharmacist counseling can help consumers identify adherence gaps and address the challenges using in-person motivational techniques and digital capabilities.

The level of engagement and frequency that counseling services entail help retailers engage the high-value pharmacy consumer and drive incremental sales.

Key takeaways

- Retailers can maximize the pharmacy as an asset by engaging the health care consumer
- In the current environment of increased consumerism and a shortage of primary care providers, pharmacies can position themselves to increase revenues and foot traffic in retail stores by providing a broader portfolio of health and wellness services
- The increased engagement with a pharmacist can impact customer loyalty and expand the market basket with non-prescription sales
- Retail pharmacy services can promote awareness, increase adherence, and drive cost-efficiency for the overall health care system

Looking into the crystal ball...

The Pennsylvania Collaborative Pharmacy Quality Alliance (PQA) developed pay-for-performance models for community pharmacies which rethink the reimbursement of pharmacy services such as counseling.

These models can help identify the appropriate incentives and/or payment to pharmacies for achieving improvements in medication adherence for the target measures, introducing a twist to the old reimbursement models closely linked to labor cost.²⁰

Key considerations

- How do expanded pharmacy services fit within the overall health and wellness strategy?
- What is the cost of not engaging in the new business, in terms of customer foot traffic, loyalty, and basket size?
- Which pharmacy services align with the brand vision and how can the pharmacy be leveraged as an asset to generate additional revenue?
- What is required to provide the additional pharmacy services? What is the investment required in operations and technology?
- How can the pharmacy better collaborate with payers, providers and manufacturers to play a greater role in the delivery of health care?

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