BACKGROUND

- In dependent pharmacies are finding it more and more difficult nowadays to become profitable and compete with large chain retail pharmacies.
- Many independent pharmacies have used value added services (VAS) as a way to stay relevant and profitable.
- Maryville Pharmacy is one such pharmacy that has numerous VAS such as mastectomy fittings, DME sales, compounding, vaccinations, and LTC value added service.
- The LTC VAS currently services 128 patients.

OBJECTIVE

- There are several goals, the primary goal is to increase profitability of the existing service.
- Additional goals are to increase customer base and reach an unmet need of patients. In addition, the existing LTC facilities have expressed a want to become profitable and compete with large chain retail pharmacies.

METHODS

- There are several methods in which the VAS can improve profitability.
  - Automated dispensing machine
    - Parata Pass 208
      - The Pass 208 has 208 cells for frequently used medications
      - The Pass 208 does however have high upfront cost, and high monthly service fees
      - Used machines cost approximately 20-30% of new machines but have large refurbish and licensing fees that total approximately 60% of the new machines
      - For Maryville Pharmacy, and opportunity was given to purchase the product at sale prices that greatly reduced the cost
      - ScriptPro MP 100 and 400
        - ScriptPro MP line of cabinets is similar to the Parata Pass but at a much lower price compared to the Pass208.
        - ScriptPro had two sizes that Maryville Pharmacy would consider, the 100 and 400 cell sizes.
      - Much like the Parata Pass 208, it has a high upfront cost as well as a high monthly maintenance cost.
    - ComboMed by GeniMed
      - ComboMed is a program that works specifically with LTC eligible prescriptions for pharmacies to improve profitability
      - ComboMed works as a pharmacy service administrative organization (PSAO) and group purchasing organization (GPO)
      - The PSAO component is what helps with improving reimbursement
      - The GPO component is what helps with negotiating discounted prices for the pharmacy for purchasing medications
  - Increasing Customer Base
    - Maryville Pharmacy want to expand it's LTC VAS. In order to achieve this, building a larger customer base would greatly help to improve profitability of the program.
    - The local environment has numerous opportunities with many LTC facilities in the area but it also has numerous competitors from local and distant pharmacies.

RESULTS

- If the customer base is to increase, Maryville Pharmacy must also be able to take on the increase number of prescriptions. One benefit of the Automated dispensing machines is that it would be able to improve the capacity of the LTC VAS and allow for additional patients without additional labor.
- Catering to existing customers
  - Many facilities prefer the single dose packaging dispensed by the automated dispensing machines. This would help to improve relations with existing and new LTC facilities and cater more profitable opportunities for Maryville Pharmacy

CONCLUSION

- Due to concerns about high initial cost and high monthly fees, the automated dispensing machines would take a large amount of time to break even without a large number of additional patients (approximately 360 additional patients) and we decided not to pursue this method.
- Another idea that was considered was using profitability from ComboMed to pay for the automated dispensing machine. We decided not to waste profit on a methods that wouldn't stand on it's own.
- In the ComboMed method, there was minimal upfront cost and minimal monthly fees that would work with the existing number of patients. ComboMed would cover its monthly fees within the first 3-4 days of each month. ComboMed also requires no additional fixed assets and can be quit at any time with minimal risk.