



Changing Winds in the Profession: A Time for Transformation

Anandi Law
March 28, 2022

Discussion objectives

Define	Define current issues in pharmacy
Discuss	Discuss the possible causes for the issues
Illustrate	Illustrate the relationships within the U.S. health system
Describe	Describe the reimbursement process
Recall	Recall the history of PBM and identify its role today
Describe	Describe impacts on pharmacies and the profession
Incorporate	Incorporate possible solutions for transformation



What is currently happening in the pharmacy world?

Community pharmacies are closing

Over 4800
Community pharmacies in CA

50%
Independent pharmacies

Past 4 years...



1 in 6

Long term impact

Independent pharmacies

DrugChannels.com CEO and futurist, Adam Fein, projected that another 10,000 to 15,000 pharmacies will close in the next five years.

3 – 5 years

**50%
Survive**



[Foodland to close its 7 pharmacies, transfer all prescriptions to Longs Drugs](#)

Honolulu-based Foodland Super Market Ltd. said it has agreed to transfer all prescriptions from its seven Foodland Pharmacies in Hawaii to CVS Health's Longs Drugs pharmacies. Foodland said the transfer will be done electronically and automatically to minimize disruption to customers. Jenai S. Wall, Foodland Chairman and CEO, said: "**The decision to exit the pharmacy business was not an easy one for us. While compressed margins and rising costs have led to increasing losses,** we were concerned about the impact any closure would have on our many loyal pharmacy customers and employees.

<https://ihpl.llu.edu/blog/losing-access-care-your-pharmacy-closing>

CVS Closing 900 Retail Stores Starting in 2022

CVS Health has a new strategy to meet evolving consumer needs, and it includes closing stores and creating new store formats.

Drugstore chain **Walgreens** said it would be closing an additional five stores in the city, bringing the number of shuttered locations to 22 in the past five years, according to [San Francisco Chronicle](#). The company has cited “organized retail crime” for the closings.

“Is Walgreens closing stores because of theft or because of a pre-existing business plan to cut costs and increase profits by consolidating stores and shifting customers to online purchases?”

Why are pharmacies closing?

LACK OF PAYMENT FOR PHARMACIST SERVICES

A SHIFT IN THE WAY DRUGS ARE PAID FOR BY
INSURANCE COMPANIES

RPh Overqualified and
underutilized

Reimbursement ↓

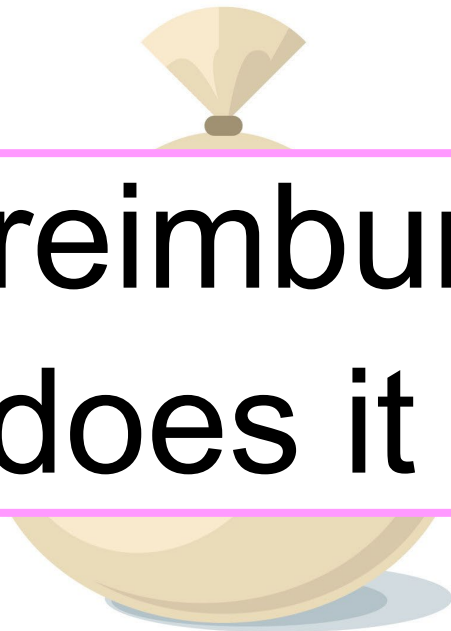


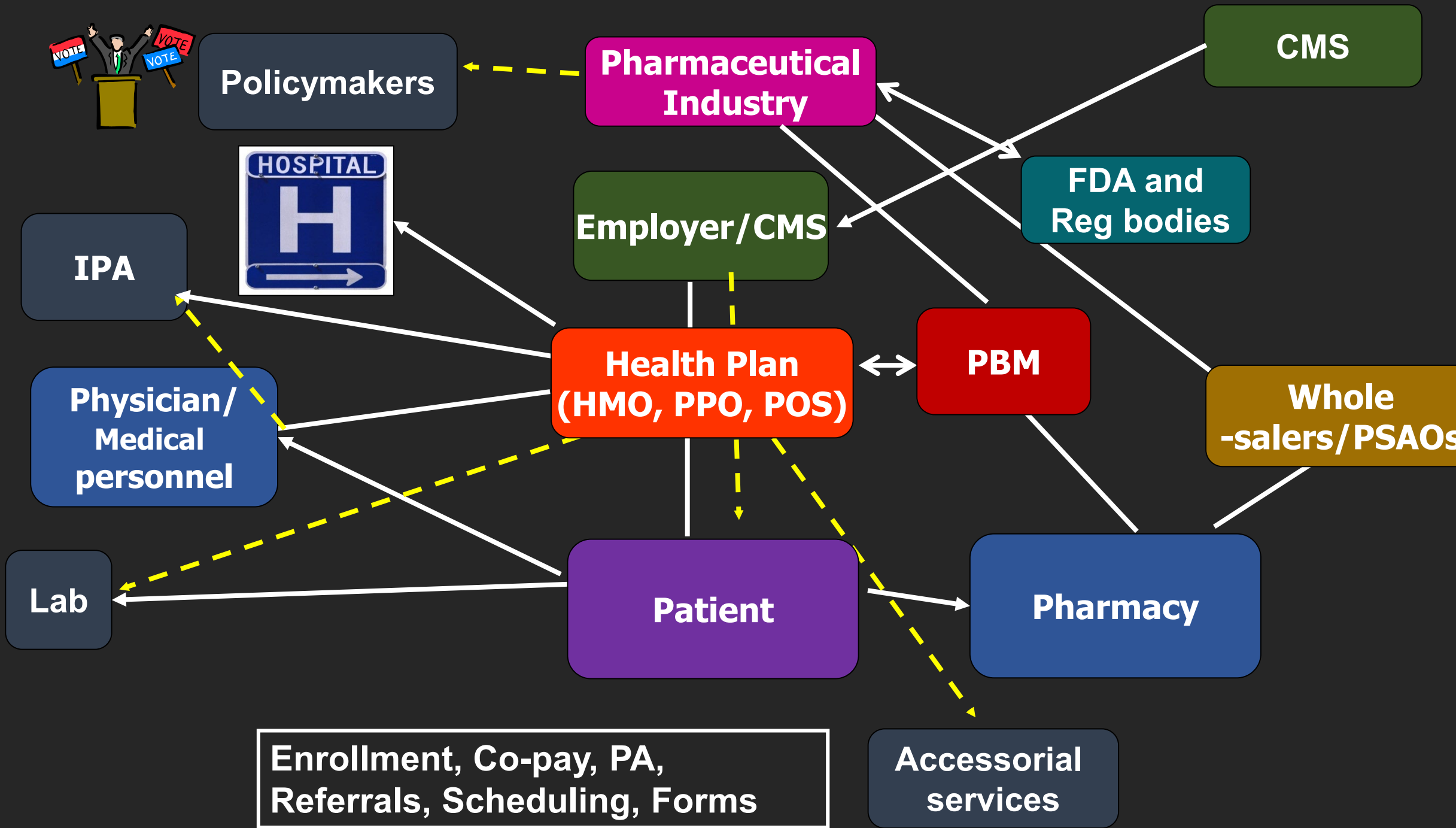
Why are pharmacies closing?

Reimbursement

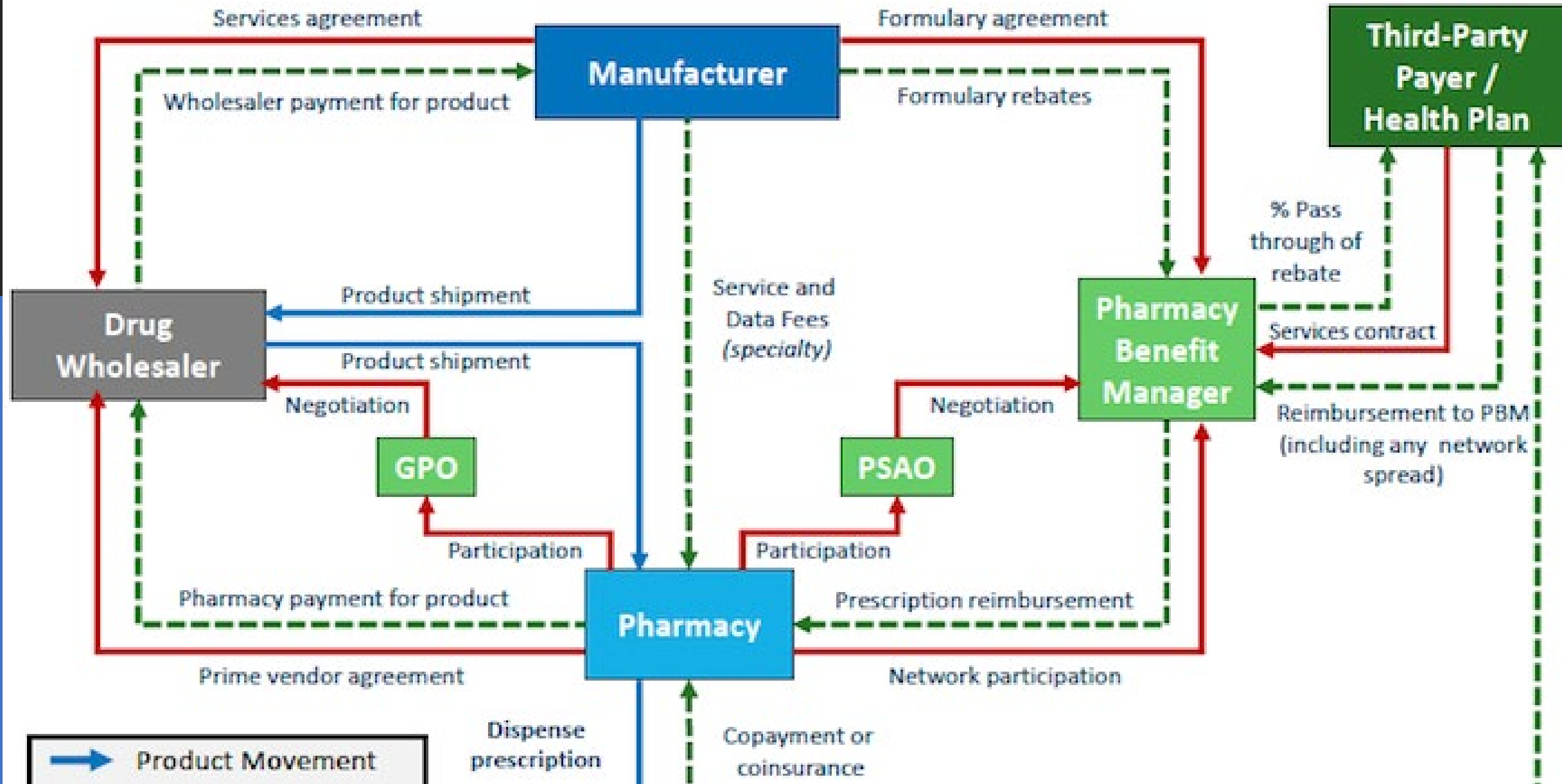


What is reimbursement?
How does it work?





The U.S. Pharmacy Distribution and Reimbursement System for Patient-Administered, Outpatient Prescription Drugs



What is PBM?

1968

Initiation (origin of PBM)

- Adjudicate Rx claims
- Manage data

Late 1980's

Collaboration with Pharma

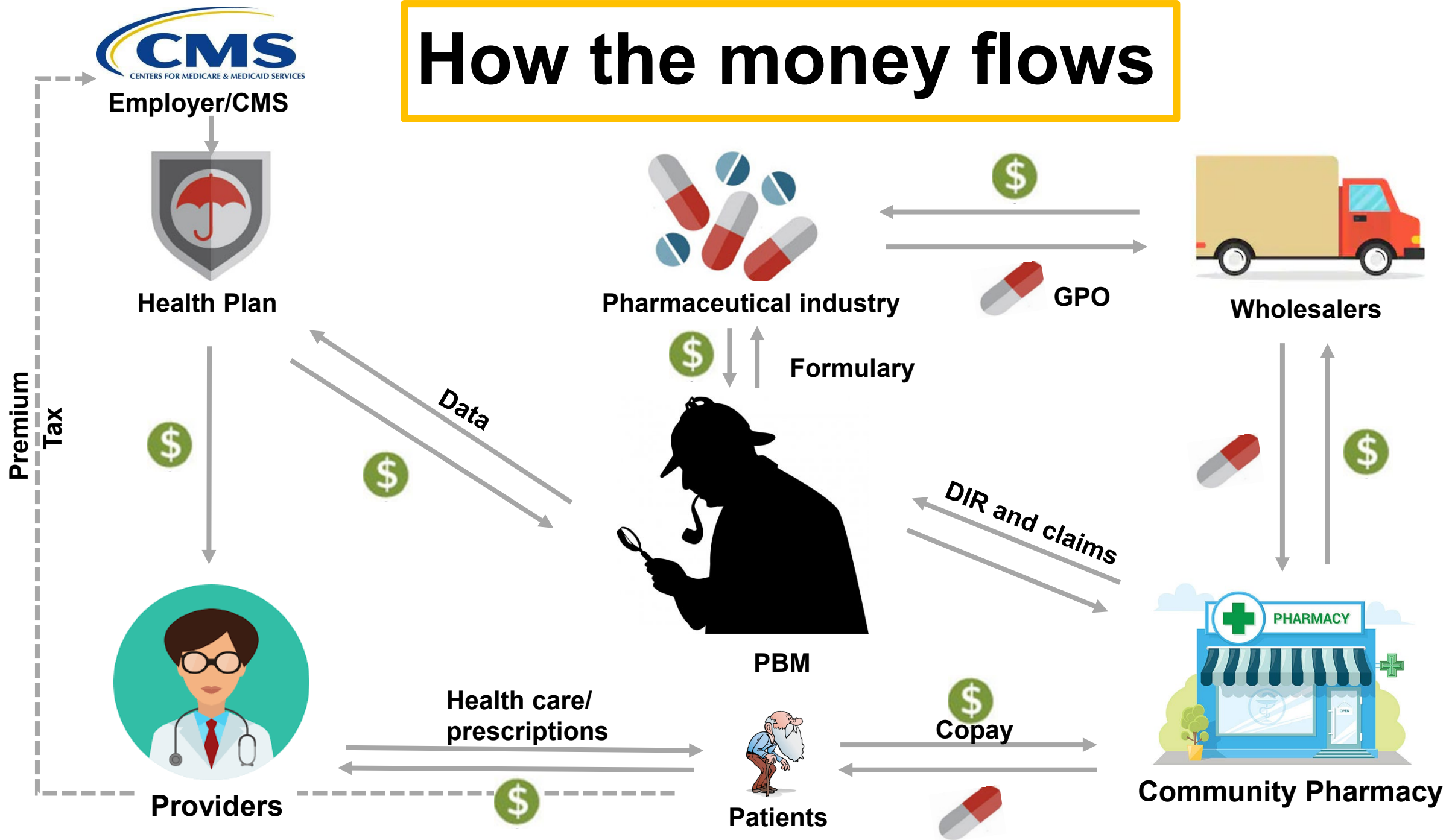
- Manage formulary on behalf of health insurers

Now

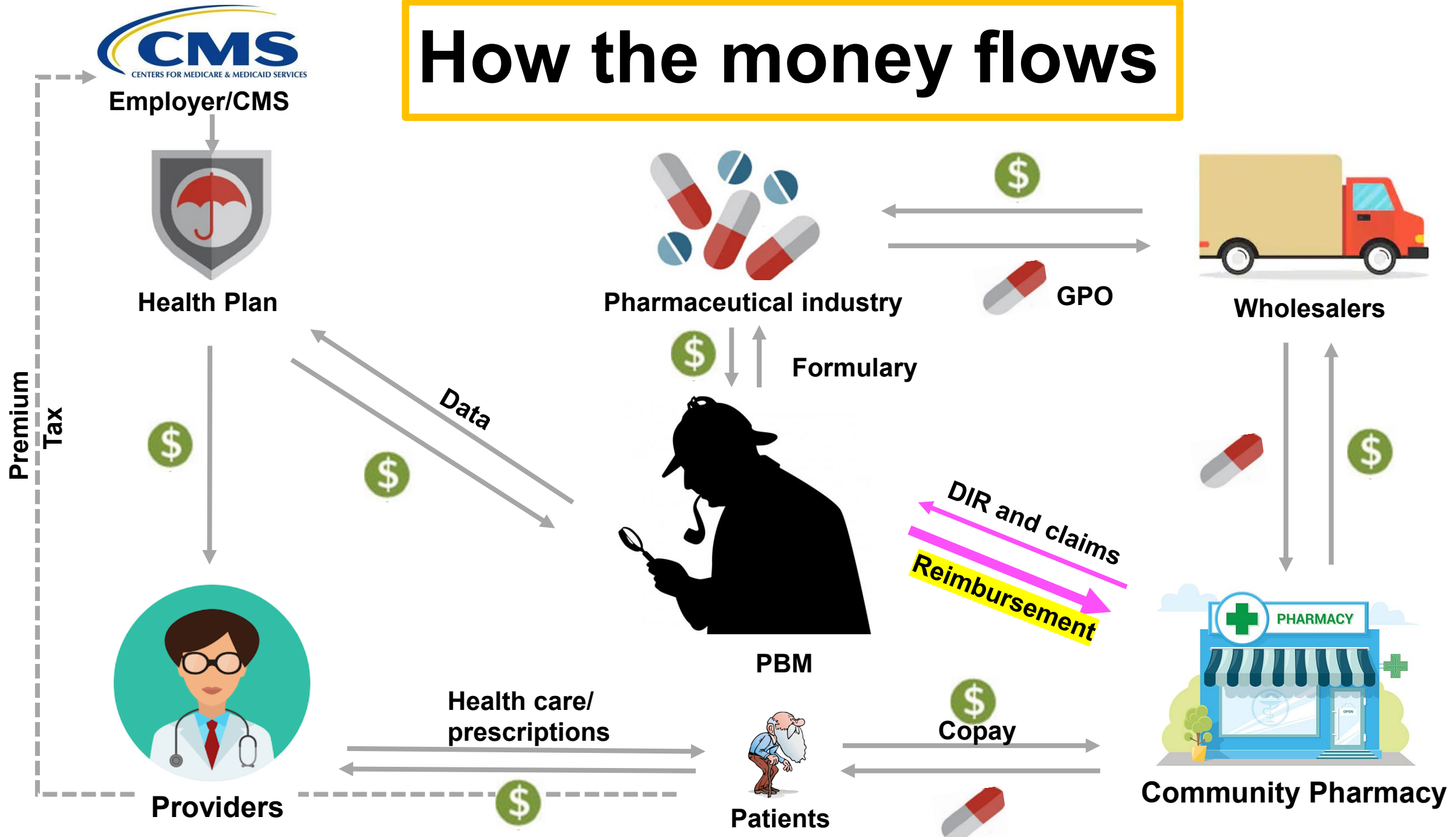
Increased influence in the pharmacy field

- Negotiate drug price and rebates with Pharma
- Determine the reimbursement rate for community pharmacy
- Manage data to give health insurers recommendations
- Impact prior authorization

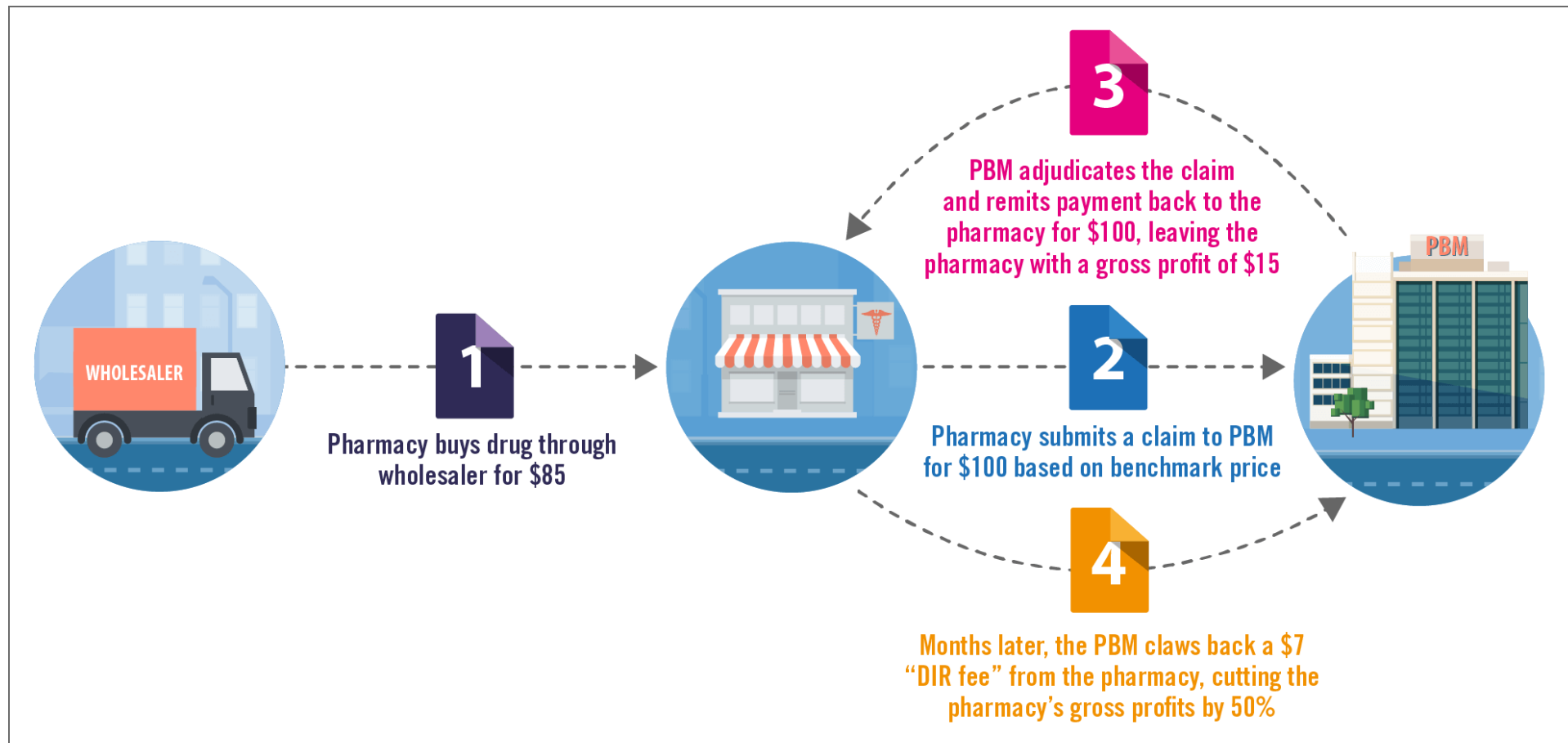
How the money flows



How the money flows



PBMs have come under scrutiny for not paying pharmacies what the PBM is billing Medicaid for drug acquisition costs (price gouging). As a workaround, PBMs are using “clawbacks” or DIRs that charge pharmacies weeks or months after the prescription was dispensed, a transaction that is invisible to Medicaid managed care organizations.



Direct-Indirect Remuneration

What is DIR?

Idea is to pass along savings from the PBM or Plan D sponsor to Medicare which will in turn, lower premiums for patients.

Issues

- Retroactive fees
- Zero transparency
- Supposed calculation based on pharmacy performance metrics
- No accountability

Reimbursement

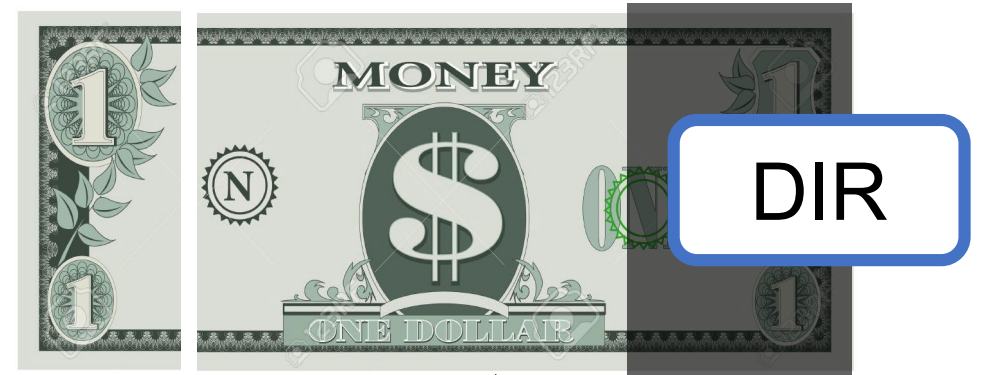
In theory reimbursement



Dispensing
Fee

AWP - discount%

Actual reimbursement



Dispensing
Fee

AWP - discount%

DIR

Other PBM strategies

- Setting co-pays higher than the cost of the drug in many cases
- 3 PBMs control 80% of the prescription market
- 3 PBMs rank 4th (CVS), 5th (United Health), and 13th (Cigna) on the Fortune 500 by revenue, all ahead of the highest ranked pharmaceutical company, yet very few people understand how they make their money
- PBMs receive kickbacks from drug manufacturers for favorable formulary placement
- Many PBM contracts have “gagged” pharmacists from discussing less expensive alternatives or even lower out of pocket costs by not using their insurance

Revenue: Product
reimbursement +
Dispensing Fee
(from health plan)

(-)

Acquisition cost +
Cost of Dispensing
(of the pharmacy)

= Profit

Inventory or
Merchandise
Payroll
Overheads

Impact on community pharmacy

Reimbursement



Job opportunity



Rx Volume per staff



Difficulty maintaining profitability

Impact on community pharmacy

Pharmacies were open throughout the pandemic!
Workload with COVID ↑ - testing, vaccination



BURNOUT



Impact on patients

Pharmacy options



Accessibility to drugs



Interaction with
pharmacists



Pharmacy deserts. More provider visits?

Higher burden on PCP?

1 in 3 neighborhoods in large US cities are pharmacy deserts, study finds

Pharmacy deserts may limit COVID-19 vaccine access in communities of color

UCI study first to link disparities and 'pharmacy deserts' in California

Do we have too many pharmacists? NO

- 315,000 pharmacists serving 315M Americans
 - Less than 1/1000
- 209,000 primary care physicians
- 419,000 pharmacy techs



Impact on hospital

Admitted patients



Workflow for staff



Patient's wait time



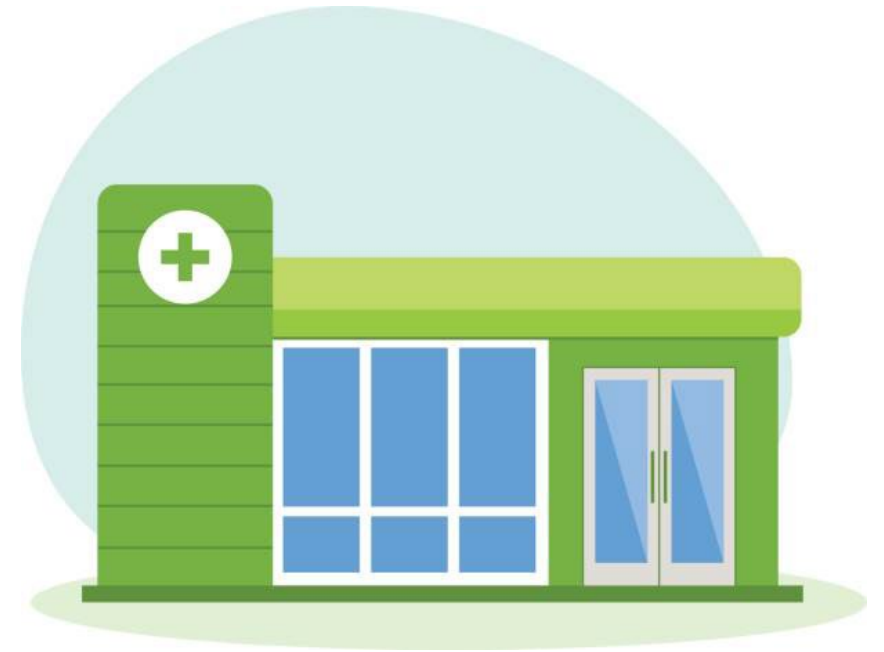
More ER visits? More TOC?
Prioritization of patient?

Impact – ambulatory care pharmacy

Need for clinics



Primary pharmacist
interaction with patient



More clinics?

More clinical pharmacists?

Impact on student pharmacists

Community rotation sites



Community pharmacy jobs



Interest in pharmacy career



Potential increased difficulty paying off debt

Impact on academia

Applicants



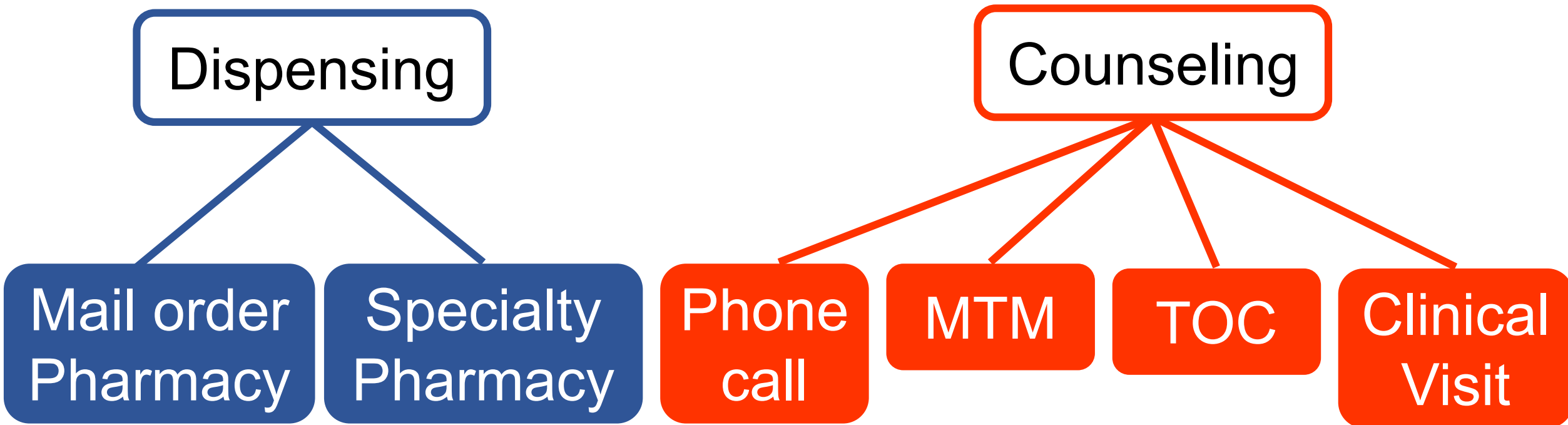
Community
rotation sites



Quality/fit of applicants?

Number of students per rotation site?

Shift in community pharmacy roles



How will the payment system change?

Possible scenario 1



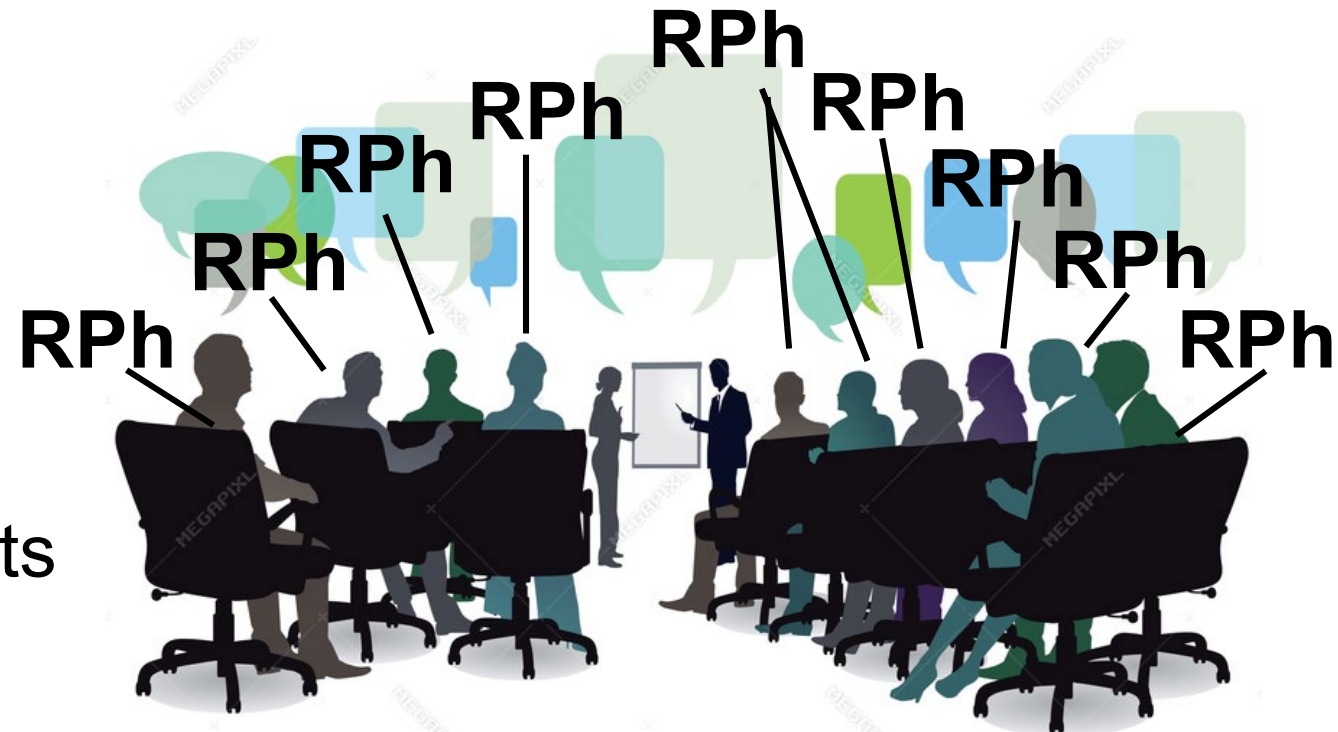
Pharmacist-Created PBM

Pro

- Transparency
- Able to control monetary flow
- Able to self-regulate

Con

- Small retails need to network
- Greater burden on pharmacists
- Building bargaining power



Possible scenario 2

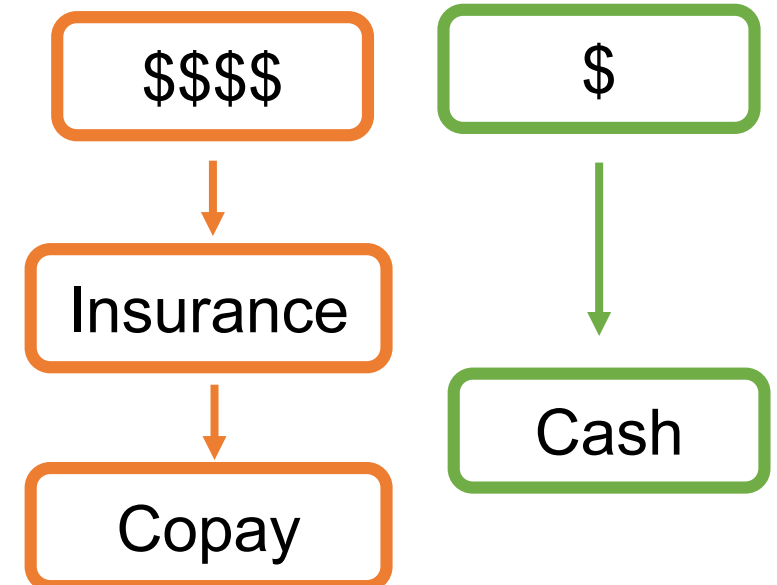
Transparency Rx Model

Pro

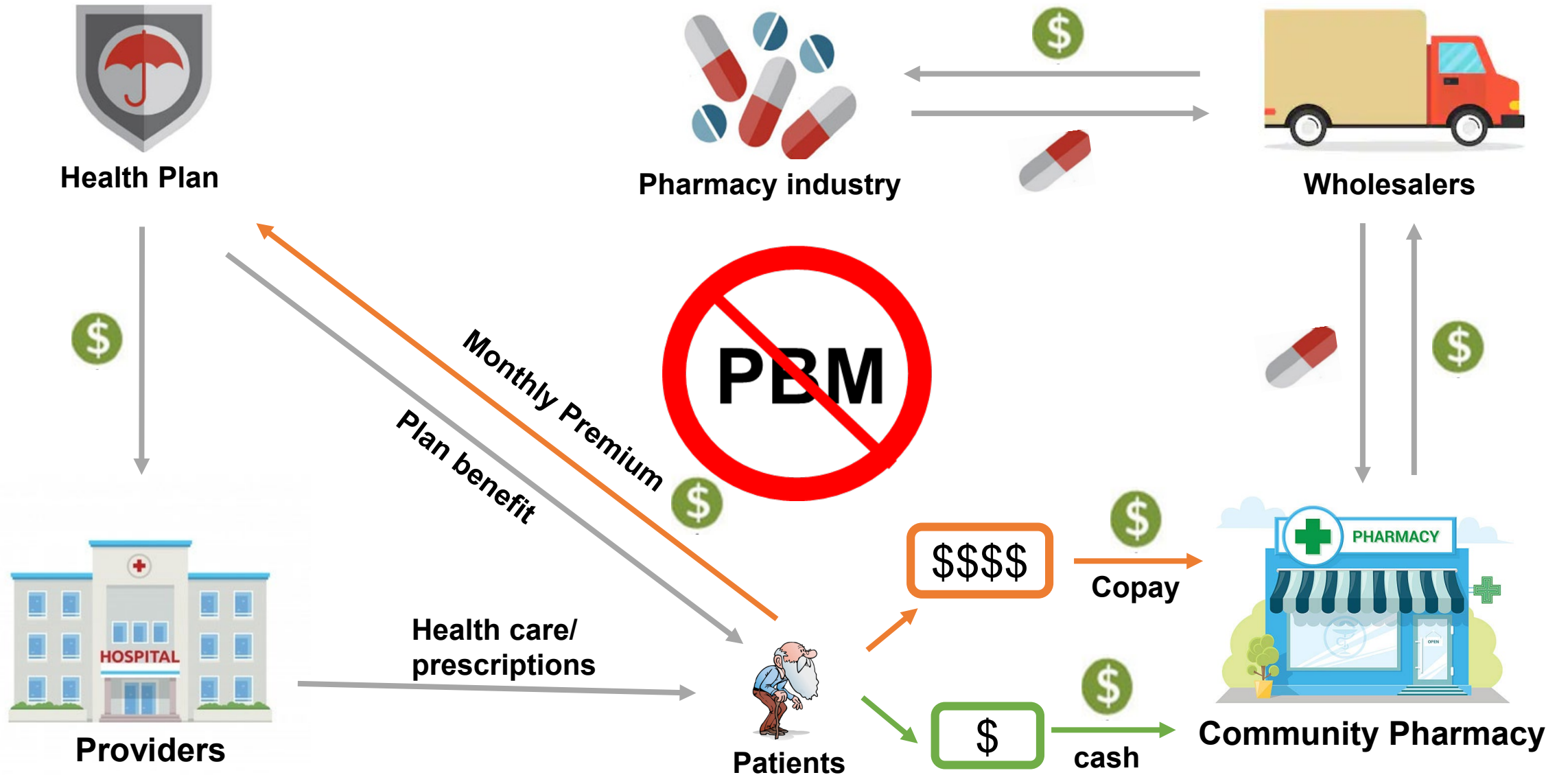
- Transparency
- Cheaper drug price for patients
- Increased trust between pharmacists and PCPs

Con

- Still need to manage high cost medications
- Burden of responsibility on relationship between pharmacists and PCPs



Transparency Rx Model



Possible scenario 3



Clinical pharmacists at PCP office

Pro

Dispensing is separate

Direct cooperation between PCP and RPh

Comprehensive care for patients

Con

Dispensing for acute conditions?



Possible scenario 4

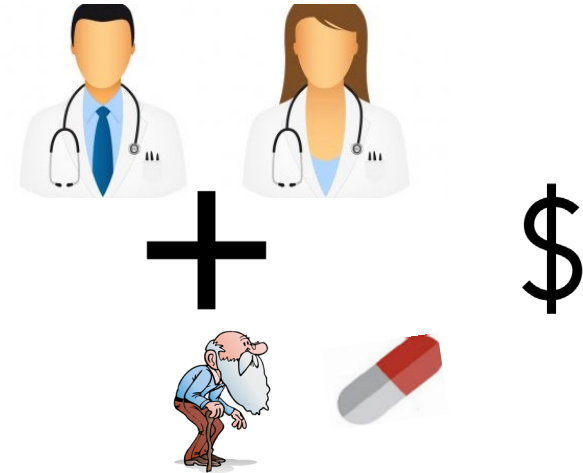
Shared Risk VBP (ACOPP)

Pro

- Shared responsibility for patients
- Promotes collaboration

Con

- Success depends on buy-in
- Risk aspect is challenging to implement



Possible scenario 5

Pharmacist Network

Pro

- Pharmacist PRN (as needed)
- Allows pharmacists to transition into clinical roles

Con

- Investment
- Advertising utility of clinical pharmacists



Transformation

Practice

Payment

ATTITUDES!

Patients see
pharmacists – for
counseling and
monitoring

Pharmacists see
expanded roles –
but limited by time
staffing and
reimbursement

Physicians – see us
helping but draw the
line

What will help the Transformation

Branding and Visibility

- Add services to product
- Separate services from product

Allyship with HCP
who endorse us

Policy – Standard of
Care rather than
Scope of Practice

Other ideas?

How can students help?

- **Fundraising**
 - Raises awareness as well
- **Educate people!**
 - Other students
 - Faculty
 - Preceptors
 - Pharmacists at work
- **Join organization**
 - Eg: APhA
 - State orgs





CE Objectives

1. Which of the following are reasons for community pharmacy closures?
 1. Decreasing # patients
 2. Decreasing # prescriptions
 3. Fewer technicians
 4. Reimbursement
2. Which of the following is/are the impact of PBMs on pharmacies?
 1. Reduced profit margins
 2. DIR
 3. Increased profits
 4. a and b
3. Which of the following is(are) advantages of pharmacists working within a PCP office?
 1. Continuity of care
 2. Pharmacist working directly with physicians on needed medications
 3. Alignment of pharmacist role with training
 4. All of the above
4. The ACOPP model could help improve patient outcomes
 1. True
 2. False
5. Do patients want someone from health care check on them?
 1. Yes, according to a recent survey
 2. No, they never want anyone checking on them

Claiming Credit

Submit Attendance

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Center for Pharmacy Practice Innovation (CPPI) Seminar

Center for Pharmacy Practice Innovation (CPPI) Seminar - 3/28/2022

Speaker(s): Anandi V Law, PhD

Topic:

CPPI invites various health care professionals from around the country and globe to speak on issues relating to innovation in the health care space.

Please contact the Center for Pharmacy Practice Innovation to request a meeting password by clicking [here](#).

[Please click here to join the webinar](#)

Meeting ID: : 972 0552 6057

Objective(s):

Location: NA

Specialties: Cardiovascular Disease, Endocrinology, Diabetes and Metabolism, Family Practice, General Practice, Nutrition, Pharmacist, Public Health, Academic/Research, Dietitians, Pharmacy Technician, Cardiology

Faculty Disclosures:

Anandi V Law, PhD (Nothing to disclose - 03/01/2022)

[Download Handout](#)

Purpose or Objectives: At the conclusion of this activity, the participant will be able to:

1. Review changes in health care delivery that likely impact pharmacy practice.
2. Describe current trends in contemporary pharmacy practice as they relate to interprofessional collaboration.
3. Discuss practice innovations designed to improve health outcomes.
4. Discuss role delineation for pharmacists on the interprofessional health care team.

Date/Time: 3/28/2022 12:00:00 PM

Accreditation:



In support of improving patient care, VCU Health Continuing Education is jointly accredited by the Accreditation Council for Continuing Medical Education (ACCME), the Accreditation Council for Pharmacy Education (ACPE), and the American Nurses Credentialing Center (ANCC), to provide continuing education for the healthcare team.

Credit Designation(s):

0.75 ANCC contact hours.



This activity provides 0.75 contact hours of continuing education credit. ACPE Universal Activity Number (UAN): Pharmacist: JA4008237-0000-22-164-L04-P Technician: JA4008237-0000-22-164-L04-T

NOTE FOR PHARMACISTS: Upon closing of the online evaluation, VCU Health Continuing Education will upload the pharmacy-related continuing education information to CPE Monitor within 60 days. Per ACPE rules, VCU Health Continuing Education does not have access nor the ability to upload credits requested after the evaluation closes. It is the responsibility of the pharmacist or pharmacy technician to provide the correct information [NABP ePID and DOB (in MMDD format)] in order to receive credit for participating in a continuing education activity.

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The following planners, moderators or speakers have the following financial relationship(s) with commercial interests to disclose:

Name of individual	Individual's role in activity	Name of Ineligible Company(s) / Nature of Relationship(s)
Dave Dixon, PharmD, FACC, FCCP, FNLA, BCACP, BCPS, CDE, CLS	Activity Director	Contracted Research-Boehringer Ingelheim Vetmedica GmbH - 08/04/2021
Anandi V Law, PhD	Faculty	Nothing to disclose - 03/01/2022
Dana Burns, DNP	Planning Committee	Nothing to disclose - 12/16/2021
Teresa M Salgado, MPharm, PhD	Planning Committee	Nothing to disclose - 10/25/2021
Evan Sisson, Pharm.D., MSHA, BCACP, CDE, FAADE	Planning Committee	Nothing to disclose - 11/18/2021