With 2017 drawing to a close, I admit it has been one of the more challenging years for the cooperative and our membership. We wake up every day in an ever confusing and frustrating pharmaceutical supply channel with a myriad of cost shifting schemes, Generic Compliance Ratio (GCR) measuring and management, an ever increasing number of new distributors, and misplaced solutions from “cherry picking” sites and software. Not to mention, we have all experienced the unprecedented effects of hyper deflation in the generic pharmaceutical segment and a whole host of convoluted and maddening events on the managed care and regulatory segments of the business.

With all that said, I am looking forward to 2018. We have been working hard to design some modifications to the AAP Member warehouse (API) program that we believe will offer dramatic improvements for the pharmacies, while implementing a whole new level of simplicity and transparency.

First, AAP has become a member of Topco Associates, LLC (Topco). Topco is a cooperative founded in 1944 whose membership includes supermarket retailers, wholesale distributors and foodservice companies. Topco has 51 member-owners that collectively represent more than $170 billion in sales and thousands of stores. For several months we worked through due diligence to determine the viability of collaborating to improve the offerings each organization provides to its members. We determined the best beginning course of action was for AAP to join as a member of Topco. Our initial focus will be combining efforts on generic pharmaceutical procurement. We expect this new relationship will offer significant reductions in our acquisition costs which will translate into additional savings for pharmacies utilizing API. The benefits to both organizations are expected to begin materializing and then accelerating in the first and second quarters of 2018.

Second, we have listened to comments and questions that many of the pharmacies have communicated relating to the API offering. Some of the most common concerns have been: A) Why are we required to meet a $7,000 monthly order minimum to purchase brand pharmaceuticals at WAC-6.75%? B) Why do you not tell us what our net pricing per invoice will be after rebates? C) Why do you require a daily minimum generic order of $300 for next day shipping? D) Cash flow is critical, is there a way you can get rebates to us faster? All are valid points. Internally, we have had our own questions: 1) Why do we distribute a Generic Loyalty rebate to pharmacies that are not demonstrating any significant level of loyalty to the API program? 2) Why don’t we build a truly transparent program and stop shifting dollars away from generic rebates to benefit those who want to buy down the brand cost of goods? And that’s just what we’ve done beginning January 1, 2018.

Finally, we thank all who have provided us your valued feedback. Be on the lookout for the emails and notifications coming out from API mid to late December to fully understand the changes and improvements that will come your way soon.

Thank you for the support and participation during 2017. We are looking forward to an exciting and enhanced 2018.

Working for the Members Benefit,

Jon Copeland, R.Ph.
Chief Executive Officer / President
American Associated Pharmacies
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AllyScripts is now an ACHC Accredited Organization!

AllyScripts, AAP’s full-service specialty pharmacy, proudly announces its approval of accreditation status by Accreditation Commission for Health Care (ACHC) for Specialty Pharmacy Services. “Achieving ACHC accreditation demonstrates that AllyScripts is dedicated to the highest standard in its mission of helping local pharmacies serve their patients with specialty needs,” said Jeff Vigh, President and General Manager of AllyScripts.
If your intention is to amend or enhance the performance of your front end, there are several specific steps that you can take to be competitive in your respective market. Pricing, the proper mix of products, and promotions are relevant, time-tested approaches to positively affect the front-end business. While these should always be a focus of any successful OTC offering, they can be daunting tasks. However, there are a few additional suggestions that can be less laborious and readily accessed via your Co-Op Newsletter, various free trade publications, and often, the knowledge that you already possess.

The first of these is known in the industry as Adjacencies or Market Basket. This means those items that are most commonly sold together. Consider the following statistic: 60% of all Diabetics are also Arthritic. In fact when national data for both independents and chains are analyzed, it shows that 61.5% of all Diabetic prescriptions and 63.4% of all Diabetic strip purchases contain either an OTC internal or external analgesic in the same transaction. For reference, the top 5 OTC brands in these transactions are as follows: 1) Advil (all SKU’s) 2) Salonpas patches, 3) Salonpas lidocaine spray/cream, 4) Thermacare patches, and 5) Icy Hot cream.

A second reason to find and apply these adjacencies can be found in the interactions and side effects that pharmacists advise their patients about on a daily basis. All prescriptions have side effects, many of which lead to a depletion in the body of some vitamin or mineral. For example, statin drugs have been clinically proven to deplete the body of COQ10, and national data shows that COQ10 (all brands) are in the transactions of both chains and independents 37.8% of the time a statin prescription is purchased. If you do not currently have a vitamin set, consider one of the many brands available to you via retailplanograms.com (AAP’s plan-o-gram program) or ask your AAP Territory Manager for a list of our preferred brands. For reference, a drug depletion chart can be found in the reference page section of retailplanograms.com under the title Vitamin Replenishment Guide and a screen shot is included here.

A third area of opportunity is OTC Alternatives. As a pharmacist, you are familiar with substituting a generic prescription for a brand or one generic prescription for another. The same basic principles apply to the front end. Consider the following statistic: The brain health category in independent and chain drug has experienced triple digit gains for the past three years. While much of this is due to the introduction of Prevagen to the OTC market, this brand has generally not been available to independent drug stores. However, this does not mean that you are excluded from this category. In January of 2017, Natrol LLC launched Natrol Cognium. Unlike its counterparts, Cognium boasts 9 human clinical studies which have shown significant statistical improvements in memory and cognition in as little as 4 weeks. Cognium is available from Cardinal Health in a 60ct bottle—CIN# 5319744, UPC# 4746907230; MSRP $22.99-$24.99. This item was featured in 11 separate articles in every major trade magazine and is now available in over 6,000 independent drug stores. These types of items can distinguish your store from chain pharmacy while also offering your consumers a superior product at a lower price.

Continued >>
Finally, make sure to pay attention to any OTC regulatory announcements that will impact consumer shopping trends. The most relevant example is the recent bill signed into law by Congress which cleared the path for an OTC hearing aid category.

Currently 48 million Americans suffer from hearing loss with 86% of those having no alternative to expensive clinics, but the regulatory framework still continues to evolve. In the near future could consumers purchase hearing aids much like reading glasses?

As this and other alternatives become available, your Co-op will always make sure to keep you informed via the AAP newsletter.

More information on Cognium:
https://www.natrol.com/benefits/brain-health/
Managing DEA Regulations and Taking Time For Patients
Les Krenk, RPh of Maui Clinic Pharmacy shares best practices he has honed over time.

At Maui Clinic Pharmacy, we have an extensive intake form that the patient must fill out if they are a chronic pain patient. The pharmacist then interviews them, and one of the key questions is, are they taking any non-narcotic medications? If the patient has no other medications we usually have to refuse them as our ratio of narcotics to non-prescription drugs is a DEA issue. We cannot upset that ratio, and we explain this to our patients. If they are taking non-narcotic meds we ask that they move those prescriptions to us. If they refuse we cannot take them on as a new narcotic patient.

In these interviews we also ask how they picked our pharmacy, among other questions that can lead to further opportunities to help the patient. During my last interview, a new patient was getting steroid shots every quarter. She was about 45 yrs old with chronic back problems, and complained of weight gain with the steroid shots. I suggested she take calcium tablets to replace the calcium loss in her bones due to the steroid shot and told her to ask the MD if a diuretic would be appropriate for the weight gain due to fluid retention. She said “Oh wow, no pharmacist has ever talked to me before!” She is a new patient for life. We are our own best marketers/advertisers.

Marketing Ideas - Giveaways

One sure way to win patient loyalty and show them you care is by giveaways of small, useful items that are cost-effective and will keep your pharmacy at the top of your patients’ minds.

This October, Medical Center Pharmacy in Aiea, Hawaii pre-ordered dozens of pairs of Pink Ribbon Socks from API to give out to patients during Breast Cancer Awareness Month. This kind of thoughtful giveaway is a perfect example.
They’re out there – payment processors that are less than truthful and sometimes even deceptive. They’ll deliberately mislead you by collecting more fees, or hiding them in confusing contracts. Here are three deceptive trade practices to look for when evaluating your payment processor.

1. Inflating the interchange, dues and assessments without notifying merchants

A true story: A merchant was comparing options and pricing from various payment processing companies. He ended up choosing a processor who presented a supposedly lower-cost option. After processing with this company for six months or so, the merchant took a closer look at what he was actually paying. He had been quoted 25 basis points + 20 cents a transaction + about $50 in junk fees. He ultimately discovered, however, that the interchange fees were being falsely inflated and he was paying more than three times what the contract stated— a 250 percent mark-up.

The quoted rate may have totaled $492 a month, but the deceptive interchange was costing him an additional $1,240.

$492 + $1,240 = $1,732

The processor was collecting a total of $1,732 from this merchant every month.

2. Offering “free” programs

One processor offers “free gift cards.” However, they are only free until the merchant tries to change processors and finds that a huge fee is charged to simply report the balances on the gift cards to the merchant upon departure. This blatantly deceptive fee can be up to tens of thousands of dollars for one simple report that lists the gift card number and balance for each card—a report that is provided by legitimate gift card programs at no extra cost each month.

Continued >>
“Free” POS is another deceptive offering. While the software might be presented as free, the processor will likely expect the merchant to pay for installation, training, customer support and future updates. By the time everything is billed, the merchant may pay up to $1,000 per month for this “free” POS.

Continuing the merchant’s story of deception: He was told he was paying $492 a month to the processor, but was actually paying $1,732 and another $3,233 in fees. The deceptive practice was discovered six months into the contract. The contract had a liquidated damages clause somewhere in the “Terms and Conditions” that stated the processor could collect compensation for early termination. It could be argued that the liquidated damages in this case would be:

$492 x 30 months = $14,760

Yet the charge could also be:

$1,732 x 30 months = $51,960

However, the shock was when:

($1,732 + $3,233) x 30 months = $148,950

was threatened to be debited from the merchant’s bank account. Even more surprising is that this is routine practice for some processors.

Protect yourself and your business from these deceptive practices by staying informed and alert.
Any tips for pharmacies looking to balance workloads across peak hours and downtime?

This is a balance most retail pharmacies strive for. Analyzing patterns of peak hours and slow times of the day, week and year will allow you to create a guide for appropriate staffing. Be mindful of your busiest times — after school or after work hours, Mondays, the first of the month — and plan ahead to ease the burden. By proactively completing lower priority tasks such as cleaning and inventory management during slow times, you use your team’s time wisely and position your pharmacy to operate smoothly and efficiently when a rush hits. Balancing the workload this way also helps reduce the stress level in your pharmacy and improves the patient experience.

Prioritizing work like this also lends predictability to workflows for pharmacies offering synchronization and medication adherence programs. Your slower hours are the perfect time to make patient care calls and secure refill authorizations for upcoming batches.

How does layout affect a pharmacy’s efficiency?

When I look at how a pharmacy is set up, my biggest priority is ensuring the layout is conducive to communication between pharmacy team members and with patients. If team members who need to collaborate regularly are working on opposite ends of the pharmacy, productivity and communication are hindered. If the pharmacist’s back is to the counter while verifying prescriptions, he or she may not be able to see when a patient needs help. Repositioning or turning work stations can help in situations like these.

Any time a team member must take extra steps or team members cross paths also decreases efficiency. We saved one pharmacy nearly four marathons worth of walking per year, just by shaving off two or three steps per trip to the unit. Small changes in layout can have a big impact.

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