



What is the Future for Rural Independent Pharmacies?

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Presentation at the annual meeting of the
National Rural Health Association

Anchorage, Alaska

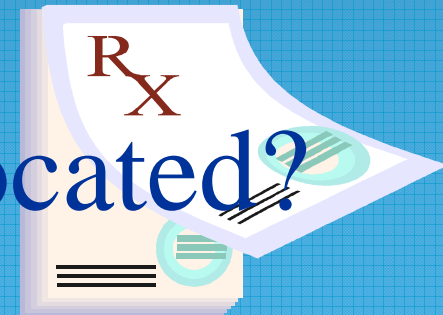
May 16, 2007

* Investigators: Andrea Radford, Dr.P.H., Rebecca Slifkin, Ph.D., Roslyn Fraser, M.A., Michelle Mason, M.A. and Keith Mueller, Ph.D.

What are we talking about?

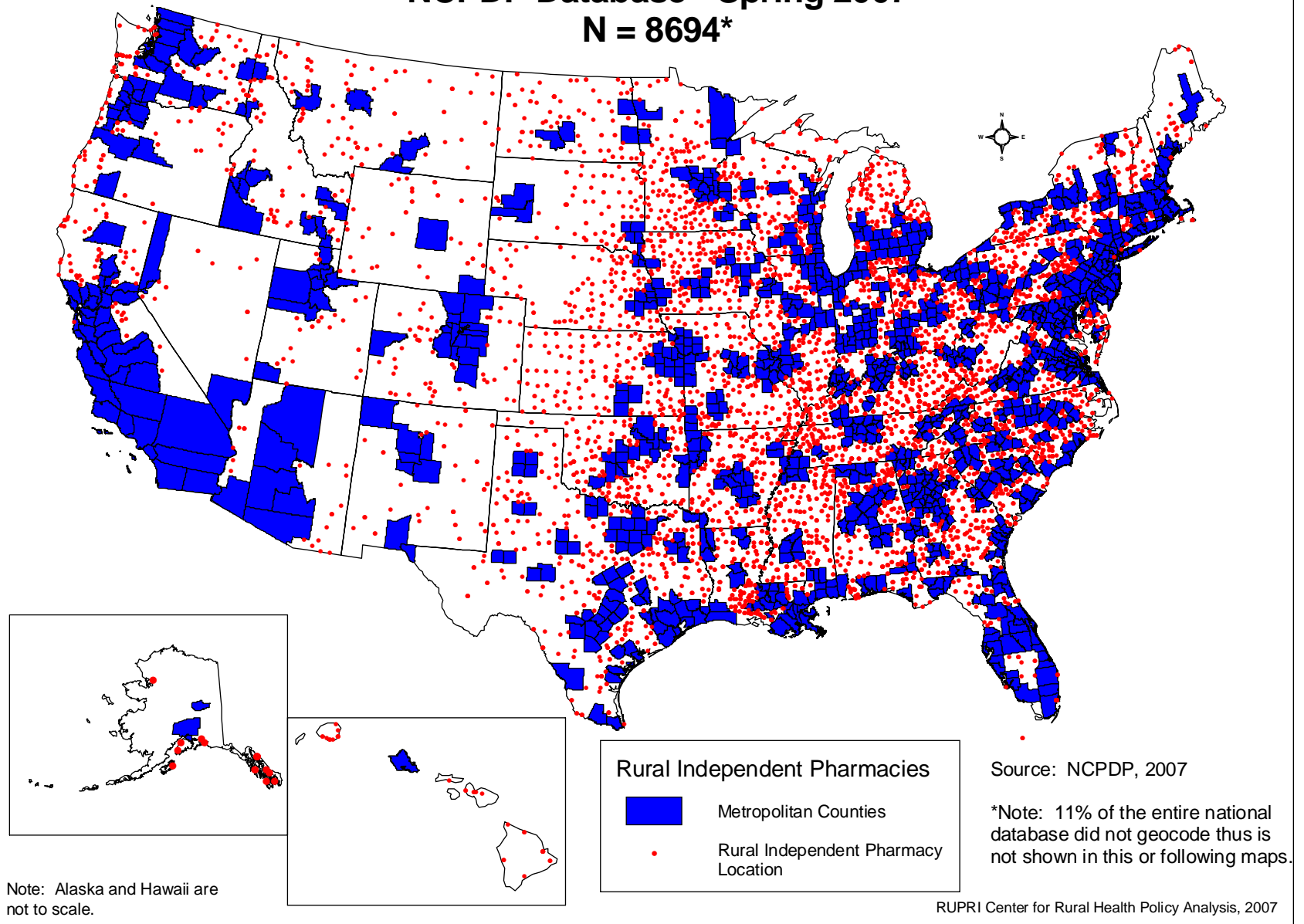
- Local: no other pharmacy in the same zip code
- Independent: not chain or institutional
- Approximately 1350

Where are they located?



Independent Rural Pharmacy Locations, NCPDP Database - Spring 2007

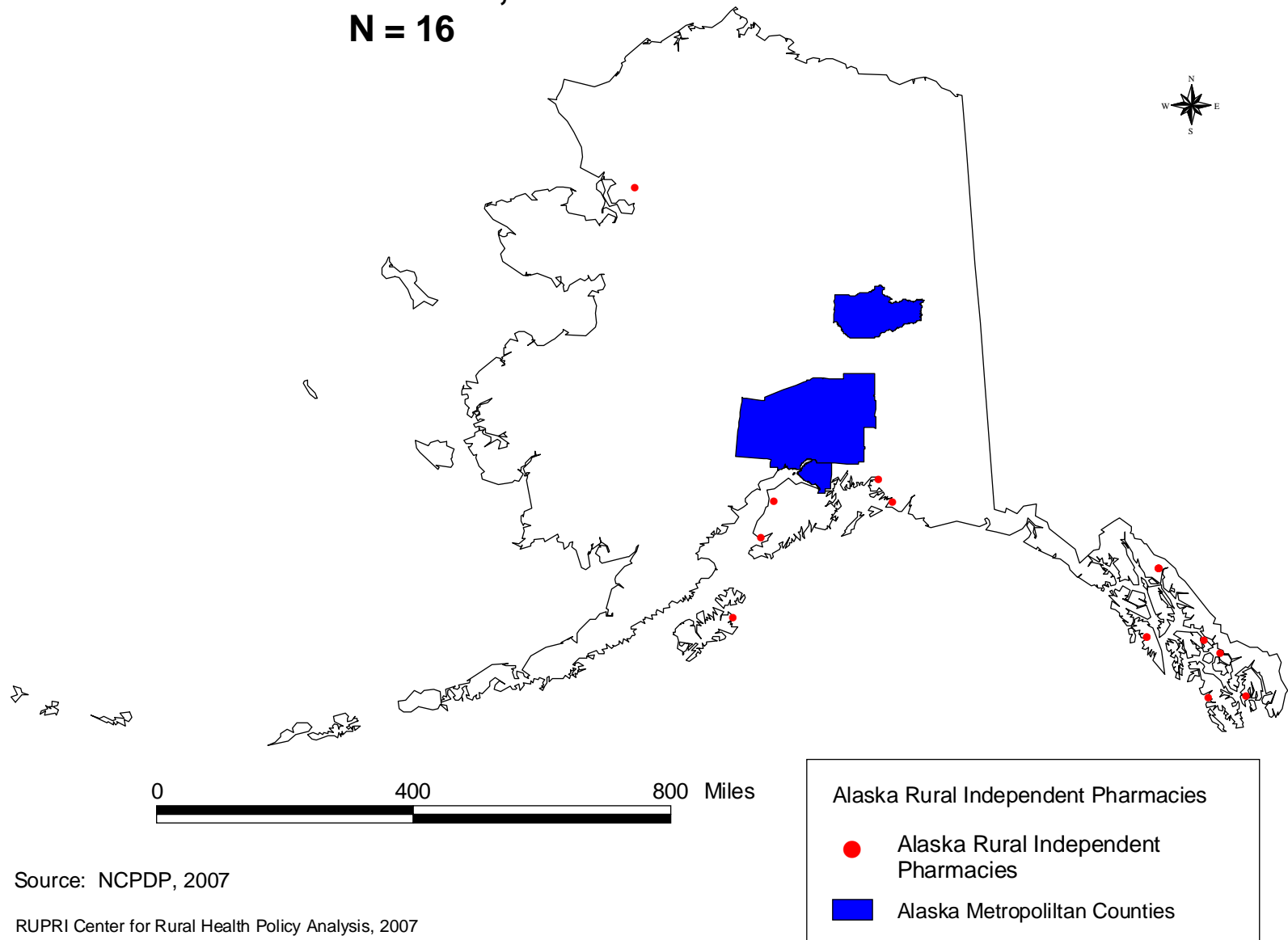
N = 8694*



Alaska Rural Independent Pharmacy Locations

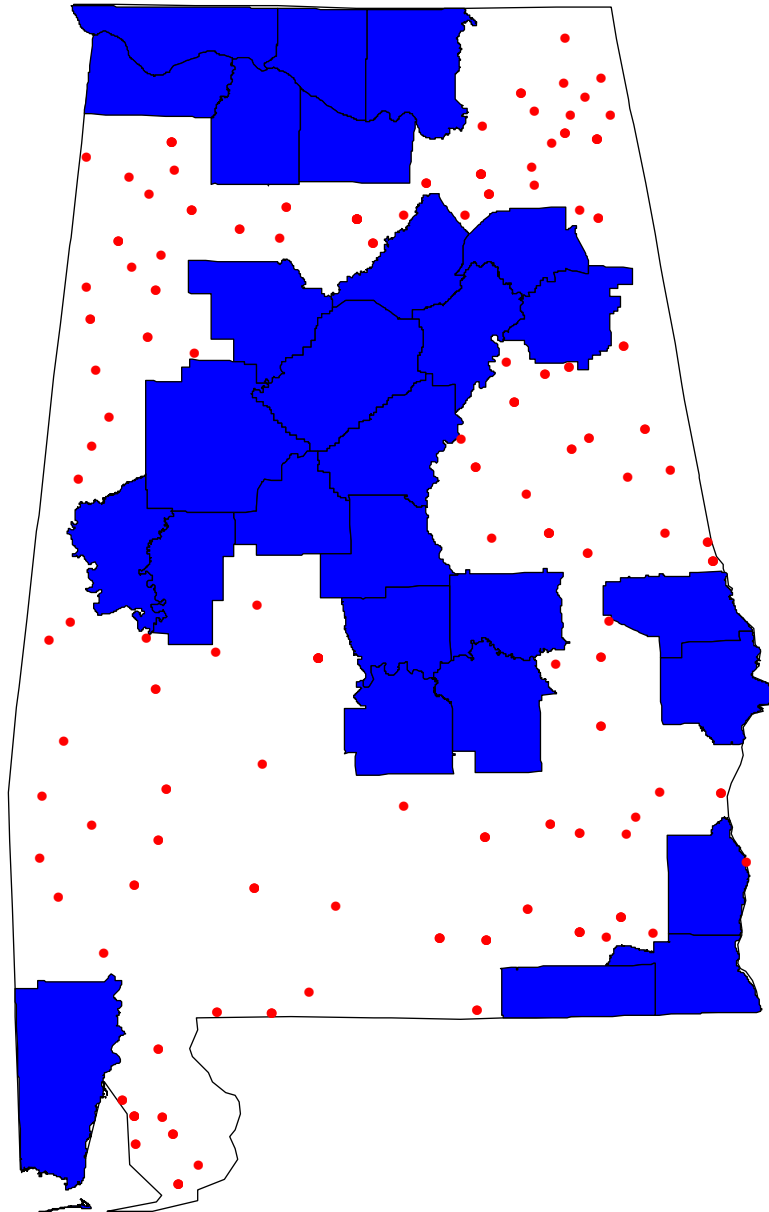
NCPDP Database, 2007

N = 16

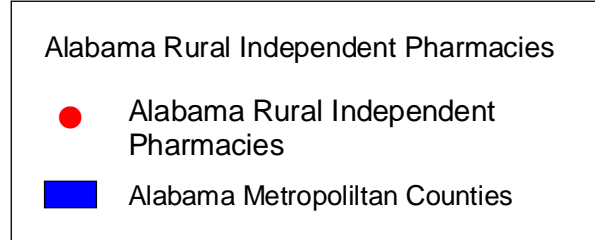
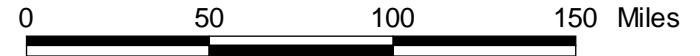


Source: NCPDP, 2007

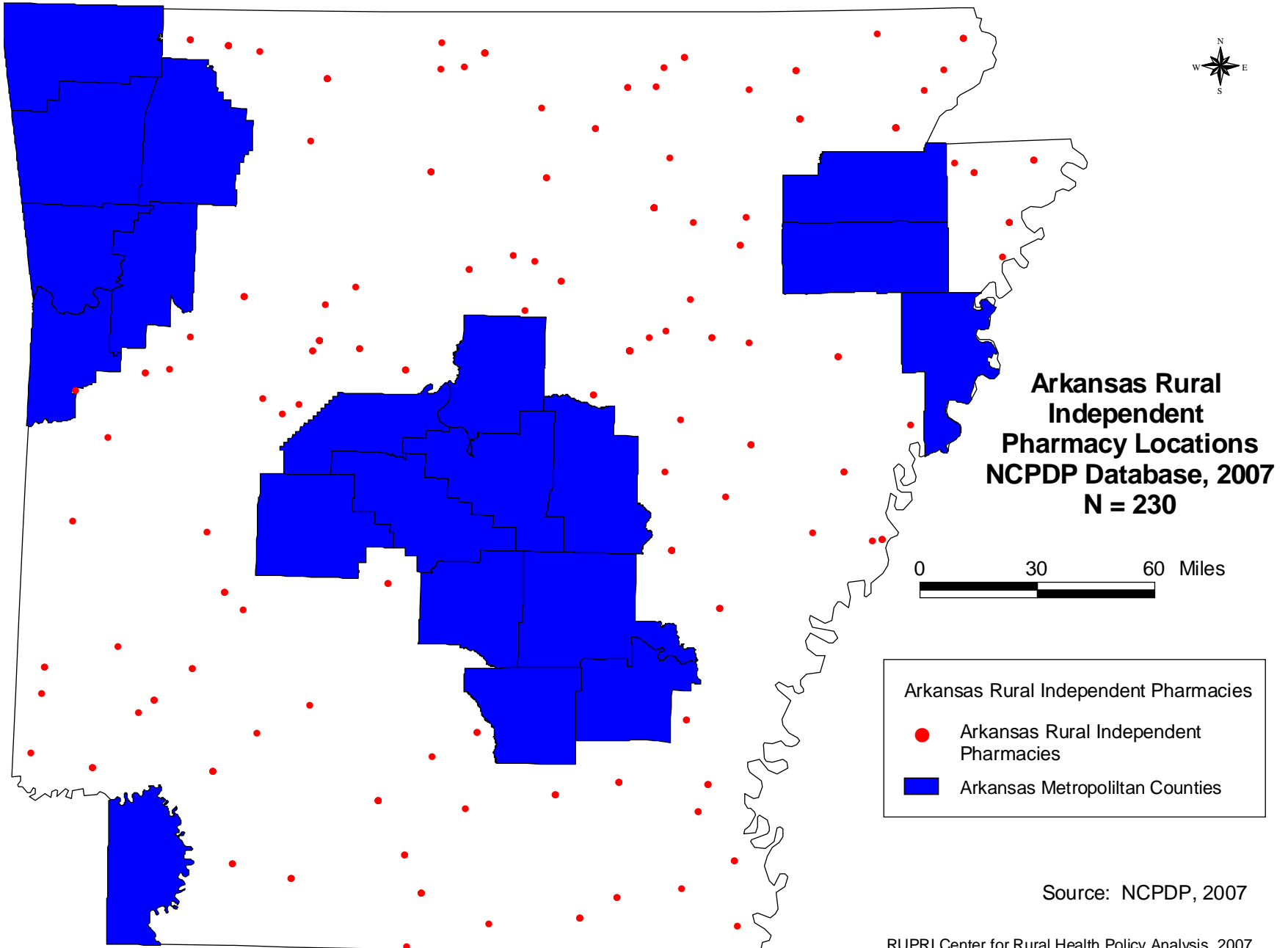
RUPRI Center for Rural Health Policy Analysis, 2007



Alabama Rural Independent Pharmacy Locations NCPDP Database, 2007 N = 229

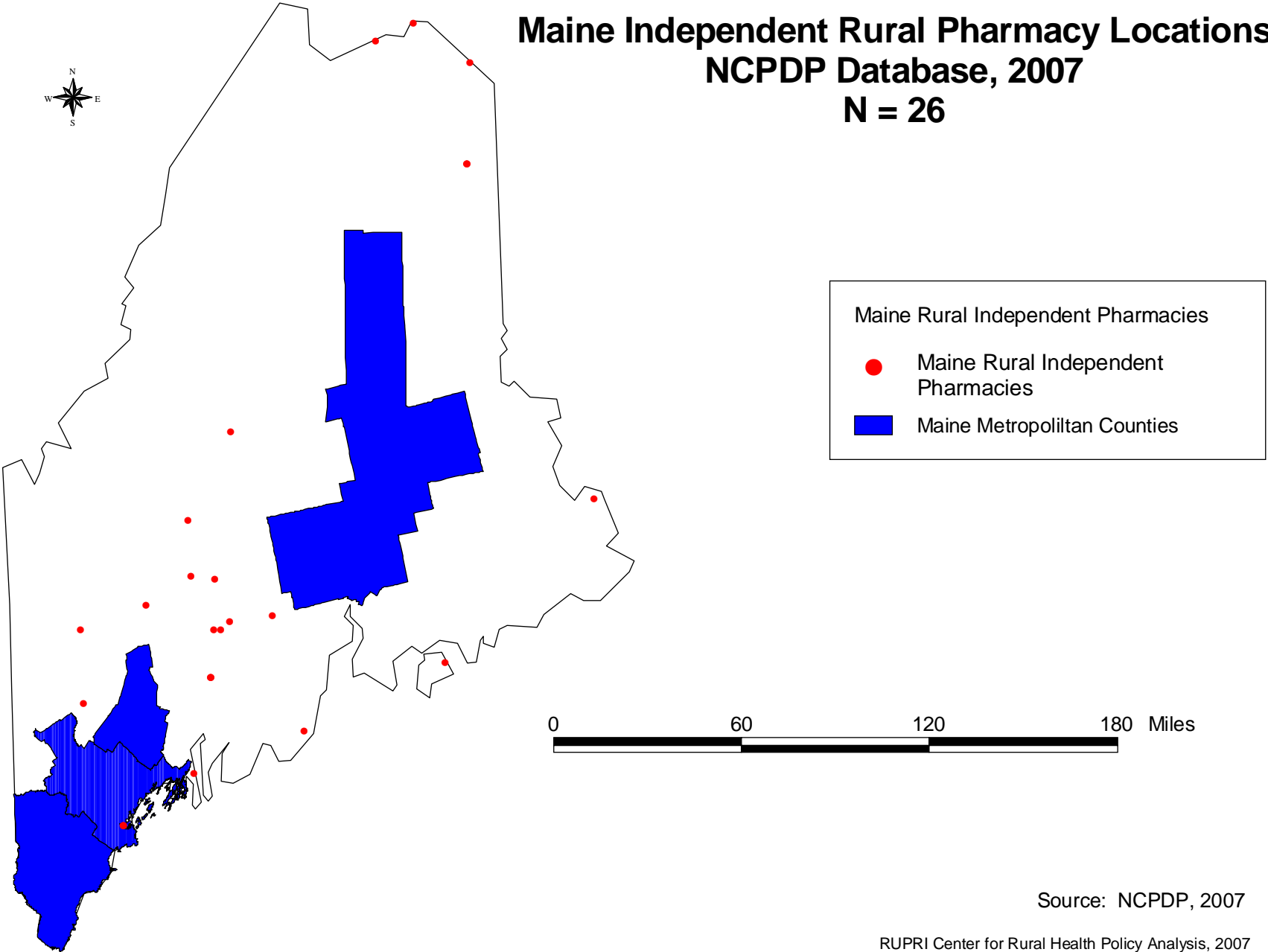


Source: NCPDP, 2007



Source: NCPDP, 2007

Maine Independent Rural Pharmacy Locations NCPDP Database, 2007 N = 26

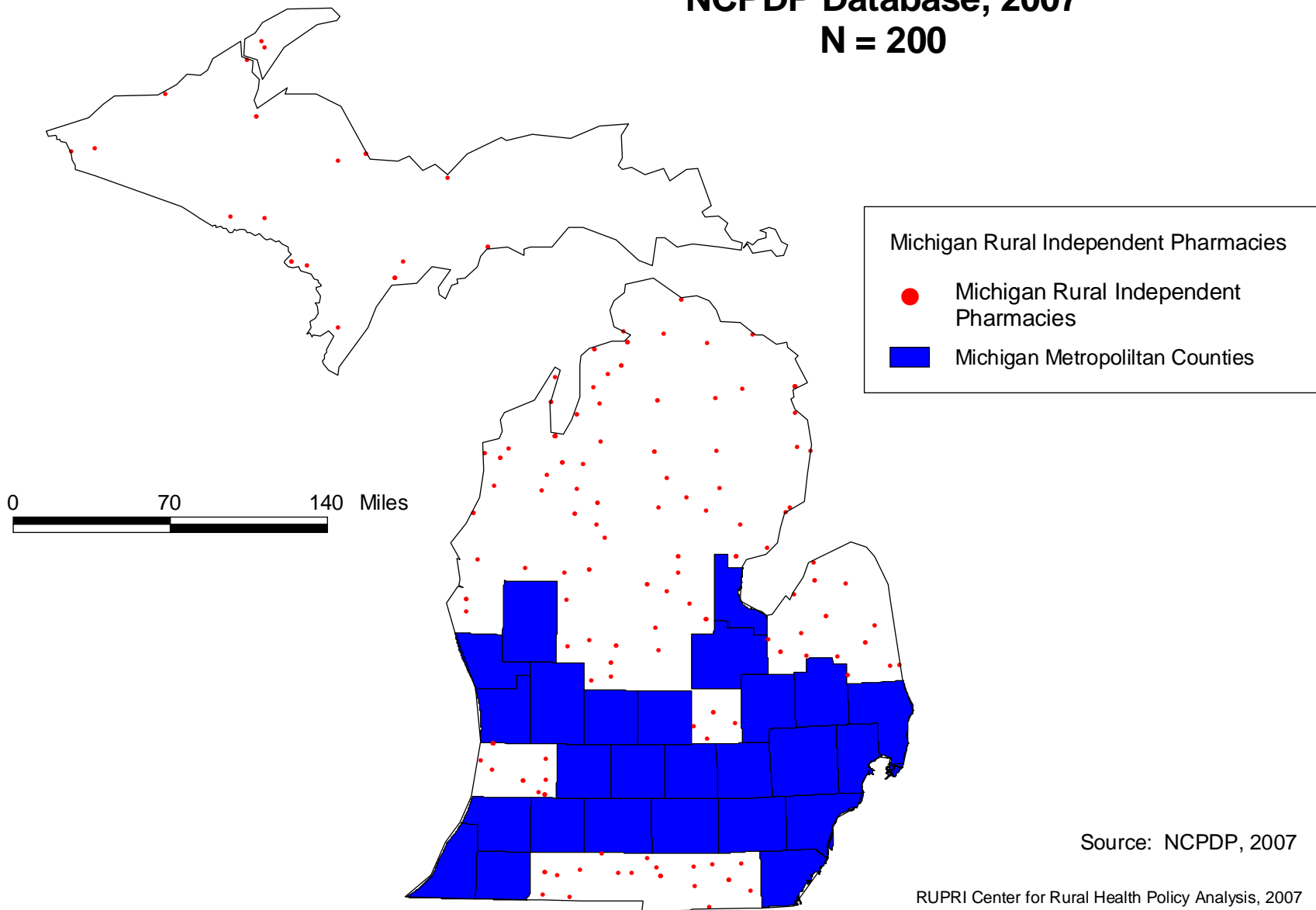


Source: NCPDP, 2007

RUPRI Center for Rural Health Policy Analysis, 2007

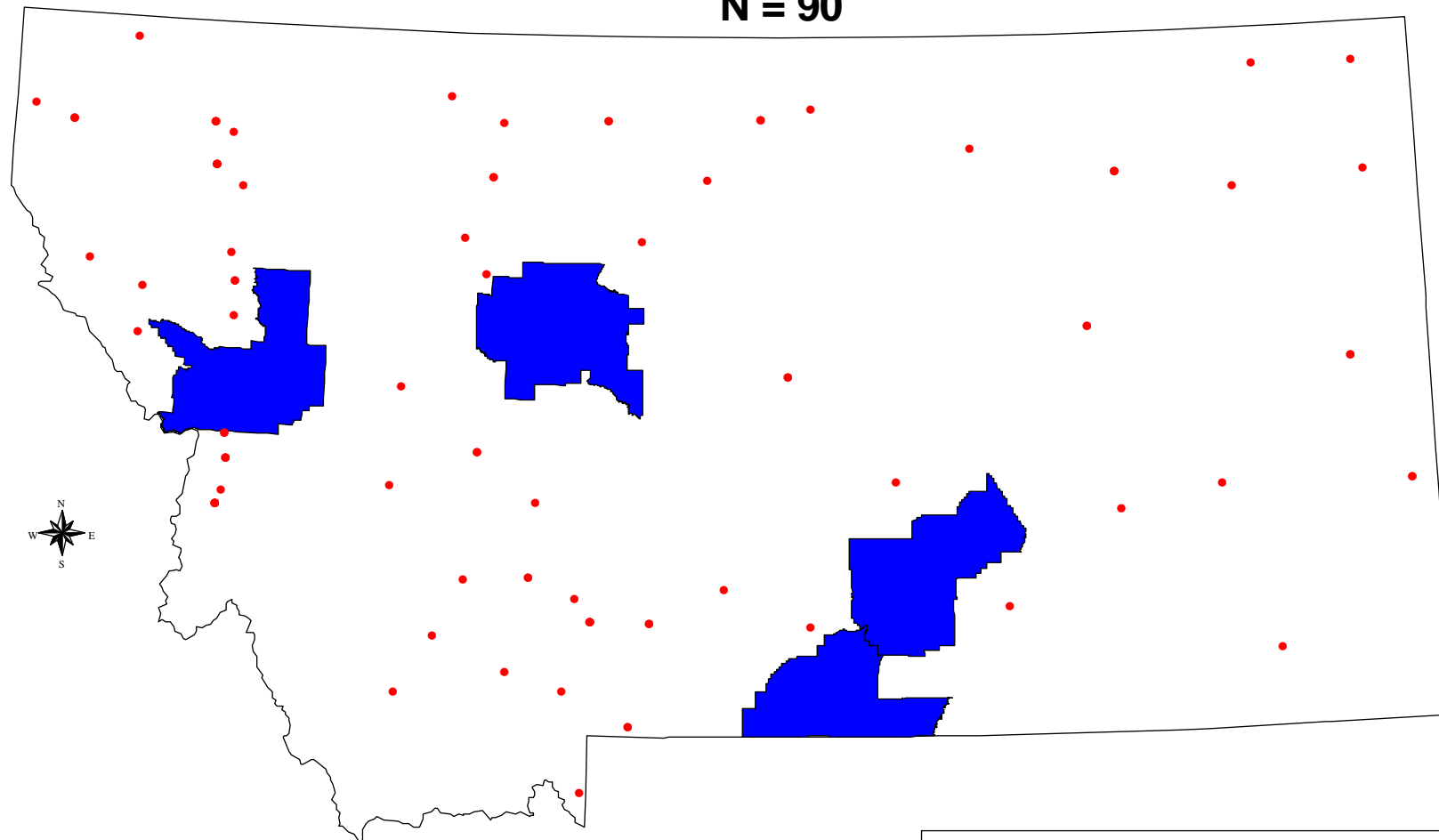


Michigan Independent Rural Pharmacy Locations NCPDP Database, 2007 N = 200



Source: NCPDP, 2007

Montana Rural Independent Pharmacy Locations NCPDP Database, 2007 N = 90



0 90 180 Miles

Source: NCPDP, 2007

RUPRI Center for Rural Health Policy Analysis, 2007

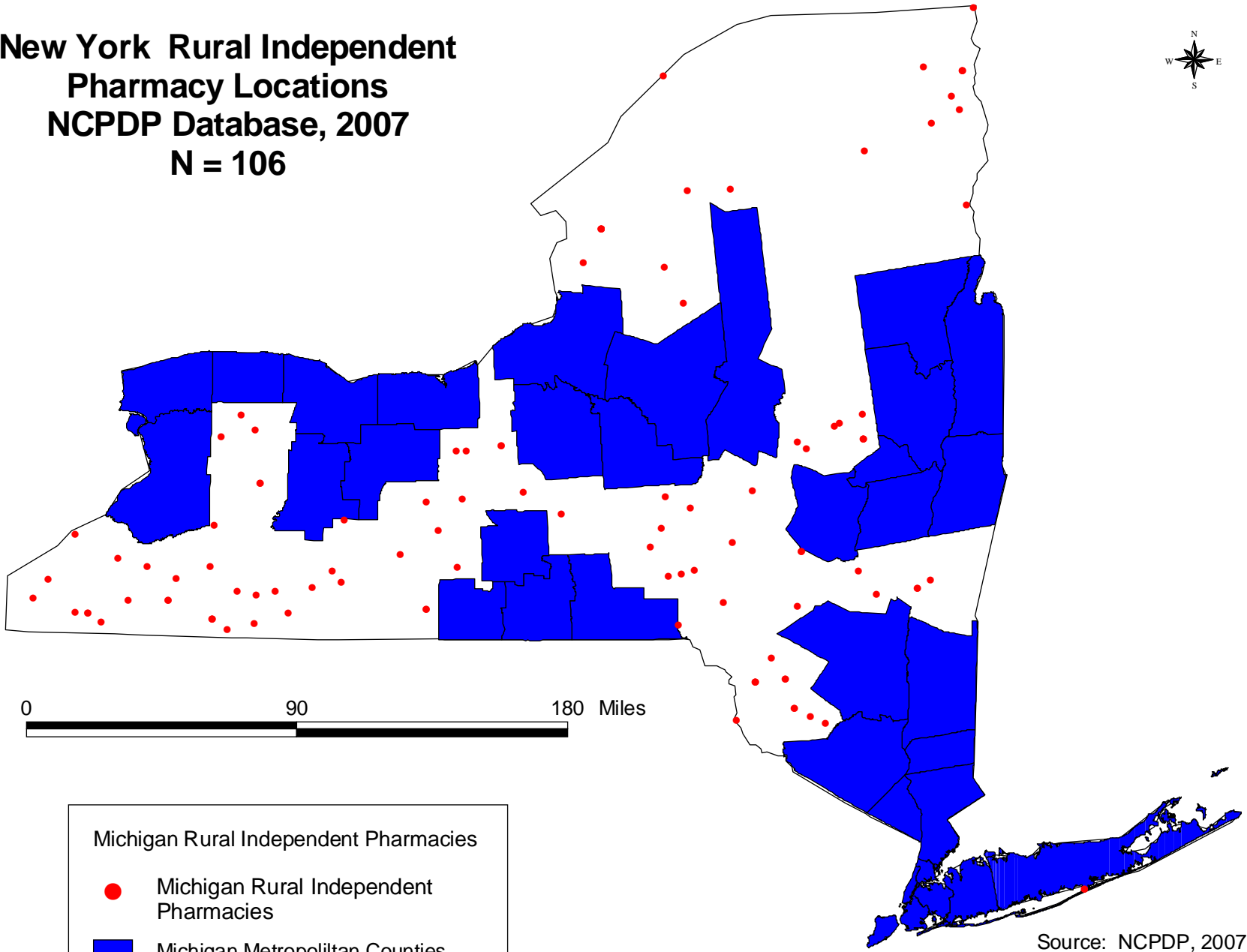
Montana Rural Independent Pharmacies

● Montana Rural Independent Pharmacies

■ Montana Metropolitan Counties

New York Rural Independent Pharmacy Locations

NCPDP Database, 2007
N = 106

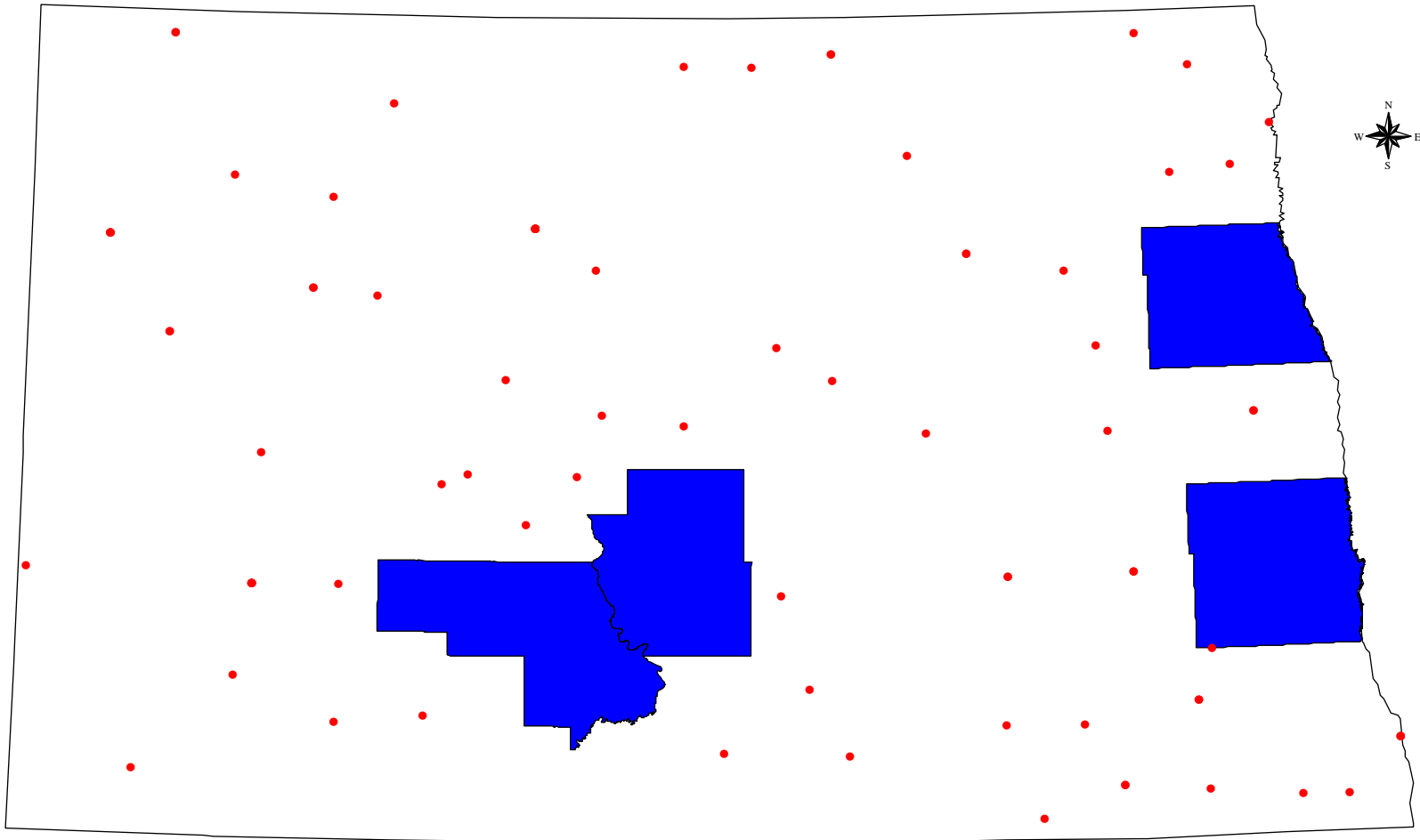


0 90 180 Miles

- Michigan Rural Independent Pharmacies
- Michigan Rural Independent Pharmacies
- Michigan Metropolitan Counties

Source: NCPDP, 2007
RUPRI Center for Rural Health Policy Analysis, 2007

North Dakota Rural Independent Pharmacy Locations NCPDP Database, 2007 N = 82



North Dakota Rural Independent Pharmacies

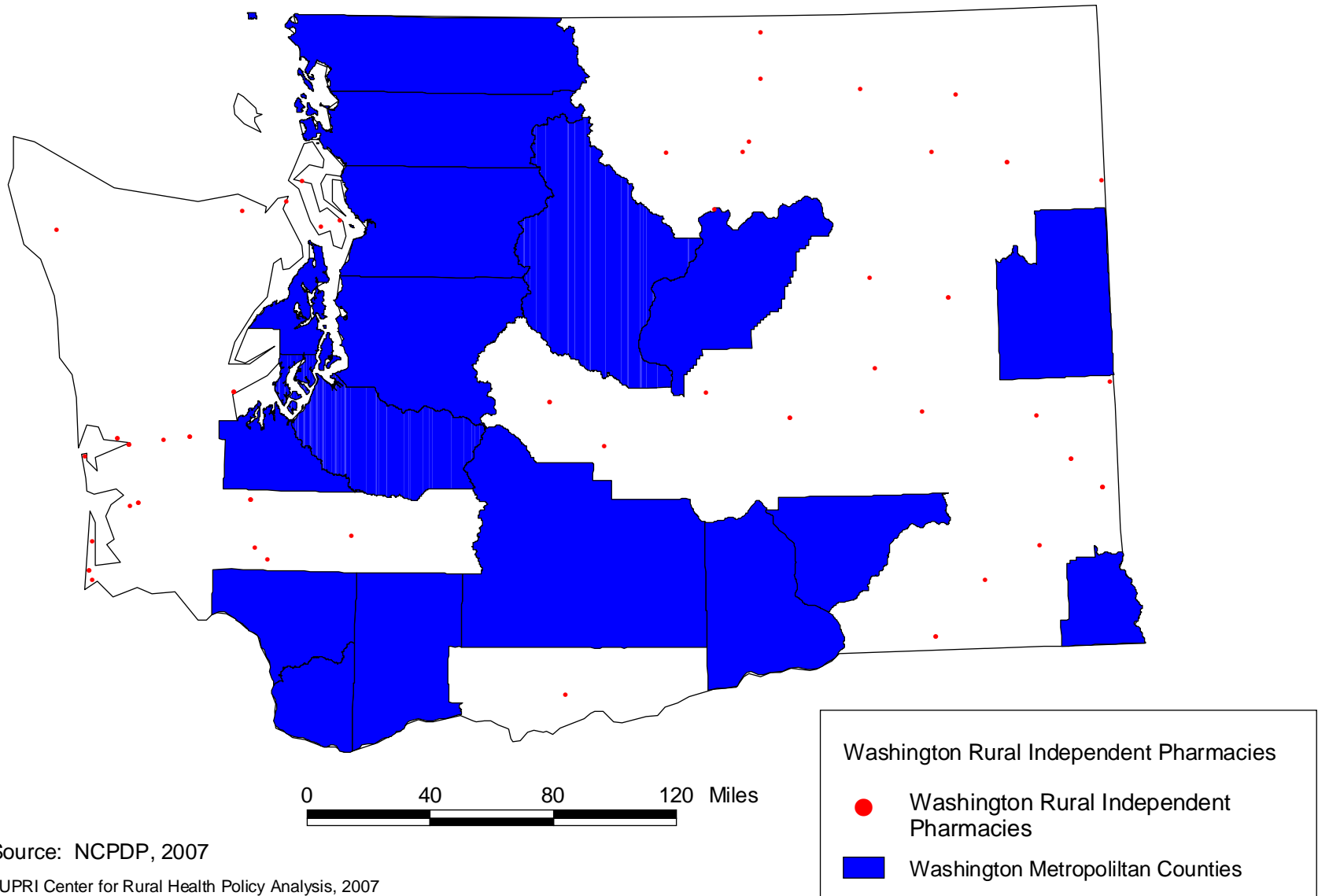
- North Dakota Rural Independent Pharmacies
- North Dakota Metropolitan Counties



Source: NCPDP, 2007

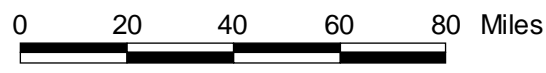


Washington Rural Independent Pharmacy Locations NCPDP Database, 2007 N = 66

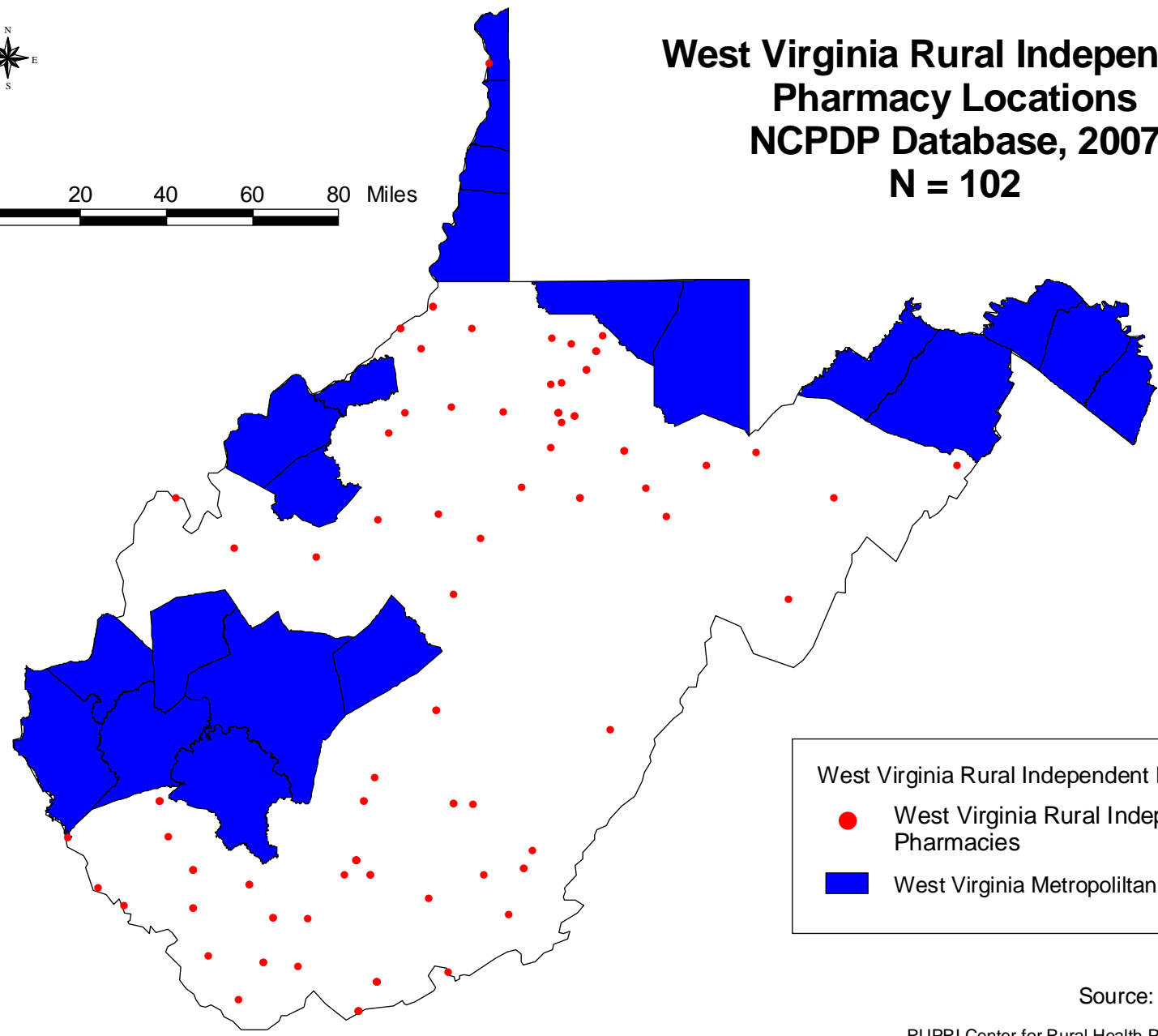


Source: NCPDP, 2007

RUPRI Center for Rural Health Policy Analysis, 2007



West Virginia Rural Independent Pharmacy Locations NCPDP Database, 2007 N = 102



West Virginia Rural Independent Pharmacies

- West Virginia Rural Independent Pharmacies
- West Virginia Metropolitan Counties

Source: NCPDP, 2007

What do they provide?

- Access to medications
- Access to clinical consultation
- Support to other providers





Summary of importance to the community

- Open 60 hours per week
- Annual sales of \$3.75 million

Data from National Community Pharmacists Association-Pfizer Digest-In-Brief, 2006



Along comes Part D

- Change in source of payment
 - Patient to Medicare (private)
 - Medicaid to Medicare (private)
 - Medicare to Private
 - Multiple commercial vendors
 - A confused patient base



Early fears and experiences

- 89% of those surveyed by National Community Pharmacists Associated reported being owed at least \$20,000 from Medicare PDPs
- 55% reported needing outside loans
- 65% of those surveyed by National Council of State Pharmacy Associate Executives reported lower profit margins
- 59% reported working longer hours

What is at risk?



- What is at risk?
- A story from North Carolina: local pharmacy being forced to close when next nearest one is 15 miles away
- A link in the continuum of care

An exploration of issues

- Interviews of 25 pharmacists in 10 states
- Purpose of a special study conducted by UNC and RUPRI was to learn the issues, not measure prevalence



Key issues

- Signing contracts
- take it or leave it
- some negotiation
- few local pharmacists selected 90 day option because of low payment
- Limited contact regarding payment delays and mediation therapy management
- General difficulty communicating (time on hold, reaching someone with inadequate knowledge to deal with the specific questions)

Reimbursement

- Little change in total revenues, increase in volume balanced by reduction in payment
- Reduction in percent payment from cash and Medicaid: as much as 60 percentage points for Medicaid and 35 for cash





Issues to monitor

- Calculation of payment: mirrors private insurance, but sometimes even lower (greater reduction from average wholesale prices)
- Timeliness of payment, including electronic payment
- Loss of patients when refusing certain contracts
- Complexity of business transactions and time available for patient counseling



Confirmation from larger survey

- Kaiser Family Foundation survey of pharmacists in April-July, 2006
- 53% reported Part D caused “a lot” of administrative burdens
- 27% of independent pharmacists reported taking out a loan or line of credit

What is next?

- Reports of pharmacies closing, but too early to link directly to Part D
- Total number of independent pharmacies increased in 2005, from 24,345 in 2004 to 24,500 in 2005
- Much less “churning” than anticipated in 2007



Providers at risk

- The two research centers are in the field again
- May want to think about vulnerable pharmacies that are critical for access to medications and support of other providers locally



Early results from current work





Thank you.

For more information please visit:

<http://www.unmc.edu/rural/>