



Decide what you want to be

Bruce Annabel, pharmacy business adviser, bannabel@jr.com.au

‘The indispensable first step to getting what you want is simply this, decide what you want.’¹

At the end of each day a pharmacist who knows what he wants in his pharmacy business prints a list of all the antibiotics his pharmacy dispensed. He calls those customers three days later to see if they are feeling better and if not he suggests they go back to the doctor.

This is yet another simple technique any pharmacist can adopt that delights customers by giving them something they value highly, apart from price, following on from the TSI (30-second investment) idea I wrote about last month.

This article is part of a series (commenced in June 2010 by defining what valued ‘service’ really means) that aims to demonstrate to pharmacists the opportunities that true ‘service’ represents in both a competitive and profit sense, and why ‘service’ is vital to pharmacy viability.

Most pharmacists think funded service provision is a silo, a waste of time, gets in the way of doing scripts and generally has no place in the business (money-making) activities of a pharmacy. Disappointingly, several pharmacists have already told me, in response to the increased Fifth Community Pharmacy Agreement (5CPA) services funding, that there’s no money in services, they don’t have time anyway and they won’t be doing them.

REMUNERATED PATIENT SERVICES

If that’s the case, they will also miss out on payments for delivering a number of patient-centred services as part of the Pharmacy Practice Incentives which are linked to Quality Care Pharmacy

Program (QCPP) accreditation. So let’s review the services funding opportunities provided by 5CPA.

The total 5CPA non-supply remuneration pool totals \$756m, of which \$509m² is available to virtually every pharmacy in Australia as patient-centred services:

1. Fee for service medication reviews:

- HMR—\$52m.
- RMMR—\$70m.
- MUR—\$29m. **Two-year trial (next stage of patient medication profiles) of in-pharmacy reviews.³**
- Diabetes \$12m (type 2 diabetics in low-service areas).

2. Pharmacy Practice Incentives totalling \$339m will only be paid if certain criteria are met and the QCPP patient service charter is adopted and complied with:

- Clinical intervention program—\$97m.
- Dose Administration Aid service—\$132m.

PROFITABILITY INCREASED SIGNIFICANTLY DUE TO NEW CUSTOMERS BEING ATTRACTED

- Staged supply—\$35m.
- Practice incentive and accreditation—\$75m.

The total of these remunerated services equates to, on average, \$20,000 per pharmacy per annum. However, it’s important that pharmacists understand that practice incentives represent more than \$13,000 of this amount, are not fee for service and, for many pharmacies, will be highly profitable.

MORE VALUE IN SERVICES THAN JUST DOLLARS

These programs are financially worth doing even though their hidden worth may be more valuable than the actual dollars. The critical advantage for pharmacists is that these funded services are ‘ready-prepared’ pre-packaged services and are a relatively easy opportunity for them to do two powerful things: transform pharmacy patient ‘service’ standards and prove pharmacy’s value to the health system by doing more than efficiently dispensing medicines.

Transforming ‘service’

Traditional pharmacies should aim to transform their pharmacy’s ‘service’ standard to one that delivers customers a valuable point of difference compared with other retailers such as supermarkets and most warehouse pharmacies. There are several examples of independent pharmacy owners, including some JR clients, who have adopted every government-funded service and hired additional pharmacists (on

the payroll, not sub-contracted) to implement them. They achieved a complete transformation of the pharmacy culture by ramping up customer ‘service’ to new levels.

Profitability increased significantly due to new customers being attracted from a wide area, travelling past other pharmacies to reach these services, and margins held. The services have transformed the perception they have of the pharmacy in comparison to the

rest, viewing it as a health provider that makes a difference to their lives.

These pharmacies continue to achieve strong growth despite the close proximity of warehouse pharmacies taking business off other pharmacies.

Prove pharmacy’s value

In implementing these new services, pharmacy can prove to government, the biggest payer,⁴ that it can add more value to the system than only supplying medicines by contributing to primary care and saving significant downstream healthcare costs.

As mentioned last month, pharmacists receive on average \$13 for dispensing a script. This compares favourably with most countries, including New Zealand where pharmacists receive \$6 for doing the same thing (ie: supply competently). Australian pharmacists must justify this gap so uptake of services is vital to help government save money elsewhere.

Clearly these services are an excellent non-price-dependant avenue for pharmacy to lift their competitive edge and profitability. Successfully implementing them will help pharmacy to meet the challenge issued by the Federal Government to become a more valued player in primary healthcare by offering the opportunity to do it via extended patient service delivery.

Next month I will explain why transitioning to a service-focused pharmacy culture is essential and those who don’t will be sowing their own seeds of decline.

Success begins with clearly knowing what you want. ■

References available on request.