

Dispensing **greater value**

BY Deena M. Amato-McCoy

GROCERS ARE USING TECHNOLOGY AND THEIR WELLNESS EXPERTISE TO BUILD PHARMACY SALES.

By bolstering the visibility and efficiency of their pharmacy departments, supermarket retailers are becoming trusted health care partners to their loyal shoppers. This is particularly true of Baby Boomers who are filling more prescriptions as they age.

There are 78 million Baby Boomers, creating a strong opportunity for the supermarket pharmacy as the aging population continues its quest of healthy lifestyles.

“This customer segment is active, and many use different maintenance meds to be comfortable and productive,” says Mike Coughlin, president, CEO and founder of ScriptPro, a pharmacy automation provider based in Mission, Kan. “This trend is primed to increase.”

Similarly, this demographic is also putting a stronger emphasis on nutrition and new food options, including natural and organic selections. These trends, combined with the fact that shoppers are comfortable browsing grocers’ wellness sections while catching up on weekly shopping, have helped supermarket pharmacies become a mainstay among grocers’ many services for more than a decade. In fact, industry observers say the supermarket pharmacy is the fastest-growing pharmacy segment.

“There has been approximately a 60% increase in supermarket pharmacies in the last 10 years,” says J. Scott Weaver, vice president of pharmacy for PRS Pharmacy Services, based in Latrobe, Pa. “There is not a remodel or new store that doesn’t have space for a pharmacy department. It is just as much of a staple as grocers’ deli, bakery and banks.”

From a space perspective however, pharmacies often garner the least amount of a

store’s square footage. Averaging between 300 and 500 square feet per store, compared to the 1,000 square feet they command at competing drug chains and mass merchandisers, grocers are hard-pressed to keep all operations as efficient and accurate as possible.

This is not always an easy task as prescriptions continue to rise. “You can’t add bodies into a finite space, but grocers do need to ramp up productivity as volume increases,” says Christopher Thomsen, vice president of Kirby Lester, a Lake Forest, Ill.-based provider of pharmacy automation solutions. He is also president of The ThomsenGroup, a pharma-

cy consultancy based in Kansas City, Mo.

Kirby Lester helps grocers stay productive with a portfolio of workflow and automation tools “that help grocers fulfill prescriptions with fewer steps, but still not miss any checkpoints or quality control,” he says.

Reimbursement and third-party payment models are another area that grocery pharmacies struggle with. From a financial standpoint, “90% of revenue depends on 80% of the costs that are controlled by third party wholesalers,” explains ScriptPro’s Coughlin. “If a grocer cannot get control over these factors, they have no control over their phar-





macy operation at all.”

For example, if 90% of pharmacy revenue comes through a pharmacy benefit manager, or the third-party company that determines co-pays and reimbursements, and 80% by wholesalers, “there is no chance of making

a profit,” he says. “If a grocer is not watching their pharmacy’s money, no one else is either.”

To make matters worse, observers say there are specific areas that are sure to trip up less reimbursement-savvy retailers. They say retailers are often supporting their partners’



unbalanced contracts. The second challenge is retailers often misunderstand the jargon of a contract, and get stung by hidden costs that contracts do not clearly spell out.

“These are all reasons for grocery pharmacies to watch the Ps and Qs,” explains Coughlin. “Without knowledge of how to handle these issues, not only are they being impacted by hidden costs, they could also be leaving money on the table.”

Clearly, the reimbursement game is a complex one. ScriptPro officials say grocers can stay competitive with its Third Party Management System (TPMS), an automated solution that catalogs and evaluates all aspects of contracts, third-party billing, and collection of third-party prescription reimbursements. “The solution provides exception reports so grocers have a systematic way to conduct reimbursements,” says Coughlin.

The TPMS pulls data each night from grocery partners. Data reveals all transactions conducted for the day, as well as third-party contracts that were applied to each transaction. “Our solution guides the grocer about how to evaluate the third party contract, rate them and compare them with other contracts,” he says. “It also helps the grocer balance sales results against all contracts and reveals discrepancies to follow up on.”

Changing the game

One major opportunity for supermarkets to boost the value of their pharmacies is to merge the relevance of their health and wellness sections and create a healthy living destination within the store. “Grocers are already experts at promoting their fresh foods and store-level nutritionists’ services. Now they need to train pharmacists to use this knowledge when serving shoppers,” says Thomsen.

Making pharmacies visible

If grocers can encourage more shoppers to pass the pharmacy, they have a better chance of building the department's patient base. This is challenging however, when many store-level pharmacies are often hidden away in the back of the store, out of the path of regular foot traffic.

Industry observers suggest using different marketing methods, such as traditional and digital signage, to remind shoppers to visit. As shoppers grow more comfortable with the Internet and Web-enabled consumer devices however, supermarket retailers are deploying wellness-inspired customer-facing technology to boost pharmacy traffic.

Options include telepharmacy stations that use teleconferencing services for shoppers to drop off prescriptions at store level, or wellness-based kiosks that create a wellness destination. While many retailers still associate early versions of kiosks with big footprints and slow software, new compact solutions rely on wireless connections that can be monitored and updated remotely.

The EyeSite kiosk from Duluth, Ga.-based SoloHealth, for example, is a free, touch-screen self-service vision test kiosk that is focused on total eye health. Using a combination of interactive health screening software and health care information shared by the consumer, EyeSite takes various screenings.

An integrated analytics engine evaluates patient statistics, including the consumer's age, ethnicity and potential risk factors. It then creates individualized reports on vision and eye health status and allows shoppers to set up appointments with local eye care professionals.

Currently, there are 100 units in use across the retail industry. Based on the 500,000 users so far, 25% had never had an eye exam, according to SoloHealth officials.

"Half of all eye diseases are controllable, yet 30 million Americans are candidates for vision loss if they do not get the right exam," says Bart Foster, SoloHealth's CEO and founder.

Grocers can also use the device to boost their overall wellness departments, drive traffic to their pharmacy departments, and cross-promote and increase category sales of optical products and related categories.



to independent pharmacies," Thomsen says. "They need to step out from behind the counter and provide immunizations, medication therapy management services, health screenings, and health clinics that feature nurse practitioners and physicians assistants. They already have an advantage by focusing on nutrition and wellness. Now the store manager needs to get involved and couple it all together."

The other approach to mirroring the value that independents provide is to know the customer. This goes beyond remembering their name or ailment. The only for retailers to interact with shoppers is to "get their hands on data to better understand how to deliver more wellness options," says L. Preston Hale, national manager, strategic accounts for QS/I, a Spartanburg, S.C.-based provider of pharmacy management software.

"With insight into a patient's purchase history, grocers have the opportunity to work with physicians to enhance patient care," he says. "It builds loyalty with the shopper and develops a closer physician-patient relationship."

Since grocers are synonymous with loyalty programs, supermarket retailers are managing high volumes of customer and transaction data in the retail industry. Hanks says QS/I is helping grocers harness this data to enhance compliance and improve patient outcomes.

Grocers integrate their loyalty shopper and prescription database, as well as their Interactive Voice Response system, to QS/I's NRx Pharmacy Management System. It analyzes when loyalty shoppers' scripts are due for fulfillment, and NRx sends an automated message to activate the workflow application.

"By querying the pharmacy system on which loyalty patients' scripts are due next Thursday for example, the software delivers the results, and an automated IVR message is generated, reminding shoppers their script is due Thursday, and asks would you like us to fill it," Hale explains. "If they respond yes, the message is sent through workflow and fulfilled through our automated InstantFill system. Workflow keeps all compliance and reimbursement points in check, and the order is fulfilled and ready for the patient." □

Progressive chains such as United Supermarkets and Bi-Lo have dietitians on staff who can educate shoppers on the proper diet and foods they need to naturally control health issues including high blood pressure and cholesterol levels, for example.

At the center of this process is for pharmacy and store managers to partner on how to ex-

pand the wellness department, placing the pharmacy at the core. This includes training the pharmacist to be more knowledgeable about all attributes of wellness merchandise—including those in both the medical and traditional food categories.

"Now it is time for the pharmacist to help provide other patient care services, similar