What is the Future for Rural Independent Pharmacies?

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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*

Note: Alaska and Hawaii are not to scale.

*Note: 11% of the entire national database did not geocode thus is not shown in this or following maps.
Alaska Rural Independent Pharmacy Locations
NCPDP Database, 2007
N = 16

Source: NCPDP, 2007
RUPRI Center for Rural Health Policy Analysis, 2007
Arkansas Rural Independent Pharmacy Locations
NCPDP Database, 2007
N = 230

Arkansas Rural Independent Pharmacies
Arkansas Metropolitan Counties

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

Michigan Rural Independent Pharmacies
- Red: Michigan Rural Independent Pharmacies
- Blue: Michigan Metropolitan Counties

Source: NCPDP, 2007
RUPRI Center for Rural Health Policy Analysis, 2007
Montana Rural Independent Pharmacy Locations
NCPDP Database, 2007
N = 90

Source: NCPDP, 2007
RUPRI Center for Rural Health Policy Analysis, 2007
New York Rural Independent Pharmacy Locations
NCPDP Database, 2007
N = 106

Michigan Rural Independent Pharmacies
Michigan Metropolitan Counties

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

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