

Case Study

HOW SURVIVING CAN BECOME THRIVING

Channeling Analytics to Increase Profitability

Magnolia Pharmacy used **data tools** from FDS to come back from **losing their biggest prescriber**.



OUTCOMES

11.4% increase in prescription count over the course of a year

25% increase in profits & 10% increase in profit margin since implementation

42.2% increase in compound prescription count since implementation

Across the board star rating increases:
two-star increase for PDC - Diabetes and
three-star increase for PDC - Cholesterol

When Steve Hoffart established Magnolia Pharmacy in Magnolia, Texas in 2002, he had a vision. He wanted to provide the highest quality of care with a comfortable, hometown feel to the people of Magnolia, Texas. Part of that vision involved becoming more than just a traditional fill-and-bill pharmacy. In addition to filling prescriptions, his store offers compounding services, over-the-counter supplements, appointment-based hormone and nutrition counseling, and in-store testing.

But no matter how many services you provide, it's hard to stay in business when your biggest prescriber suddenly disappears.

Pharmacy: Surviving a Volatile Market

As a member of the National Community Pharmacy Association among other pharmacy groups, Hoffart is well versed in the ebbs and flows of the industry. He also knows that staying in business in such a volatile market requires strategy and even a little outside-the-box thinking.

As an American Pharmacies member, Hoffart had access to the Rx-COMPASS analytics platform, powered by FDS MyDataMart. While he knew data tools could be a game changer, he wouldn't realize how essential they would be to his independent pharmacy's survival a short time later.

"5 or 10 years ago, we had no data," says Hoffart. "We didn't know where to start. As margins in the industries changed, everyone started offering solutions. It's almost data overload. Now, it's more an issue of: Where do you focus? Where do you spend your time?"

When Magnolia Pharmacy encountered a provider crisis, Hoffart had no trouble figuring out where to spend his time.



Getting Less Revenue From Fewer Sources

Almost overnight, Magnolia Pharmacy went from financial stability to uncertainty. “I had just hired a brand new pharmacist,” says Hoffart. “Our compounds business had been holding steady. And then we lost the largest practitioner in my area.”

Hoffart explains. “He was with a hospital group, and that group overnight decided they were no longer going to provide primary care services. He was the physician in the building right above me, and he was our largest writer. In a matter of two months, he was gone.”

The situation was made worse by what Hoffart describes as the “race-to-the-bottom mentality” of many pharmacy benefit managers.

“Year after year, our margins have shrunk,” he says. “Each year, the PBMs seem to ask themselves, ‘If we reimburse less, will they still participate?’ Well, of course individual pharmacists and PSAOs are going to sign these contracts. They don’t want to lose patient access.”

And patient access matters. Without worrying about PBM contracts, keeping patients as an independent pharmacy is getting harder and harder. “It seems every month, we lose one or two more to forced mail order or high copays,” says Hoffart.



Follow Up On Your Sources:

Both **RxCompass** and **FDS MyDataMart** allow you to see which providers are your top prescribers. Use the **Top Prescribers** report to keep tabs on the providers most responsible for your pharmacy’s revenue. If you notice a significant drop off with any of them, you can follow up with that provider to find out if they moved, if they’re sending prescriptions to another pharmacy, etc.

Getting Back on Track with Refills On Time

After losing his largest prescriber, Hoffart turned to Jeff Jacobs, the Pharmacy Operations Manager for American Pharmacies, for help. Jacobs recommended using an RxCompass feature called Refills On Time to help gain back the lost revenue.



SPOTLIGHT ON: Refills On Time

Refills On Time analyzes your pharmacy data and categorizes your patients by who is refilling medications early, on time, late, or not at all.

Using the data from Refills On time, Hoffart and his staff began contacting patients who were late for their prescription refills. Reaching out to patients directly created an uptick in Magnolia's revenue — enough of one for Hoffart to breathe a sigh of relief. But once they saw what it could do, they decided to change the way they used Refills On Time.

“Initially, we reviewed the entire list and called every patient,” explains Hoffart. “We got a lot smarter and started using it for profitability.”

Instead of calling every patient on the report, Hoffart and team would sort the list by profitability and use the time they had to call the patients with the most profitable prescriptions.

“If we only had thirty minutes that week for phone calls, we would make the most profitable phone calls,” says Hoffart.

The calls started as profitability boosters. Over time, they became opportunity makers. While they were following up on late refills, Magnolia's staff began offering other services to their patients. They asked patients if they would like to enroll in the pharmacy's med sync program so they're not late on further refills. Seeing the opportunity, they soon started asking patients to schedule flu shots or shingles vaccinations while they were on the phone. They even began adding supplements and other over-the-counter medications to prescription refills — refills that, without Refills On Time, never would have come across the counter.



SPOTLIGHT ON: Adherence Reports

Adherence Reports analyze your pharmacy data and show you which patients are not in compliance with their medication plans, lowering your star ratings as a result. Targeting these patients for outreach and counseling can improve their adherence.

Hoffart also improved his profitability in a more indirect, but still important, way. Using RxCompass's Adherence Reports, he was able to pinpoint which customers were hurting his star ratings because of nonadherence. He made a point to call those patients and get them back on their plan. Because of the way DIR fees are structured, star ratings are crucial, says Hoffart. "If you're not working with your Medicare Part D patients to improve your star score, you're destroying your profitability."

What Separates Pharmacies from Other Health Care Practitioners

So what became of Magnolia's revenue shortfall from losing their biggest prescriber? Thanks to RxCompass and Refills On Time, there wasn't one.

"We actually grew during that time," says Hoffart. "We were able to make up the difference. We did not lose volume — we actually gained volume."

The first year after implementing RxCompass, Magnolia Pharmacy saw an 11.4% increase in prescription count, and the number continues to rise. Magnolia also saw a 25% profit increase and a 10% increase in overall profit margin. But it was Magnolia's compound prescriptions that benefitted the most from FDS's data tools, increasing by 42.2% since they started using RxCompass.

And as for the prescriber who started all of this? “Oh, we got that physician back now,” adds Hoffart. “He’s with a different hospital group.”

Magnolia Pharmacy also used RxCompass to take patient care to a new level. With the help of the Adherence Reports and their patient outreach efforts, they were able to raise their star ratings across the board. For patients over 65, ratings in proportion of days covered for Diabetes and Cholesterol grew by two and three stars, respectively.

And making the adherence phone calls helped them forge better patient relationships. “That is what separates pharmacy from any other healthcare practitioners,” says Hoffart. “It’s the patient touches.”



Get the Most Out of Patient Reminders:

When calling your patients to remind them about prescription refills, take the opportunity to **offer additional services like flu shots, other vaccinations, over-the-counter medicines, or supplements.**

ARE THERE ANY OVER-THE-COUNTER MEDICATIONS OR SUPPLEMENTS YOU’D LIKE ME TO GO AHEAD AND SET ASIDE FOR YOU?

“That’s Why We Do This Every Day.”

For Steve Hoffart, making the most of patient interactions was the key to improving both the health of his patients and his business. By combining data tools like Refills On Time and Adherence Reports with his medication synchronization program, he was able to turn what could have been a financial crisis into a period of sustained growth. As it turns out, patient adherence and pharmacy profitability are connected.

“It is so critical to fill every prescription for every patient possible,” he says. “Not only does it help [the pharmacy] financially, but adherence improves outcomes.

“And, really, that’s why we do this every day — to make sure our patients are well.”

We strengthen the health of pharmacies and their patients. At FDS, we help our clients build the clinically focused New Era Pharmacy, enabling their business to thrive now and successfully transition to a provider of community and population health with data, technology, and clinical services. We’re not just a technology company but a team of pharmacy experts with experience and playbooks developed from our work with more than 10,000 pharmacies and partnerships with leading PSAsOs. Our clients have improved adherence and care coordination in their communities while achieving significant increases to revenue and profitability.