

RxCompass: Maximizing Your ROI

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SMALL BUSINESS FRANCHISES ANNUAL CONFERENCE

June 7, 2018
Hyatt Hill Country Resort, San Antonio

Presenter Info & Learning Objectives

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ACPE # 0130-9999-18-150-L04-P&T | Conflict of Interest: Employee of American Pharmacies

Learning Objectives

- Explain the general value of calculating & monitoring return on investment (ROI)
- Describe how to navigate the library of actionable RxCOMPASS reports based on objective
- Explain different actions to increase Rx volume and profitability per patient, as well as address Star Ratings performance
- Describe the scope & value of personal patient outreach
- Explain how to optimize time & effort invested in outreach to maximize return
- Explain how the RxCOMPASS ROI Calculator tool confirms & measures the value of gains

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Return on Investment (ROI)



- Evaluates efficiency with which a business uses its resources
 - A profitability measure that gauges success of expenditures over time
- A key performance indicator (KPI)
 - Evaluates success of reaching targets, goals
 - Must be: defined, necessary, applicable, communicated
- $ROI = (Gains - Cost) \div Cost$
 - i.e., Profit \div Cost, measured as a percentage
- Strong ROI should yield long-term prosperity with improvements over time
 - Maintaining efficiency over time is key, and determines absolute value

Investopedia, LLC. investopedia.com; Berman, Craig. "The Importance of ROI Metrics". Houston Chronicle. smallbusiness.chron.com.

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Further Detail



- Assets vs. Expenses
 - Example: Mortgage vs. Rent
 - Both are debits; amounts can be equal but only one accumulates value
- Assets:
 - Retain value, and possibly grow in value over time
 - Down the road can generate cash flow, reduce expenses, improve sales
- Expenses
 - Money spent that is fully consumed (nothing lasting to show for it)
 - Limit expenses, short-term assets to gain wealth

Investopedia, LLC. Investopedia.com; Leyva, Sandi. "Assets vs. Expenses: Learning the Difference Can Make You Rich". Quickbooks. quickbooks.intuit.com.

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ROI and You

- ROI defines what's working and what's not
 - i.e., determines which efforts should be retained, adjusted, or eliminated
- Validates the investment of your time, effort
 - Time is finite; can you justify the investment?
 - How much effort are you willing to invest?
 - Time necessary to adequately calculate ROI is also an important component
- Before investing in any new venture...
 - Do you understand the expectations in terms of time, effort, and return?
 - Will you have the ability to monitor your return?
 - If gains don't meet expectations, what are your options?



Gauging ROI

- Are you asking the right questions?
 - "How do I precisely track ROI?"
 - Important with any investment
- If not definitively measurable, is it worthwhile?
- Does cost include personnel time, cost of doing business?
- What would limit or maximize ROI?
- Are results from similar pharmacy businesses available for reference?
 - How do your results measure against those of your peers?



Medication Adherence Outreach

- Interaction initiated by key pharmacy staff or technology
 - Clinical goal of outreach is to improve medication adherence
 - Patients targeted for outreach have unsuccessfully managed their own adherence
- Adherence is the problem, what's the solution?
 - Well managed med sync or auto-refill programs yield effective results
 - Key difference between the two solutions is syncing all meds on same day each month
- Patient participation is not absolute
 - Financial concern is most common reason for inaction



Automated Outreach

- Typically pre-recorded message(s) of a familiar voice
- Often utilized to engage patients becoming Medicare eligible
- Effective way to attempt outreach to all patient opportunity irrespective of value
- Patients love "Happy Birthday!" calls
 - Wouldn't this be better received as a live, personal call?
- Common concerns
 - Have your patients ever reported confusion from automated calls?
 - Do patients ever hang up upon realizing the call is a recording?



Automated Outreach Analysis



- Purpose: Determine efficacy of automated messaging to improve adherence.
 - Data analyzed from 3 stores who utilize automated messaging
- Means: RxCOMPASS
 - Refills on Time and patient Fill History reporting
 - Focus on patients whose refills remain past due (i.e., gap in therapy ongoing)
 - Ran report for one 7-day period, then again including subsequent week (total of 14 days)
- Noteworthy
 - All Rx opportunity was refillable; some likely intended for acute use
 - Confirmed ultimate refill outcome of all 659 Rxs

Analysis Results



- 97.4% of original Rx opportunity not filled by end of second week
 - 69 PDC drug Rxs (out of 440 maintenance drug Rxs)
- 36% of original Rx opportunity was ultimately filled
 - 85% filled 14 or more days late; 26-day average gap in therapy
 - \$7.11 average profit per Rx
- 400 Rxs never filled
 - 29 PDC drug Rxs (out of 252 maintenance drug Rxs)
 - Includes 47 patients with multiple Rx opportunities
 - \$28.71 average profit per Rx (\$11K+ total profit)

All profit values are pre-rebate

Analysis Conclusion



- Established utilization methodology deemed ineffective
 - Cost of program was recouped
 - Percentage of opportunity captured was limited
- Handpicking strong performers for additional analysis could yield interesting comparison
 - Similar gains in volume? Average size of gap in therapy, if any?
- Can each store confirm that all 307 distinct patients who did not fill were contacted?
 - Med sync enrollment? Profit value of gains captured?
- Effective alternatives?

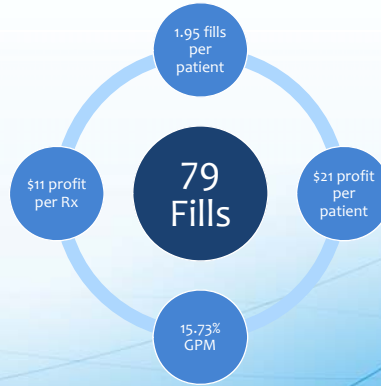
Personal Outreach



- Personal interaction builds relationships
 - Confusion is avoided
 - What's your standard?
- Health plans see value
 - Community pharmacy patient relationships are tops
 - Value of automated outreach not as apparent
- Maximizes the value of each call
 - Opportunity to showcase quality, services
 - Impart your full value; the patient will often provide an opportunity to maximize theirs in return

Statistical Significance

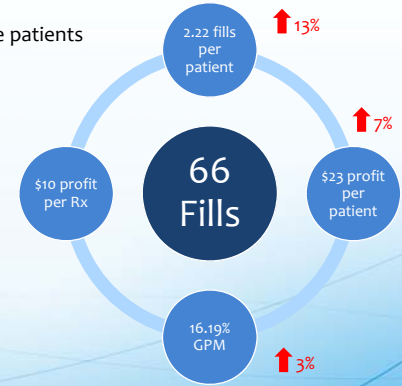
- Aggregate gains
 - Mix of original and custom utilization methodology
- Current totals:
 - 12,589 gained fills
 - \$885K revenue
 - \$139K profit



All profit values are pre-rebate. Periods typically 1 week each.

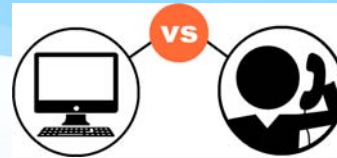
Statistical Significance (cont.)

- Guided Growth method places primary focus on high-value patients
 - Captures more in fewer calls and less time
- Average time spent in outreach: 5.2 hours per week
 - 59 calls placed weekly
 - 54.92% call answer rate
 - 5.7 minutes spent in outreach per patient willing to fill
 - Per call placed: 0.92 gained fills, \$9.75 profit gained
 - 1.08 calls placed per fill gained



All profit values are pre-rebate. Periods typically 1 week each.

Outreach Comparison



	Automated	Personal
Majority of opportunity contacted	✓	
Prone to confuse patients	✓	
Addresses poor adherence	✓	✓
Can grow med sync enrollment	✓	✓
Confirmed, in-depth ROI report		✓
Statistically proven in APRx stores		✓
Opportunity to maximize value		✓
Nurtures patient relationships		✓

Shareholder Performance



- Love Oak Pharmacy aggregate totals (74 total periods):
 - 5,362 confirmed fills
 - 2.08 fills per patient
 - 72 fills per period
 - \$423K revenue
 - \$867 profit per period
 - \$25 profit per patient
 - \$12 profit per Rx
 - \$64K gross profit (15.17% GPM)
- 415 total hours spent in outreach
 - < 7.5 hours per period
 - 57% call answer rate
 - Gained fill every 5.5 minutes
 - 0.97 gained fills per call placed
 - \$11 profit per call placed
 - 1 call placed per fill gained

Shareholder Performance



- Love Oak - Year 1 totals (52 total periods):
 - 3,503 confirmed fills
 - 2.07 fills per patient
 - 67 fills per period
 - \$303K revenue
 - \$840 profit per period
 - \$43K gross profit (14.41% GPM)
- Love Oak - Year 2 totals (to date):
 - 1,859 confirmed fills
 - 2.10 fills per patient
 - 84 fills per period
 - \$120K revenue
 - \$20K gross profit (17.10% GPM)
 - \$933 profit per period

Shareholder Performance



- Previous 6-week period (beginning 4/9/18):
 - 836 confirmed fills
 - 2.04 fills per patient
 - 139 fills per period
 - \$51K revenue
 - \$840 profit per period
 - \$8K gross profit (16.26% GPM)
- Increase in volume, revenue
 - 7.46% increase in Rx volume (32.44% of opportunity captured)
 - 7.12% increase in revenue (28.42% of opportunity captured)
 - 5.15% increase in gross profit

Other Active Participants



- Store 1 (41 total periods):
 - 2,045 confirmed fills
 - 2.05 fills per patient
 - 50 fills per period
 - \$113K revenue
 - \$444 profit per period
 - \$18K gross profit (16.11% GPM)
- Store 2 (23 total periods):
 - 731 confirmed fills
 - 2.39 fills per patient
 - 32 fills per period
 - \$35K revenue
 - \$7K gross profit (21.40% GPM)
 - \$331 profit per period

Other Active Participants



- Store 3 (15 total periods):
 - 1,081 confirmed fills
 - 1.16 fills per patient
 - 72 fills per period
 - \$90K revenue
 - \$1,206 profit per period
 - \$18K gross profit (19.97% GPM)
- Store 4* (14 total periods):
 - 339 confirmed fills
 - 2.92 fills per patient
 - 24 fills per period
 - \$24K revenue
 - \$7K gross profit (28.22% GPM)
 - \$501 profit per period

Guided Growth Directive



- Objective is to optimize outreach and time
 - i.e., get maximum value of calls placed and time spent
 - Maximizes patient value
- High-value patients are the primary focus
 - Patients with multiple high-GPM Rx's that are past due for refill (at least 1 PDC drug)
 - Successful outreach simultaneously addresses adherence, Star Ratings, profitability, and med sync enrollment
 - These patients are more likely to answer calls and also subsequently fill
- Make successful outreach to these patients your minimum weekly effort

Actionable Reporting



- Various actionable reports throughout RxCOMPASS
 - What is your area of focus?
- Refills on Time report
 - Statistically proven to yield strong ROI
 - Value limited only by the time the user is willing to invest in utilization
- Define → Prioritize → Utilize
 - Define areas in need of improvement
 - Prioritize by value, need
 - Get educated on reporting options then get to work!

Key Performance Indicators (KPIs)



- Standards of performance refined over time that gauge successfulness
- Performance goals: Gains
 - > 2 gained fills per patient
 - > \$10 profit per Rx
 - > \$24 profit per patient
 - > 16% GPM

All profit values are pre-rebate

Key Performance Indicators (cont.)



- Performance goals: Personal Outreach
 - > 50% call answer rate
 - > 1 gained fill per call placed
 - > \$10 profit per call placed
- Are you placing too many calls per fill gained?
 - What is your call answer rate?
 - Reaching all patients not always feasible; are you optimizing your efforts?
 - Is primary focus on high-value patients?

All profit values are pre-rebate

Key Performance Indicators (cont.)



- Performance goals: Time Spent
 - > \$100 in gained profit per hour spent in outreach
 - < 5 minutes in outreach per gained fill
 - > 12 gained fills per hour spent in outreach
 - > 2.5 hours in outreach weekly (i.e., 30 minutes daily)
- Increasing call volume will:
 - Refine your clinical message through greater repetition
 - Address medication adherence for higher volume of patients

All profit values are pre-rebate

Peer Testimonials



New ROI Calculator



- First-of-its-kind tool to determine value of outreach gains
 - Developed with direct insight from APRx Operations team
 - User enters Rx # of gained fills from the period
 - Can also calculate time and call efficiency
- Quick functionality to optimize time
 - Exploits the pharmacy professional's mastery of 10-key data entry
- Delivers in-depth ROI report
 - Fills are confirmed by the user delivering detail that is absolute
 - The more information you track the more the tool reveals about your gains

New ROI Calculator (cont.)



Step 1: Select Store		Gained Rxs					
Drugstore Pharmacy (NCPDP: 5909999)		State	Fill Date	Rx Outcome	Formulation Type	Net Loss	
Step 2: Select report used and reporting period							
Ratio On Time		Swiss	123456	04/10/2018	Filled	Generic	N
2018-04-10 (Measurement Period: 04/03/18 - 04/09/18)		Swiss	123457	04/10/2018	Filled	Generic	N
		Swiss	123458	04/10/2018	Filled	Generic	N
		Swiss	123459	04/10/2018	Filled	Compound	N
		Swiss	123460	04/11/2018	Filled	Generic	N
		Checked: Checked; Checked-Failed:					
Step 3: Enter gained Rx Number							
Rx #							
Step 4: Enter outreach detail		Gains Summary			Outreach Summary		
Total Calls Placed	15	Rx Entered	26	Patient Opportunity Called	43.84%		
Total Calls Answered	11	Customer Fill	26	Patient Opportunity Assessed	29.23%		
Total Minutes in Outreach	75	Fills from Report	26	Answer Rate %	73.32%		
		Fills not from Report	0	Gained fills per call placed	1.73		
		Distinct Patients	12	Minutes in outreach per gained fill	2.9		
		Fills per Patient	2.17	Gained fills per minute	0.55		
		No Opportunity	53	Per hour	20.80		
		Compound	49.26%	Profit gained per minute	\$2.26		
		Patient Opportunity	37				
		Captured	32.43%	Per call placed	\$11.29		
		Revenue Gained	\$750.76	Per call answered	\$15.59		
		Per Fill	\$28.11				
		Per Patient	\$60.90				
		Revenue Opportunity	\$2,504.25				
		Captured	29.16%				
		Total Profit	\$108.21				
		Per Patient	\$14.11				
		Per Fill	\$6.51				
		Aggregate GPM	23.17 %				

- Denotes net loss Rxs post rebate (if any)
- Details time efficiency
- Compares gains to original opportunity
- Breaks down revenue and profit detail

Top Notch Support is Available



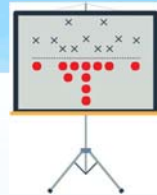
- You are not alone
 - Take the time to meet your support team
- Utilization support
 - Your APRx consultant
 - Jeff Jacobs, CPhT
- Technical support
 - Your FDS consultant
 - RxCOMPASS training videos
- **Make the most of your time while you are engaged!**

Define Your Level of Excellence



- Maximizing return is all about optimizing time and effort invested
 - Minimize resources spent
- Determine your definition of excellence, quality; what earns your seal of approval?
 - What will be your standard of quality?
 - What are the elements necessary for achievement?
- What are your minimum clinical objectives for each patient?
 - Ensure the patient's needs are met or exceeded, *then* maximize the value
- What are your financial goals for your business?

Become Proactive



- Empower yourself by working proactively vs. reactively
 - Result is increased efficiency and time optimization
 - Control is limited when working reactively
 - Working proactively is the future of prosperous pharmacy business
- How do you control your Rx sales and volume?
 - Are you waiting for Rx's to come in, or going after them?
- Take action with targeted opportunity
 - Game plan then audit your results and your process