

McKESSON

Health Systems



Payer Solutions for Health Systems

Outpatient pharmacy services just got a little easier



Belying their small physical footprint, health system retail pharmacies can be pockets of opportunity.

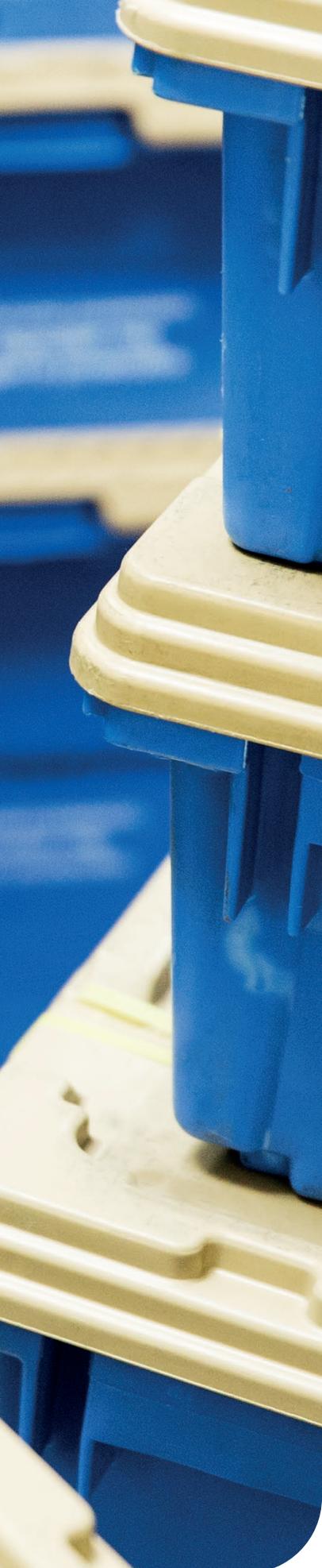
Payer Solutions for Health Systems

McKesson's Payer Solutions for Health Systems includes our offerings from RxO, Health Mart Atlas, RxOwnership, Health Mart, and Provider Pay, with access to experts who help guide decisions on opening a retail pharmacy or optimizing existing pharmacy operations.

Why retail?

Health system retail pharmacies have the opportunity to interact with more patients at discharge and between visits, including for follow-up and long-term monitoring of their care, medication adherence and progress. This interaction is especially critical in high-risk transplant, cancer, HIV, cardiac or diabetes patients — and it matters to hospitals' documentation efforts, providing continuity of care, and helping reduce readmissions.

Belying their small physical footprint, health system retail pharmacies can be pockets of opportunity — whether located in hospitals or ambulatory care centers, near treatment clinics, or around the communities they serve. They have the potential to capture a share of the many thousands of prescriptions issued to patients and employees annually that are typically filled elsewhere.



Does it make sense for my hospital or health system?

Retail pharmacies can be productive, strategic assets for the following reasons:

- 1 Retail pharmacies located within hospitals support patient care and improve the financial situation of health systems. They contribute to reductions in 30-day readmissions, improved patient adherence, higher patient satisfaction and quality scores, and better population health management²— all of which lead to higher performance.
- 2 Hospitals with robust, fully integrated retail pharmacy services are better able to take on more labor-intensive clinical functions, and this can also contribute to improved patient outcomes and higher patient satisfaction scores.
- 3 Optimizing eligibility of Disproportionate Share Hospital (DSH) and 340B-eligible prescriptions can maximize opportunities for patients and hospitals.

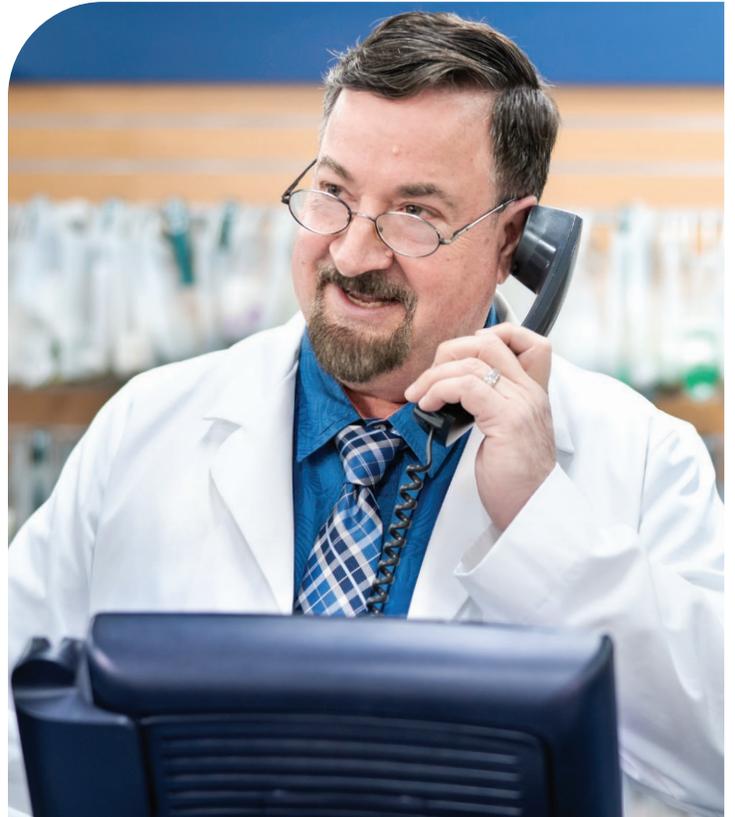
Do you already have a health system retail pharmacy, or are you looking to open one?

We help you:

- Find options for market entry
- Expand existing pharmacy operations
- Access a PSAO solution that meets your unique managed care needs, providing exclusive access to Prime Therapeutic's IntegratedRx. This allows health systems to dispense through their in-house specialty pharmacy instead of through PBM-owned specialty pharmacies.



Retail pharmacies can improve the financial situation of health systems.



McKesson RxO[®] understands the challenging economic and medication safety issues facing your hospital or health system. You can count on our team of experienced pharmacy professionals to help you every step of the way. Please contact us today at healthsystems@mckesson.com to learn more.



Ready to get started?

This guide lays out the four key phases our advisors use to help you determine if you should start or optimize a retail pharmacy in a health system setting, with suggested actions for each phase.

Below is a list of specific areas of consideration with additional details. This is intended to give you a conceptual overview of the process of starting a retail pharmacy. Each path is unique and the timing of activities will vary.

1 Business plan outline

- Executive summary
- Business description and vision
- Market and competitive analysis
- Business strategy (hospital owned, franchise, and/or contract pharmacy)
- Products and services
- Organization and management
- Operations
- Role of specialty pharmacy
- Marketing plan
- Financial projections, budget and timeline

2 Consult with McKesson

- EAE and/or DEA
- Ownership advisor
- Area credit manager
- McKesson reimbursement advisor
- Technical sales executive
- Automation sales executive
- Design and décor manager

3 Build a team of experts

- Attorney
- Banker
- Accountant
- Insurance agent
- Ownership advisor

4 Business structure options

- Sole proprietorship
- Partnership
- Limited liability corporation
- Corporation
- Other state-specific options

5 Licenses and permits

- DEA
- State pharmacy
- NCPDP number
- NPI number
- Medicaid
- Medicare
- State controlled dangerous substances
- DMEPOS accreditation
- Clinical services (e.g., CLIA-waived testing, immunization)
- Local permits and licensing as required

6 Marketing activities

- Direct mail
- Website
- Email
- Radio, newspaper and cable TV ads
- Business cards
- Reminder items (e.g., pens, balloons)
- Vehicle wrap
- Community events
- Physician outreach
- Business organization memberships

7 Utilities setup

- Phone
- High-speed internet
- Gas
- Water
- Electric
- Security system
- Waste management

PHASE 1

Identify business need

Before you make the decision to open a new pharmacy, take some time to do your research, evaluate the opportunity, assemble your team, and clarify your goals.

- Evaluate the market's economic landscape, demographics, and pharmacy location options
- Assemble a team of trusted advisor experts
- Consult with McKesson to gather information about build vs. buy options
- Clarify business interests and goals
- Decide whether to open a new pharmacy

PHASE 2

Choose location and finalize plan

Now that you've assembled your team and made the decision to open a pharmacy, start scouting out locations, get your finances in order, and put a business plan in place.

- Initiate planning conference call with advisor team
- Identify a location
- Develop business plan
- Determine business structure
- Set target opening date
- If financing needed, choose lender, determine loan options, begin prequalification process and complete approval process
- Secure location (e.g., purchase building, lease existing space, or buy vacant lot and build)
- Execute tenant improvements (e.g., fixtures and equipment)
- Determine technology needs (e.g., pharmacy management system, automation, POS) (Note: Consider integration with pharmacy operations)
- Evaluate franchise or banner program options
- Consider becoming a Health Mart® franchise (not available in all areas)
- Take advantage of our OpenSmart program for valuable tools to help plan your new pharmacy, including an online tool to keep your plan on track

PHASE 3

Execute ownership process

It's time to hammer out the details, execute contracts, and start building your future.

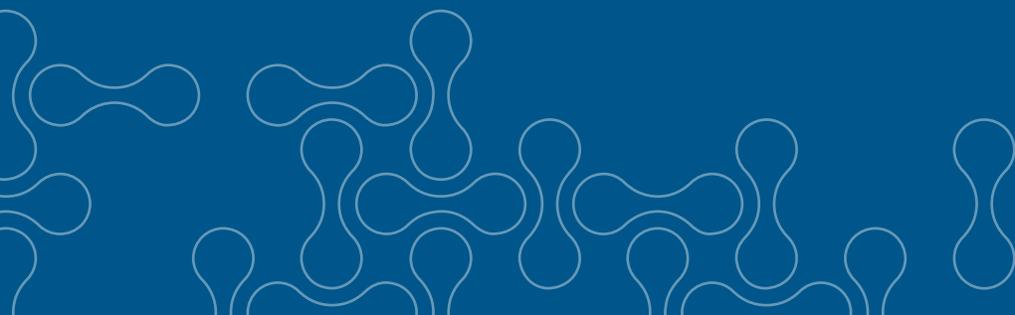
- Execute business structure setup
- Complete or update credit application with wholesaler
- Obtain tax ID and business licenses (federal, state, local)
- Identify pharmacist in charge (PIC)
- Complete applications for clinical licenses and permits
- Obtain building permits (including Certificate of Occupancy)
- Secure fictitious business name, if needed
- Create policies and procedures for staff and store operations
- Schedule State Board of Pharmacy inspection, if required
- Determine payroll process and select any outside resource support needed
- Establish back-office functions and reporting procedures (e.g., A/R, A/P)
- Schedule drug wholesaler inspection of pharmacy's Controlled Substance Monitoring Program
- Contract with Pharmacy Services Administrative Organization (PSAO) to contract with PBMs and payers or contract directly with PBMs and payers
- Obtain business insurance
- Recruit and hire pharmacy staff
- Review and initiate marketing plan activities from business plan

PHASE 4

Open your store

Congratulations! After working diligently to bring your new pharmacy to life, you're ready to cross your Ts, dot your Is and welcome your first customer.

- Install pharmacy technology (e.g., POS, PMS, automation)
- Set up utilities
- Place and receive opening inventory order (Note: Consult with wholesaler for formulary advice)
- Label shelves and install front-end merchandise
- Train staff on store operations, policies and procedures (e.g., technology, workflow)
- Conduct "soft opening" (14–60 days prior to grand opening)





Take some time to do your research, evaluate the opportunity, assemble your team, and clarify your goals.

Creating your custom retail pharmacy

The McKesson RxO team will help customize a plan best suited for your health system's needs.

PURCHASING AND INVENTORY

Inventory management solutions

Let our suite of software help you more efficiently manage purchasing and inventory while maximizing cost savings for prescriptions eligible for 340B or GPO own-use pricing.

McKesson OneStop Generics™

Highly competitive pricing and industry-leading monthly performance rebates that can help your organization improve its bottom line.

RETAIL SOLUTIONS

Employee benefits programs

Expert guidance helps you optimize your pharmacy-benefits design and maximize cost savings, while providing the best care for employees.

FrontEdge™ Merchandising

A variety of tools developed to help you create your front-end strategy and a merchandiser force to help execute and maintain that strategy to make your pharmacy a destination for patients.

Health Mart®

The opportunity to join a network of over 4,500 pharmacies that provide access to retail solutions and support, enabling you to navigate industry change, increase your pharmacy's performance, and build a more profitable business. Not available in all areas.

Pharmacy Design Group

End-to-end planning experts drive execution of your layout and décor, implementing strategies to create a pharmacy that is modern, attractive, and effective in driving traffic.

Supplylogix

Predictive analytics to help drive decision making in every stage of the inventory lifecycle, while maximizing replenishment, minimizing losses from unsalable returns, and monitoring controlled substances for theft, diversion and suspicious ordering.

Macro Helix

Manages the dispensing of drugs at a reduced cost under the 340B program as a contract pharmacy for a covered entity.



ADVISORY

McKesson Pharmacy Optimization, Retail Pharmacy Advisory Services

Expert consultants perform a comprehensive assessment of ambulatory pharmacy potential, provide actionable recommendations, and facilitate implementation.



CLAIMS REIMBURSEMENT AND RECONCILIATION

Health Mart Atlas™

A large, strong PSAO providing third-party contracting expertise and access, focused on improving payer performance, optimizing reimbursement, and diminishing the complexity of the managed care landscape. Through HMA, health system specialty pharmacies (HSSPs) also gain access to Prime Therapeutics IntegratedRx – Oncology network. This allows health systems to dispense through their in-house specialty pharmacy instead of through PBM-owned specialty pharmacies.

RelayHealth® Solutions

Ensure claims are properly and quickly adjudicated with pre- and post- editing services designed specifically for ambulatory pharmacies; capture lost dollars from transactions paid using outdated Average Wholesale Price (AWP). Free up your pharmacists' time by automating the prior-authorization submission process and easily comply with FDA Risk Evaluation and Mitigation Strategies (REMS) dispensing regulations.



LABOR EFFICIENCY AND MEDICATION SAFETY

EnterpriseRx®

A fully hosted, clinically driven pharmacy workflow system that helps you manage pharmacy operations, customize workflow, integrate clinical programs, and better centralize patient data, leading to improved patient outcomes and reduced readmissions.

Pharmacy Automation

Robotic technology relieves you of manual tasks so you can spend more time on delivering personalized patient care. Solutions range from fully automated High Volume Solutions central fill facilities, to on-site systems by Parata®

RelayHealth® Solutions

Free up your pharmacists' time by automating the prior-authorization submission process and easily comply with FDA Risk Evaluation and Mitigation Strategies (REMS) dispensing regulations.





Contact us today to learn
how we can help you evaluate
your retail pharmacy options.

McKesson Health Systems

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¹“What are value based programs.” (2020, January 6 published.) Centers for Medicare & Medicaid Services.
<https://www.cms.gov/Medicare/Quality-Initiatives-Patient-Assessment-Instruments/Value-Based-Programs/Value-Based-Programs>. Accessed January 15, 2020.

²Evans, A. PharmD, CGP. “Every hospital needs an outpatient pharmacy.” Pharmacy Times, 2018-01-02, 09:15:45.
<https://www.pharmacytimes.com/contributor/alex-evans-pharmd-cgp/2018/01/every-hospital-needs-an-outpatient-pharmacy>. Accessed January 15, 2020.

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