manhattanRESEARCH
A Decision Resources Group Company

Taking the Pulse® Pharmacists 2012

Pharmacist Market Trends

t: 1.888.680.8088
www.manhattanresearch.com
e: clients@manhattanresearch.com

Table of Contents

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Pharmacist Market Trends

Pharmaceutical marketers are faced with an increasingly complex healthcare landscape. Physicians and patients were once the only customers on whom pharma had to focus, but the growing role of secondary care providers, such as pharmacists, requires pharmaceutical companies to widen their focus, value proposition, and service approach. Pharmacists will expand the care delivery model and play a growing role in the evolving healthcare marketplace.

Background

To say healthcare demand in the U.S. is growing is an understatement. The implementation of the Affordable Care Act (ACA) is already under way, and as many as 30 million patients will be entering the marketplace for healthcare consumption. However, the U.S. could have nearly 63,000 fewer physicians than needed to meet this demand by 2015, according to the latest projections from the Association of American Medical Colleges.[1] Additionally, the ACA is incentivizing a focus on quality of care and patient outcomes with associated reductions in cost through value-based care delivery and care coordination.

As part of the recent healthcare reform, several initiatives aim to help meet this supply shortage and improve outcomes in a cost-effective manner, namely, the non-primary care providers' increasing role in patient care, patient-centered primary care medical homes, electronic health records, accountable care organizations (ACOs), value-based care, and bundled payments, among many other solutions.[2]

One major stakeholder in the healthcare marketplace can supplement healthcare professional shortages and mitigate stress on the overall healthcare system: the pharmacist. The number of pharmacists in the U.S. is expected to grow by almost 70,000, or just over 25%, by 2020,[3] according to the Bureau of Labor and Statistics. Outside of urgent care clinics, pharmacies are starting to become a top destination for basic alternate care, according to the latest Cybercitizen Health® 2012 study from Manhattan Research. Pharmacists often play a role in patient care beyond drug dispensing through a variety of initiatives, including medication therapy management and inclusion in the patient-centered medical home. Major retail pharmacies like Walgreens are leading newly formed ACOs in partnership with hospitals and physician practices. The modernization of healthcare infrastructure, including access to patients' electronic medical records, will allow pharmacists to be even more involved in patient care.

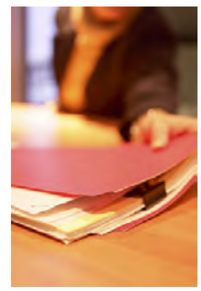
Manhattan Research's Taking the Pulse® – Pharmacists 2012 study shows that pharmacists assist with the care of patients with chronic illnesses and multiple comorbidities, counseling

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

patients on proper treatment guidelines and ensuring proper drug administration. Pharmacies are finally starting to step outside of their traditional roles as centers for medication dispensing by positioning themselves as health and wellness centers offering services such as immunization/vaccine administration, retail clinics for basic care, and personal electronic health record maintenance.

Pharmacist Landscape

There are 275,000 pharmacists[3] in the U.S. Pharmacists come in many different varieties, but the three most prevalent and important are retail, hospital, and specialty pharmacists.



Retail pharmacists make up 63%[3] of all pharmacists in the U.S. and work at a variety of locations, ranging from dedicated franchises such as CVS Caremark and Walgreens to mass merchandisers such as Wal-Mart and Kroger to smaller community pharmacies. These retail pharmacists provide basic services such as medication dispensing, but they are expanding their core role and focusing more on patient care initiatives—especially those retail pharmacists who work at major retail chains. For example, Walgreens has developed several partnerships to expand its pharmacists' role in patient care. The first is with the design firm IDEO to redesign the pharmacy environment to encourage patients to engage with pharmacists outside of the simple medication-dispensing interaction; the second is with Greenway Medical Technologies to provide personal electronic health records to customers for tracking medication history and basic care; and the third is with provider practices to form ACOs.

Hospital pharmacists, sometimes referred to as health system pharmacists, are the second-most-prevalent pharmacist segment, comprising 26%[3] of all pharmacists in the nation. Hospital pharmacists work in hospitals/clinics of varying sizes and types and can be found in outpatient and inpatient facilities. These pharmacies typically dispense drugs only to patients in the hospital/clinic. Hospital pharmacists often provide care for patients with more-complex conditions that require careful coordination with all members of the care team. These pharmacists accompany physicians on grand rounds to ensure proper medication administration and are direct points of contact for patients and caregivers.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Pharmacist Market Trends

Specialty pharmacists play an increasingly important role in an industry that will soon be shifting more focus to specialty therapeutics.[4] Specialty drugs are defined as treatments that cost more than $600 per month (as defined by CMS, Medicare Part D) and that have a certain level of associated complexity (e.g., special handling, rare diseases, close monitoring required, office-administered injection/infusion). Specialty pharmacists often provide clinical programs and support services such as disease-specific management programs and high-touch care models to complement the traditional roles of preparing and dispensing medication.[5] Some specialty pharmacists are employed by major retail pharmacies such as CVS or Walgreens, although smaller, independent pharmacists represent a large portion of the specialty market. The industry is highly fragmented as each pharmacy tries to prove its value proposition to its payer, patient, drug manufacturer, and hospital stakeholder. Specialty pharmacies are becoming the key network node between these various stakeholders and will help usher in a new model of patient care in the coming years.

Pharmacist Trends

Which trends hold the most promise over the next few years? How can pharmaceutical marketers target this increasingly valuable stakeholder group?

1. **Pharmacies are helping expand the point of care:** Pharmacies are increasingly offering services to meet the needs of patients. Pharmacists are engaging in in-person counseling with patients/caregivers and are increasingly incentivized to do so through programs such as Medication Therapy Management Medicare reimbursements and ACO organization partnerships. Most major retail pharmacies now offer administration of vaccines and immunizations for conditions ranging from influenza to HPV and hepatitis. Retail clinics such as CVS Caremark's Minute Clinic offer healthcare services ranging from physical/wellness exams to illness/injury exams. Independent healthcare service provider companies like HealthSpot are rolling out kiosks for remote care in retail pharmacy locations to expand coverage beyond primary care and include specialist consultations through telehealth services. A growing number of healthcare services are becoming available to patients outside of traditional settings, all through the pharmacy.

2. **Adherence will be more of a priority as pharmacists play a larger role in patient care:** Patient non-adherence with medication not only adversely affects patient outcomes but also represents a $188 billion annual revenue sales gap for U.S. pharmaceutical companies.[6] Therefore, many healthcare stakeholders, including

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

payers, providers, and pharmaceutical companies, have a vested interest in improving medication adherence. In response, pharmacists are providing additional patient touch points. At least 36% of retail, hospital, and specialty pharmacists are spending more time engaging in conversations with patients and caregivers, compared with two years ago, according to the Taking the Pulse® Pharmacists 2012 study. In fact, a study commissioned by CVS Caremark[7] found that pharmacist interventions, such as face-to-face consultations, phone call support, disease management referrals, and in-home consultations, are significantly driving up medication adherence.

3. **Pharmacists are disrupting the traditional Rx pathways and engaging more directly with patients:** Physicians ultimately decide which therapeutic class of medications to prescribe to patients in today's healthcare marketplace, but physicians' prescribing power is waning in the face of formulary constraints, prior authorizations, and ACOs. Pharmacists may soon be able to influence the medications that are prescribed and even dispense medications without a prescription. Two recent trends could speed this process along. The first trend is the growing sophistication/power of clinical decision support systems and patient self-management of care. These systems are giving more decision-making power to patients and nontraditional caregivers. Qualcomm recently announced the $10 million Tricorder X PRIZE to be awarded to a team creating a mobile device/tool that captures key health metrics and accurately diagnoses a set of 15 diseases. A consumer self-diagnosis tool could be game-changing. Major telecommunication companies like Qualcomm and Verizon are also partnering with medical device manufacturers to connect data collected from a home location to healthcare providers through a common cloud platform. The second trend is the FDA's proposal to allow pharmacists to dispense popular prescription drugs without a physician's prescription.[8] Recent compounding contamination problems at pharmacies may have put a negative light on the industry, but patient trust in pharmacists is still high, according to recent national polls.[9] Although implementation of this prescribing mandate is still under review, with obvious strong opposition from the American Medical Association, it is a clear recognition of the growing power of patient demand and the role pharmacists can play to help meet this demand.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

References

1. Rovner J, Davis A. “Prognosis Worsens for Shortages in Primary Care.” NPR, August 7, 2012.
2. Nielsen M, Langner B, Zema C, Hacker T, Grundy P. Benefits of Implementing the Primary Care Patient-Centered Medical Home: A Review of Cost & Quality Results, 2012.
3. Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, 2012-13 Edition, Pharmacists, on the internet at http://www.bls.gov/ooh/healthcare/pharmacists.htm (visited October 11, 2012).
4. “The Global Use of Medicines: Outlook Through 2016”. Report by the IMS Institute for Healthcare Informatics.
5. “Dynamics of Specialty Pharmacy.” PharmaStrat, a Decision Resources Group company. October 4, 2012.
6. “Estimated Annual Pharmaceutical Revenue Loss Due to Medication Non-Adherence.” Capgemini Consulting, HealthPrize. November 26, 2012.
7. “Confronting the Growing Diabetes Crisis.” Health Affairs. January 10, 2012.
8. Woodcock, Dr. Janet. March 22, 2012, FDA Hearing.
9. “Honesty/Ethics in Professions.” Gallup, 2012.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Defining the Survey Sample: Taking the Pulse – Pharmacists 2012

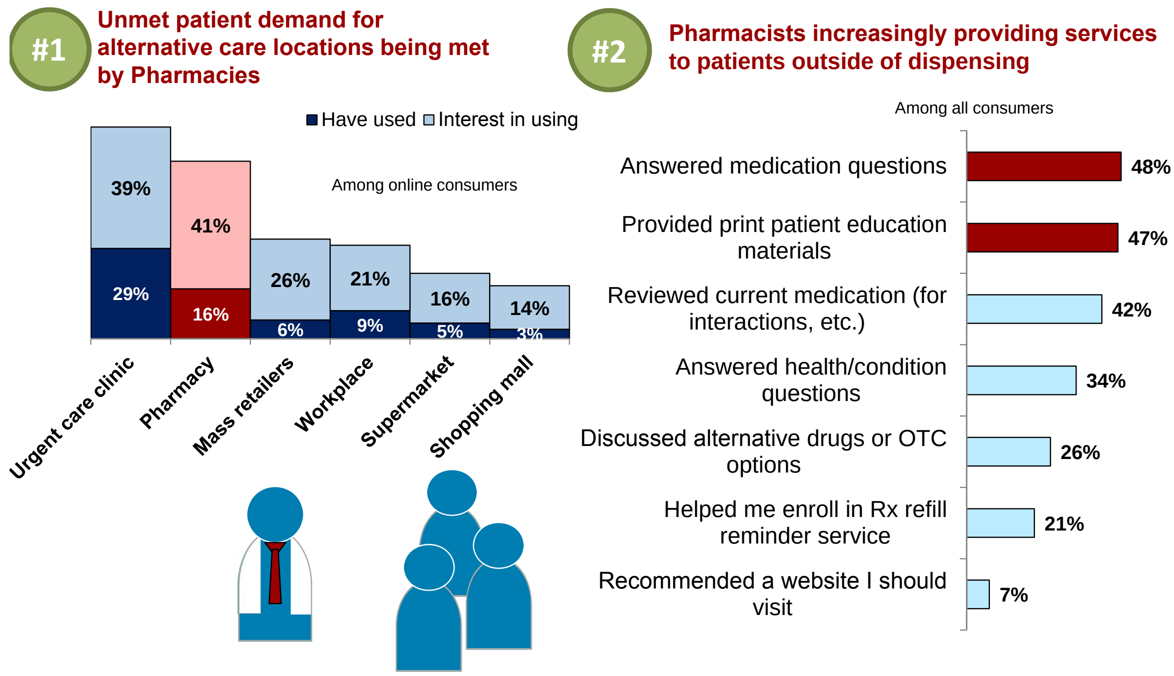
In designing this survey, we address retail, hospital, and specialty pharmacists.

Nationwide, there are ~275,000 pharmacists, of whom approximately 63% are retail pharmacists and 26% are hospital pharmacists. All survey respondents are licensed, practicing pharmacists in the U.S.

Key Findings: Taking the Pulse – Pharmacists 2012

The Expanding Digital Point of Care

Figure 1: Consumer Alternative Points of Care, Topics of Conversations with Pharmacists



Source: Manhattan Research, Cybercitizen Health® U.S. 2012.

Consumers are looking to turn to pharmacies as a point of care outside of the hospital/physician office: 41% are interested in using pharmacies as a point of care, according to the Cybercitizen Health® US 2012 study. Patient conversations often range from topics on specific medication administration to more-complicated condition-related details.

Figure 2: Pharmacist-Patient Interaction—Frequency, Growth, and Incentives

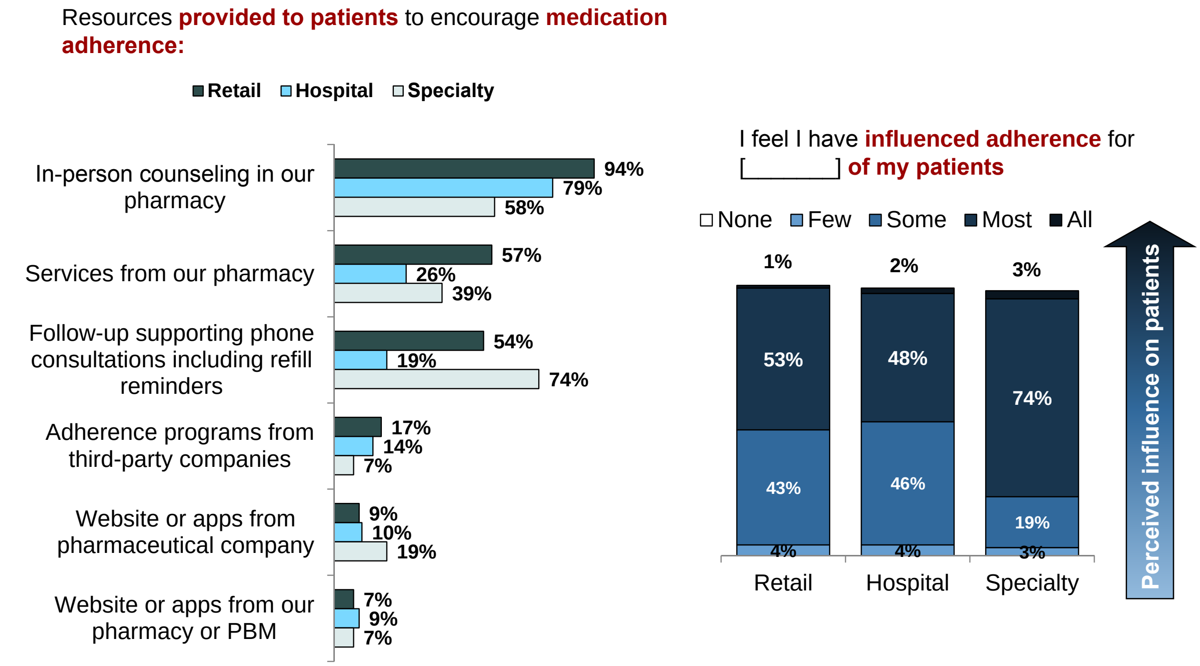
	I talk to…	I spend **more time** talking with patients/caregivers than I did 2 years ago:	My employer **incentivizes or sets specific targets for me to interact with patients:**	My employer **does not have a policy to interact with patients:**
Retail	~57 patients+caregivers/day	40%	44% (Walgreens: **62%**; Rite Aid: **60%**; CVS: **48%**; Walmart: **32%**)	56%
Hospital	~27 patients+caregivers/day	36%	37%	63%
Specialty	~42 patients+caregivers/day	37%	59%	41%

Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Surveyed retail and specialty pharmacists interact with a significantly higher number of patients and caregivers compared with hospital pharmacists. Many of these retail and specialty pharmacists are incentivized to interact with patients by employer targets or goals, although the pharmacists may not be overtly aware of these targets. CVS and Walgreens, for example, have company-wide initiatives to engage with patients through refill reminders and adherence initiatives, and specialty pharmacists quite regularly communicate with patients and caregivers by phone.

Pharmacist Market Trends

Figure 3: Involvement with Patient Adherence—Methods and Influence



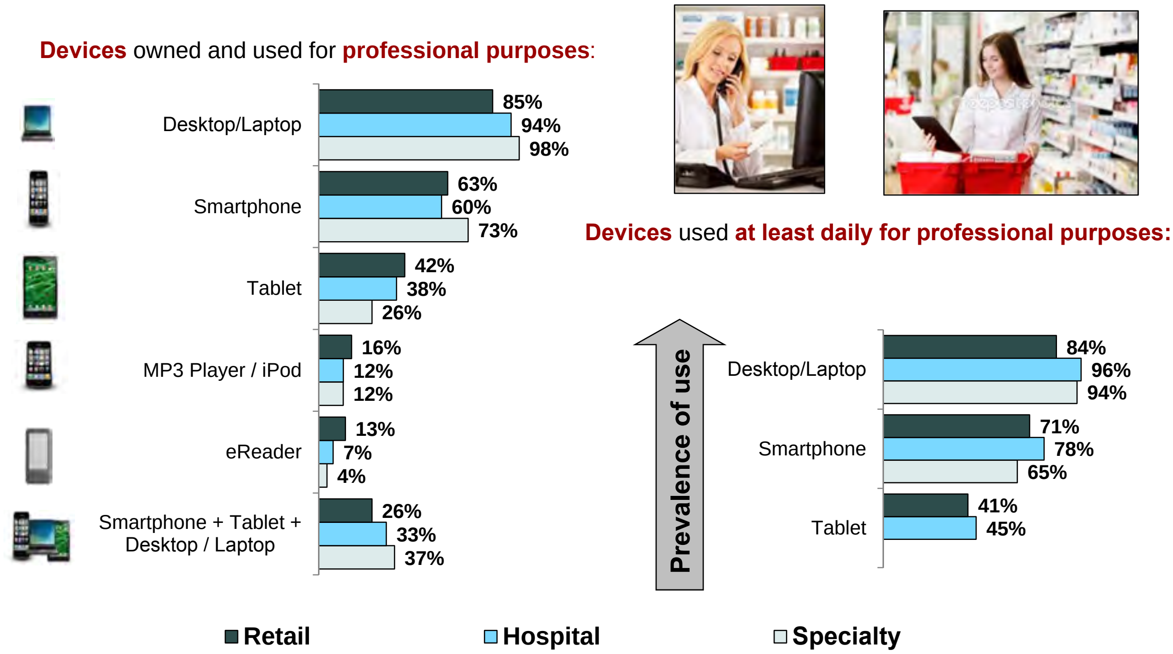
Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Pharmacist-patient contact and focus on adherence investments are growing in concert. For retail and hospital pharmacists, in-person counseling tends to be the most common method to encourage patients' compliance with medication; specialty pharmacists most often use phone consultations/refill reminders to engage with patients. A majority of pharmacists believe that they have at least influenced most of their patients; specialty pharmacists indicate the most perceived influence on patients, who are most likely on complicated specialty drug regimens.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

The Digital Pharmacist

Figure 4: Device Ownership and Frequency of Use for Professional Purposes



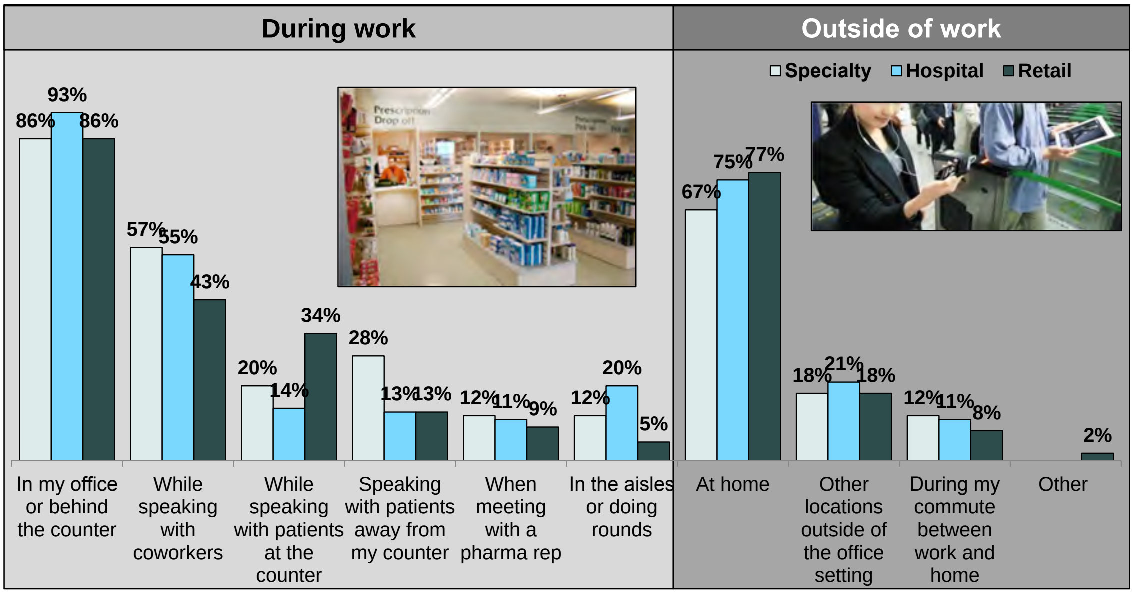
Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Technology is changing the way we engage with the world and helping us manage the ever-growing influx of information and knowledge in our daily lives. Pharmacists are no exception to these trends and are using a variety of tools to manage their workflow—computers, tablets, smartphones, and everything in between.

A majority of pharmacists—more than three in five surveyed—use smartphones for professional purposes. More than 70% of retail and hospital pharmacists who use smartphones for professional purposes use them on at least a daily basis. Tablet penetration is also quite high among hospital and retail pharmacists—approximately two in five use a tablet for professional purposes.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Figure 5: Internet Use by Location and Context



Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

All pharmacists have generally high internet access in the workplace, although retail pharmacists use the internet in the workplace much less than hospital pharmacists do (9 hours/week versus 16 hours/week). This internet access is mostly behind the counter or in the office, but more than one-third of retail pharmacists access internet resources while talking to patients. Internet use outside of the office is quite prevalent as well; three of four hospital and retail pharmacists use online resources at home.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Pharmacist Market Trends

Figure 6: Top Online Resources Used for Professional Purposes

Top 5 online resources used for **professional purposes** in the past 12 months:

Retail	
The WebMD Professional Network*	63%
Facts & Comparisons (Wolters Kluwer Health)	54%
Pharmacy Times	54%
Drug Topics - Modern Medicine	49%
US Pharmacist	44%

Hospital	
Micromedex	67%
The WebMD Professional Network*	62%
American Society of Health System Pharmacists	61%
LexiComp	59%
Global RPh (globalrph.com)	56%

Specialty	
Clinical Pharmacology	53%
The WebMD Professional Network*	49%
CDC	43%
Micromedex	41%
Drugs.com	37%

* The WebMD Professional Network includes Medscape, RxList.com, or WebMD.

Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

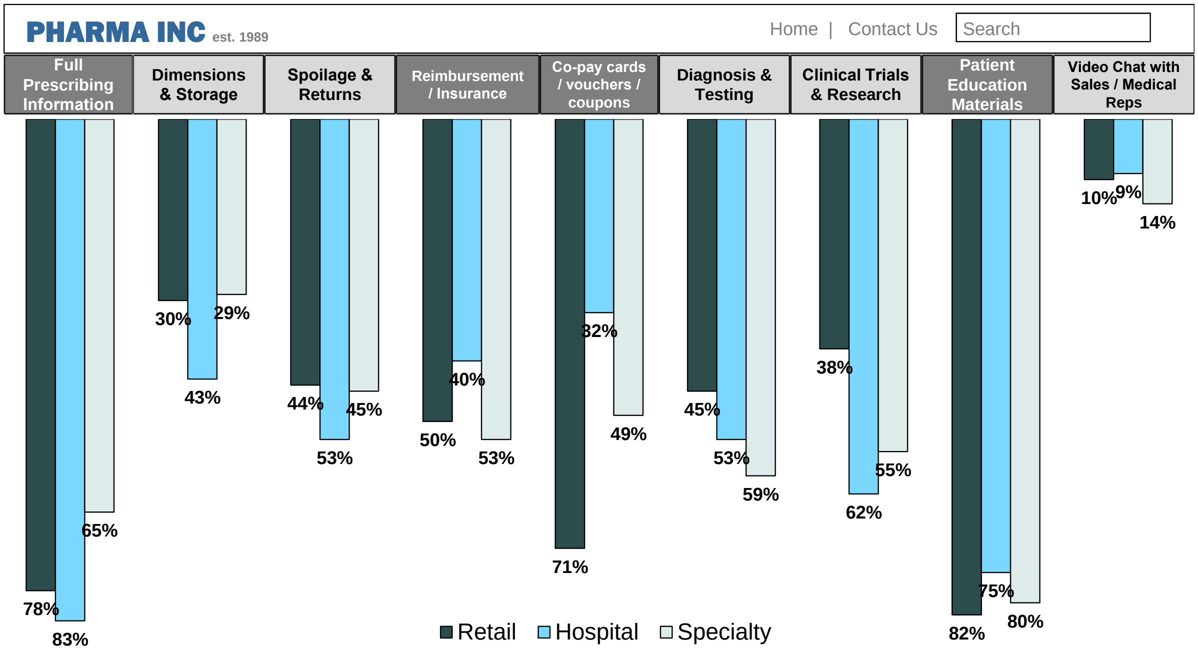
Top sites visited include online health portals like the WebMD professional network, as well as clinical/drug reference databases such as Micromedex and LexiComp. Hospital and specialty pharmacists tend to focus more on prescription reference databases, while retail pharmacists have a greater focus on online portals and professional journals. When searching online for information, using general search engines, pharmacists are often searching for the names of conditions and the brand names of medications.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Digital Pharma and the Pharmacist

Figure 7: Interest in Information and Services on Pharma Digital Properties

Information or services interested in accessing on a website or app from a pharma company…



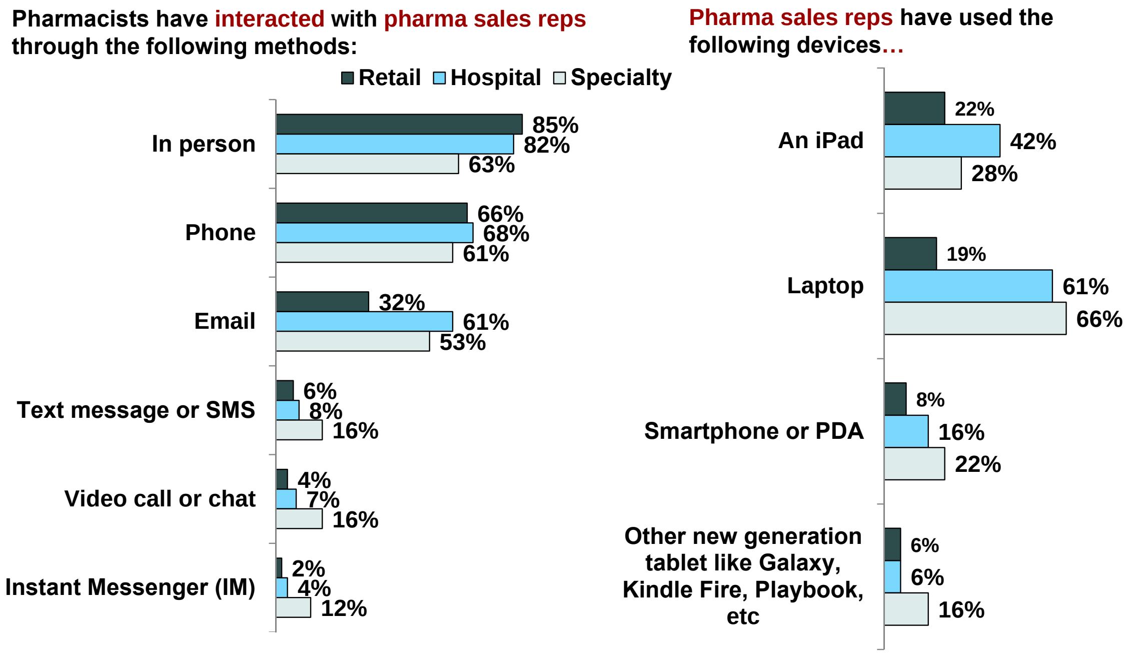
Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Pharmacists would like to access many different kinds of information on pharmaceutical digital properties such as websites and apps. Quick and easy access to this information would enable pharmacists to perform their core duties much more effectively, and a guiding hand from pharma can help cut through the clutter. When pharmacists log onto pharma digital properties, they are looking to find information on the basics, such as full prescribing information, but also on items like patient education materials and insurance information. Retail pharmacists, in particular, are looking for ways to assist patients with items such as copay cards, vouchers, and coupons. Hospital and specialty pharmacists tend to be more interested than retail pharmacists in information regarding research (e.g., clinical trials) and diagnosis and testing. These interests and needs can be used to create a more-engaging experience for all pharmacists on digital touch points.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Multichannel Promotion

Figure 8: Promotion Channels and Devices Used by Pharma Sales Reps



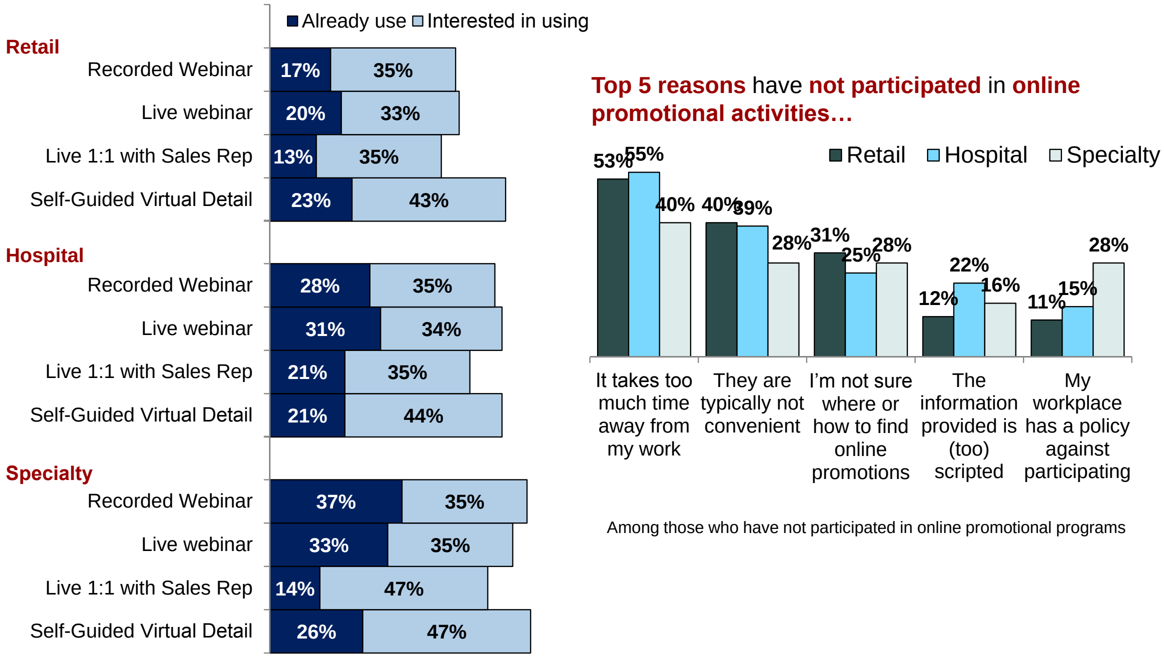
Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Pharmacists are generally accessible to pharma sales reps across a variety of marketing and sales channels; in 2012, more than four in five surveyed retail and hospital pharmacists interacted with a sales rep in person. Phone interactions are also quite common across the board; more than three in five of all pharmacists interacted with a sales reps in this manner. E-mail is a much more frequent form of sales rep communication among hospital and specialty pharmacists compared with retail pharmacists. Finally, hospital and specialty pharmacists appear to be visited by the most tech-enabled reps; more than three in five reported a rep visiting with a laptop and 42% of hospital pharmacists reported a rep visiting with an iPad.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Figure 9: Online Promotional Program Use and Interest

Use or interest in **online promotional programs…**



Source: Manhattan Research, Taking the Pulse® Pharmacists 2012.

Even with the high prevalence of pharma sales rep in-person visits, pharmacists have a strong interest in participating in online promotional programs of all different types. These programs can be recorded or live interactions and are often discovered through e-mail and online health portals. Pharma has an opportunity to make these online promotional programs much richer and more compelling. Pharmacists can already access these kinds of online modules from major retail pharmacy chains, as can be seen by the diabetes adherence education self-guided detail created by Target on Medscape in Figure 10. Pharma marketers can more actively engage with pharmacists by recognizing that they are as interested as other healthcare professionals in online promotional programs and have high standards when it comes to efficiency and relevancy of content. Finally, pharma marketers should coordinate all channels of promotion and use in-person sales rep interactions or e-mail communication to drive awareness among pharmacists of online promotional programs.

t: 1.888.680.0800
e: clients@manhattanresearch.com
www.manhattanresearch.com

Figure 10: Example of Online Promotion for Pharmacists (Medscape – Target)

Source: Medscape