
Date: Tuesday, October 15, 2013
Time: 8:00 am – 9:30 am
Location: The Walt Disney World Swan and Dolphin Resort, Southern Hemisphere Salon 4-5

Title: Close the Deal Part 1: From RFP to Contract
ACPE # 207-000-13-121-L04-P · 0.15 CEUs
ACPE # 207-000-13-121-L04-T

Activity Type: Knowledge-based
Speaker: Frank Grosso, RPh, HealthCare Consulting Services, LLC
Irving Stackpole, RRT, Med, Stackpole & Associates, Inc.

Pharmacist Learning Objectives:

Upon completion of this activity, participants will be able to:

1. Describe the important elements of an RFP.
2. Discuss services offered if you are awarded the contract.
3. Discuss the importance of quality assurance.

Technician Learning Objectives:

Upon completion of this activity, participants will be able to:

1. Describe the important elements of an RFP.
2. Discuss services offered if you are awarded the contract.
3. Discuss the importance of quality assurance.

Disclosures:


Frank Grosso declares no conflicts of interest or financial interest in any product or service mentioned in this program, including grants, employment, gifts, stock holdings, and honoraria.

Irving Stackpole declares no conflicts of interest or financial interest in any product or service mentioned in this program, including grants, employment, gifts, stock holdings, and honoraria.

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115th Annual Convention
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October 12-16, 2013


Close the Deal!

LTC Pharmacy Markets 2013

Irving Stackpole


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Learning Objectives

1. Describe the important elements of an RFP.
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Program

- Context of the Markets & Marketing (Irving)
 - What you should and need to know
- You've got the RFP – Now what? (Frank)
 - Effective, sustainable Proposals
 - Get the business w/o getting crushed
- Selling to Humans (Irving)
 - Sales – the contact sport
- Q&A



The Market Challenge

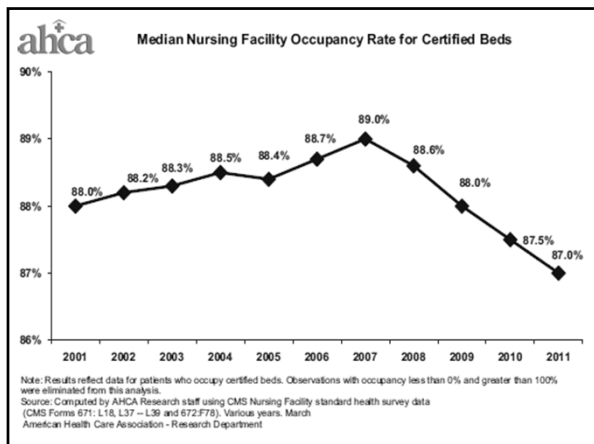
- Seniors' Care / Services
- Quantity of Demand
- Quality of Demand
- Supply – aging & contracting
 - No new supply
- Hyper-competitive markets
 - Frontline

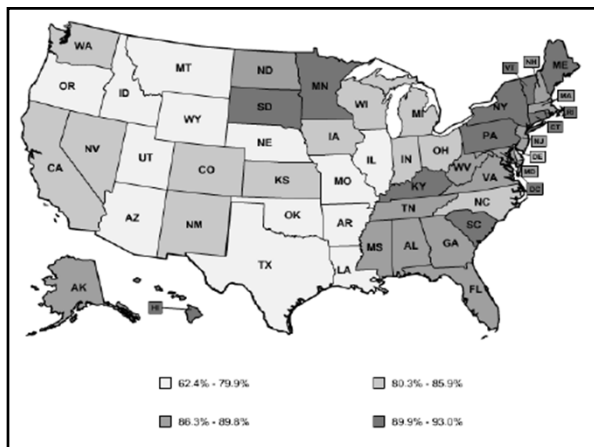


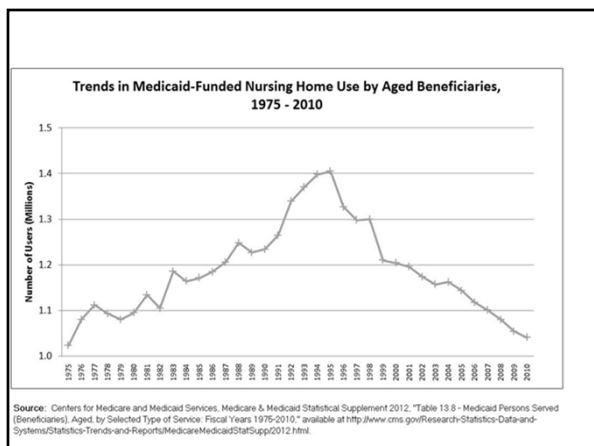
Quiz

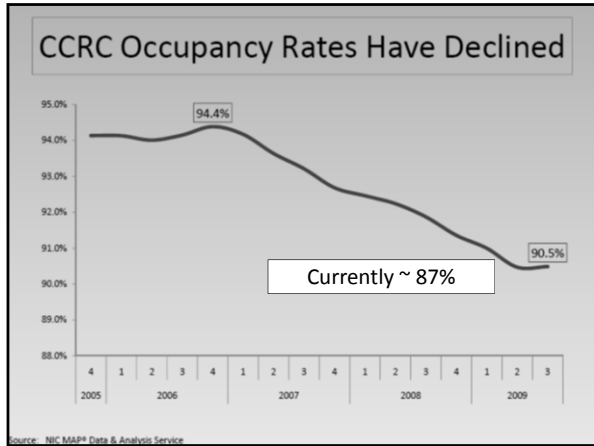
- The aged cohorts are
 - A. Increasing
 - B. Decreasing
 - C. Some going up, some going down
 - D. Staying about the same

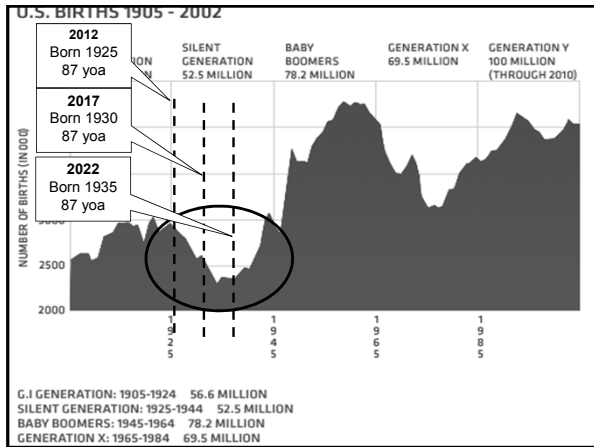


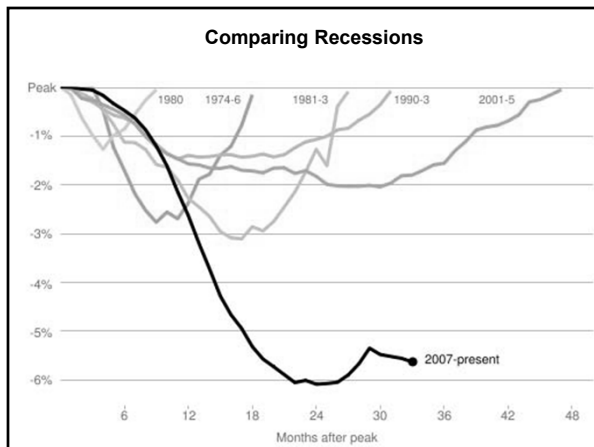












Conclusion

- To Quote Randy Newman

“It’s a Jungle Out There”



Facts of Life

- The age qualified market is shrinking
 - How can YOU help?
- Younger markets are not large enough
- Continued pressure on payments
 - What role does pharmacy play?
- Continued pressure on utilization
- **MARKETING - most important organizational function for the next 5+ years**



A Few Definitions - For Clarity!

Marketing

- Management of the company / customer interface
 - What do they think of us?
 - How to manage how they think of us?
- Generating leads
 - How many referrals
- Raising / maintaining awareness
 - When the need arises, who do “they” think of?




A Few Definitions - For Clarity!

Sales

- Behaviors which persuade and influence customers and consumers to select yours vs. others?
 - Securing commitment








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Closing the Deal

NCPA
October 15, 2013

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So you have an “RFP” ...

Now what?

- ✓ Formal or Informal ?
- ✓ Basic elements:
 - Profile (s)
 - Services
 - Quality
 - Billing
 - References



Nursing Home Profile

The typical profile... things they want you to know?

- ✓ Mission or vision
- ✓ # Licensed Beds
- ✓ Location
- ✓ Acuity
- ✓ Specialization
- ✓ Contact Information



Filling in the blanks...

www.medicare.gov/nursinghomecompare



Importance of the Profile

Revenue


- ✓ Payor Mix Drives Revenue
- ✓ Medicare A, Mgd Care, Medicaid, Private
- ✓ SNFs, ALFs, IL's
 - ALs and ILs have similar requests for POS/MARs, delivery, carts etc. but no fee differential



**Average 100 Bed SNF
15% Q-Mix & 87% Occupancy**

Pharmacy Revenue

PAYOR	Pt. Days	%	Rx PPD	Revenue	%
MEDICAD	2088	80%	\$ 20.00	\$ 41,760	67%
MED A + Mgd Cr	392	15%	\$ 45.00	\$ 17,618	28%
PVT + OTHER	131	5%	\$ 20.00	\$ 2,610	4%
Total	2610	100%	\$ 23.75	\$ 61,988	100%
Pharmacy Revenue			\$/Bed/MO	\$ 620	




Q-Mix Increases to 30%...

Rx Revenue

PAYOR	Pt. Days	%	Rx PPD	Rev	
MEDICAD	1,697	65%	\$ 20.00	\$ 33,930	47%
MED A + Mgd Cr	783	30%	\$ 45.00	\$ 35,235	49%
PVT + OTHER	131	5%	\$ 20.00	\$ 2,610	
Total	2,610	100%	\$ 27.50	\$ 71,775	
Pharmacy Revenue			\$/Bed/MO	\$ 718	

Facility direct billing doubled


Rx Revenue increased by 16%



**Average 100 Bed SNF
15% Q-Mix & 87% Occupancy**

Nursing Home Revenue

PAYOR	Pt. Days	%	PPD	Revenue	Revenue %
MEDICAD	2,088	80%	\$ 175	\$ 365,400	62%
MED A + Mgd Care	392	15%	\$ 500	\$ 195,750	33%
PVT + OTHER	131	5%	\$ 200	\$ 26,970	5%
Total	2,610	100%	\$ 225	\$ 588,120	100%



Q-Mix Increases to 30%...

Nursing Home Revenue

PAYOR	Pt. Days	%	PPD	Revenue
MEDICAID	1,697	65.0%	\$175	\$ 296,888
MEDICARE+ Mgd Cr	783	30.0%	\$500	\$ 391,500
PVT + OTHER	131	5.0%	\$200	\$ 26,970
Total	2,610	100%	\$274	\$ 715,358

Revenue Increased by 22%



Importance of the Profile

Operating Costs

- ✓ Computer Operating systems
 - CPOE
 - e-MAR, e-POS
- ✓ Dispensing Technology
- ✓ Formulary Management
- ✓ IV Compounding
- ✓ Billing



Importance of the Profile

Cash Flow

- ✓ DSO
- ✓ Prospective vs. Retrospective billing
- ✓ Start-up Capital Cost
 - 1st ADMs
 - Med Carts
 - CPOE
 - Automated Packaging Machines



Administrators Priorities

- 1. Census
- 2. Payroll
- 3. Regulatory compliance
- 4. Customer satisfaction



A Few Definitions - For Clarity!

Sales

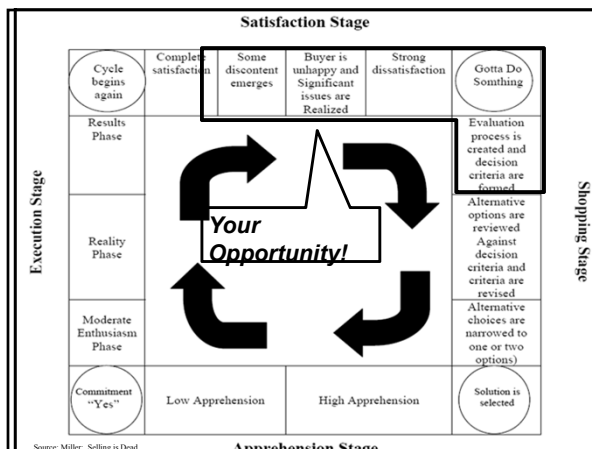
- Behaviors which persuade and influence customers and consumers to select yours vs. others'
 - Securing commitment

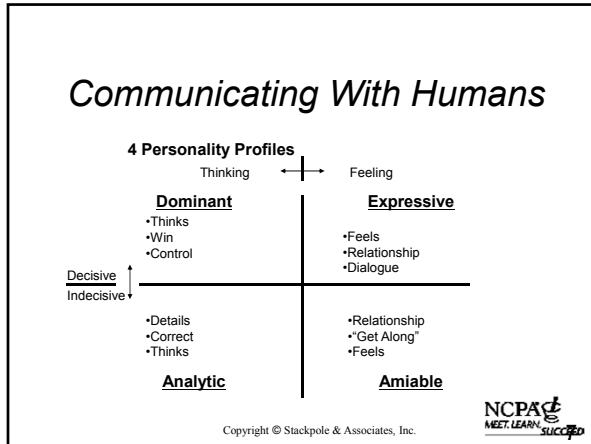
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When Does "Selling" Happen

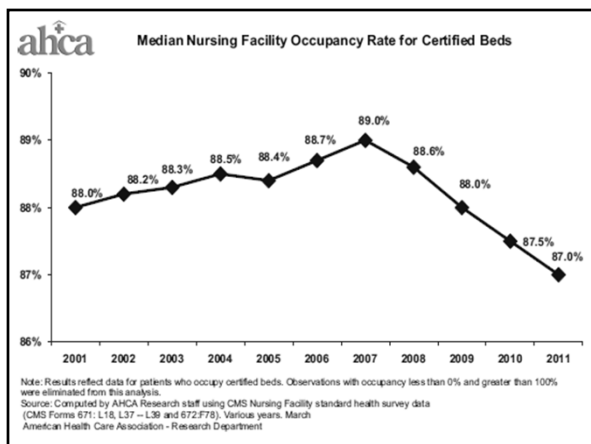
- When do you start to "sell"?
 - Influence
- What behaviors = success?
 - The E/M ratio
- How do you know when you're done?
 - Stackpole's Law #1

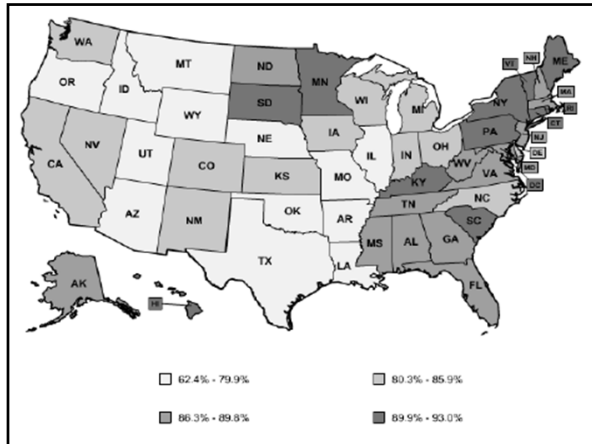
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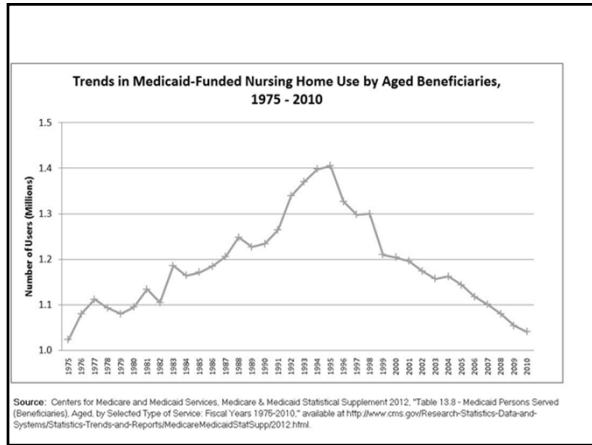


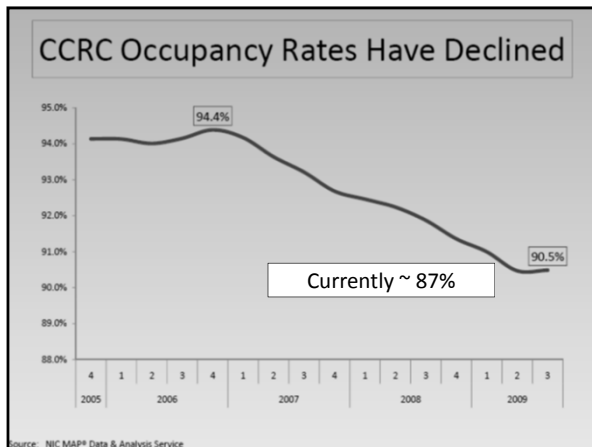


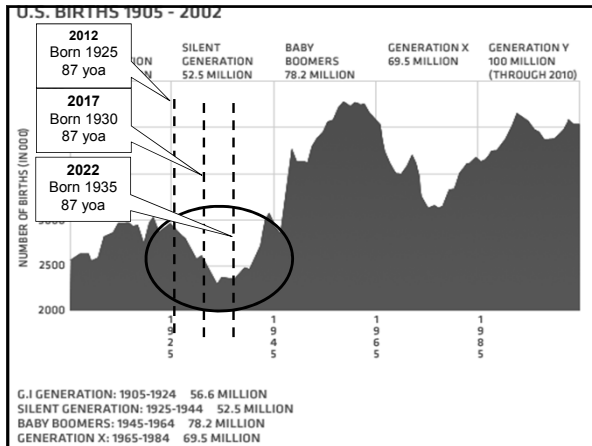


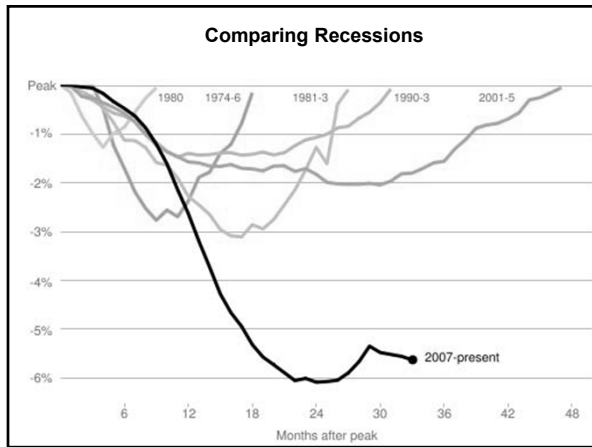












Conclusion

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Facts of Life

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- Younger markets are not large enough
- Continued pressure on payments
- Continued pressure on utilization
- **MARKETING - most important organizational function for the next 5+ years**



Cheap subliminal suggestion →



Thank you!



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Close the Deal Part II: Packaging and Selling Your Response

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HealthCare Consulting Services, LLC


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Pharmacy & LTC Challenges

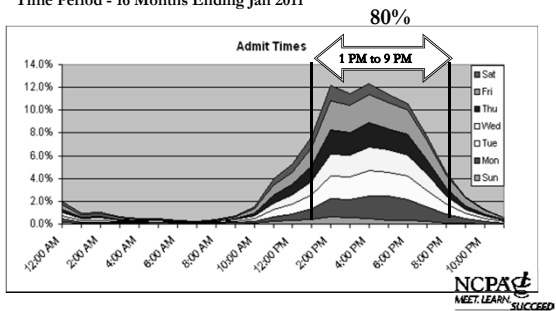
1. Med Availability
2. Shorter Length of Stay
3. Re-hospitalization
4. Pay for Performance
5. Customer Satisfaction
6. Changing Admissions / Discharge Patterns



More Late Day Admissions...

Sample Size - 23,431 Patients

Time Period - 16 Months Ending Jan 2011



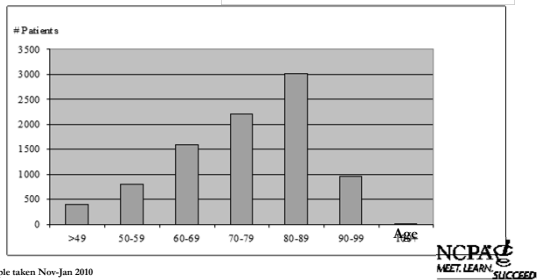
Med Availability

- √ **Automation**
 - Automated 1st Dose Delivery
 - Reduce # of Refills
 - Fewer Returns
 - Waste Reduction
 - Better Management of Controlled Drugs
- √ **Formulary - Utilization Management**
- √ **e-MAR & e-POS**
- √ **Pay for Performance**
 - Reduce Rehospitalizations
- √ **Bedside Delivery of Discharge Meds**



More Patients Going Home...

- √ 9,000 Patients over 3 months
- √ Average 11 Meds / Patient
- √ 176 Nursing Centers
- √ Average age 74 years old



Sample taken Nov-Jan 2010

Pharmacy Service Components

1. Start Up
2. Medication Procurement
3. Account Management
4. Emergency Preparedness
5. Regulatory Compliance



State of the Industry

Pharmerica 3rd Quarter 2012 vs 2011			
(in millions)	3rd Qtr 2012	3rd Qtr 2011	Variance
Revenue	\$442.0	\$518.7	\$ (76.7)
COGS	\$366.4	\$443.0	76.6
GP	\$75.6	\$75.7	(\$0.1)
GP Margin	17.1%	14.6%	2.5%
SG & A	\$54.0	\$55.1	\$1.1
Operating Income	\$21.6	\$20.6	\$1.0
Operating Margin	4.9%	4.0%	0.9%

(-15%)

- 2010-2014 Generic Tsunami - \$123 Billion in Brands
- "Crest" 2012 with \$35.6 billion going off patent
- Average Brand Rx \$170 vs. \$20 / Generic Rx
- Avg Rx 3rd Qtr. 2012 \$43.57 vs. \$48.57 (-10%)
- Higher margin % lower \$'s
- Strategy - Manage Expenses + convert generics ASAP



Our Customers.....

Average Age- 75 years

	Meryl Streep	64		Neil Young	68		Tina Turner	73
	Paul McCartney	68		Bill Cosby	75		Alan Alda	76
	Neil Young	68		Larry King	79		Barbara Walters	83
	Tina Turner	73		Betty White	91			



Questions....

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