Project Destiny Summary

The American Pharmacists Association (APhA), the National Association of Chain Drug Stores (NACDS), and the National Community Pharmacists Association (NCPA) have joined together for an industry changing initiative, Project Destiny. The initial phase of the project has succeeded in defining both the specific challenges facing community pharmacy and the opportunities it has to expand beyond a commoditized dispensing entity. This meets the core objective originally defined for the project: to develop related health product information for a replicable, scalable, measurable, and economically viable future model for community pharmacy. The Project accomplished this by:

- Evaluating the current position of community pharmacy, consumer needs and market trends through the view of multiple healthcare stakeholders
- Identifying core service offerings that leverage the assets of community pharmacy, health information exchange, and interoperability

Key Findings
Throughout the Project the three associations, working with BearingPoint, conducted detailed market research, performed comprehensive economic analyses, and solicited direct healthcare stakeholder feedback from organizations and individuals who are leaders within healthcare. This led to a number of key findings that provide insight to community pharmacy for the future:

<table>
<thead>
<tr>
<th>Finding</th>
<th>Description</th>
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<tbody>
<tr>
<td>A Significant Unmet Consumer Need Exists in the Market:</td>
<td>There are a host of unmet consumer needs stemming from market issues that were consistently validated across the market, including lack of medication management, the increase of chronic and comorbid conditions, lack of healthcare economic sustainability, avoidable healthcare costs, and the shortage of outcomes evidence</td>
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<tr>
<td>A Viable Market Opportunity Exists:</td>
<td>Services that address the unmet needs in the market have the potential to yield positive revenues for community pharmacy starting in year one with growth to over $7.5 billion in yearly revenues within five years</td>
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<tr>
<td>Pharmacists are Well Positioned to Address Unmet Needs:</td>
<td>Community pharmacists have the capability to address unmet needs, are an underutilized resource, and can leverage their local and diverse access to differentiate services for targeted consumer groups</td>
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<tr>
<td>The Market is Being Defined:</td>
<td>The medication management market is rapidly filling with competition from other healthcare providers (e.g., nurses and physicians) and organizations (e.g., payers and pharmacy benefit managers), community pharmacy will lose the opportunity to compete in the market if it does not define its role immediately</td>
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<tr>
<td>Healthcare Stakeholders Want to be Engaged in the Process:</td>
<td>Healthcare Stakeholders, most specifically payers, consistently voiced their strong desire to be engaged in the process of developing the service offerings and to collaborate on bringing the services to market</td>
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<tr>
<td>Significant Hurdles Exist:</td>
<td>• Negative market biases and healthcare stakeholder perceptions of community pharmacists’ inability to offer expanded services • Development and reinforcement of a commitment to change from a transaction based to a relationship based model • The challenge in uniting the community pharmacy industry to support a core service offering • Regulatory restrictions related to pharmacists/pharmacist extenders • Lack of needed infrastructure to support the expanded offerings • Significant level of investment required to build broad market service offerings • Lack of relationships between pharmacists and consumers despite the consistent opportunity to establish them • Time constraints on pharmacists due to increasing demand for prescriptions</td>
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</table>
It is also important to note there was near unanimous agreement across healthcare stakeholder groups that community pharmacy will cease to be a relevant player in patient care and medication management if it does not commit to a significant transformation – the time for change is now.

The Vision for the Future

Fundamental to the future vision and model for community pharmacy are two key concepts:

**Primary Care Pharmacist:**
The introduction of the new service offerings will include a campaign targeted to consumers, physicians and payers to establish the concept of the community pharmacist as *primary care pharmacist* and change key healthcare stakeholder perceptions about community pharmacists’ willingness to provide medication management and clinical services. The *primary care pharmacists* will demonstrate their value by assisting patients and their providers in the overall management of medications and conditions across providers. The *primary care pharmacist* will use data and insight to assist in addressing overall patient management with a specific focus on issues linked to the management of multiple conditions and the use of multiple providers.

**Patient Care Management Services:**
A set of clinical interventions that go beyond a narrow definition of medication therapy management to include a set of condition specific interventions targeting the 15 conditions plus polypharmacy that drive a disproportionate level of avoidable healthcare utilization. The patient care management services leverage the pharmacist’s clinical knowledge and skills related to medication management and address the consumers’ healthcare questions and educational needs. A key differentiator within the patient care management services is a core set of interventions delivered to the patient through face-to-face interventions. The collection and reporting of intervention and outcomes data to the key healthcare stakeholders is a core component of the service offering.

The following three key transitional themes set the stage for the future vision of community pharmacy:

- Consumer interaction that is enhanced by providing a broad set of clinical and retail services and by acknowledging the potential benefits of medication management interventions for various consumers that access the community pharmacy
- Transition from a transaction oriented dispensing pharmacist to a *primary care pharmacist* who establishes a sustainable relationship with patients/consumers and provides medication management services across multiple conditions and in collaboration with other healthcare providers
- Taking a leadership role in the collection and analysis of medication related health outcomes data and becoming an integral component of health information exchange that allows the data to be utilized broadly within the healthcare delivery system through the integration of e-prescribing, electronic health records and personal health records

Based upon these themes, Project Destiny developed two models for consideration, with one model more favourably meeting both business and legal requirements while:
Delivering the vision of a new Community Pharmacy Service Model...

Pharmacies across geographies will deliver a core service offering of Patient Care Management Services to consumers in collaboration with payers regardless of which type of community pharmacy the consumer selects.

Fostering a consistent infrastructure based on standards...

Standards (e.g. HIE) provide the foundation for service and operations infrastructures that:
- Ensure service obligations to consumers and payers are met
- Ensure an efficient operational delivery within a pharmacy organization providing services to multiple consumers and payers.

Protecting the consistency of the service offering while maintaining the autonomy of individual pharmacies...

A set of core elements & associated standards provide the necessary consistency across community pharmacy while allowing:
- Independent pricing & contracting at the pharmacy organization level
- The ability to enhance the core elements at the pharmacy organization level.

This model will guide community pharmacy to become a more integral part of the healthcare delivery system. It will strengthen pharmacists’ relationships with key healthcare stakeholders to work collaboratively to manage medications, positively impact health outcomes, reduce overall healthcare system costs, and empower consumers to actively manage their health. However, anything less than consistent movement to achieve the vision will reinforce the current market perception that community pharmacy is fragmented and unable to deliver beyond core dispensing services.

Service Offering Recommendations

Based on the Project findings, it is clear that now is the time for community pharmacy to make the transition from a transaction based, commoditized dispensing model to a relationship based, consumer-centric model. At the core of the future model for community pharmacy are patient care management services. There are a number of organizations and initiatives that address some of these services (Asheville, Mirixa, Outcomes). Mirixa is an example of an organization that has, as part of its service offering, many of the key components that are outlined in the related health product information. The new business model depends on leveraging these initiatives and redefining them in collaboration with the payers and healthcare funders, and, by doing so, it will address two critical success factors:

- Building an integrated infrastructure that will increase information sharing across healthcare providers, establish increased visibility to a patient’s entire treatment, and enhance the treatment options available
- Defining a scalable and repeatable model that can succeed beyond the individual pharmacy or collection of pharmacies at the regional level.

This phase of Project Destiny has defined a solution that addresses these critical success factors through service offerings that will meet consumer needs and an overall implementation approach to bring them to market. The Service Offering Model is driven by consumer needs related to three target consumer segments:
## High Utilizers
Consumers with chronic conditions who drive the majority of the healthcare spend and users with healthcare status that drives avoidable spending.

## Future Chronics
Consumers over 41 years, not otherwise included, that have an increased likelihood to have a chronic condition in the near to mid term and increased risk factors for the target conditions.

## Health & Wellness
Consumers already committed to health and wellness with a strong probability of willingness to pay for services based on high derived value.

The Model aligns services that are managed and delivered directly to consumers by a primary care community pharmacist:

### Dispensing and Administering
Services related to the coordinated preparation, filling, and delivery of a customer's prescription medications as well as administering of other medications (e.g., vaccinations).

### Patient Care Management
Services that leverage the pharmacist’s clinical knowledge and skills related to medication management to address a customer’s health issues or concerns.

### Related Health Product Information
Services designed to augment a customer’s total medication experience through the pharmacist’s recommendations based on prescriptions, purchases or customer profile.

In addition to the services delivered directly to consumers by a primary care pharmacist, the model includes Consumer, Service, and Outcomes Data services. These services focus on reporting detailed and aggregated data related to patients, services, and outcomes to prescribers, payers, funders, and consumers. Personal Health Records serve as a core element of the data collection process and the mechanism to engage consumers in sharing health data.

### Revenue Potential
There is a solid revenue opportunity projected for each of the identified service offerings. These projections show that revenues become increasingly attractive over time as more consumers utilize the proposed service offerings.
To provide context for these incremental revenue projections, the year ten estimate of $59 billion for the delivery of services to community pharmacy target segments represents approximately $920,000 per community pharmacy ($59 billion across 64,000 community pharmacies represented by NACDS and NCPA). In the future, reimbursement models will allow owners and operators to calculate the specific impact to their pharmacies.

**Transforming Community Pharmacy**

Through the initiation of Project Destiny, APhA, NACDS, and NCPA have developed an approach for guiding community pharmacy to a stronger position in the healthcare market. This approach has been informed based on feedback from healthcare stakeholder interviews and is built upon:

- Continuing to build strong relationships with key healthcare stakeholders
- Supporting the introduction of expanded services
- Building credibility through the demonstration of community pharmacy’s capabilities and commitment as a whole toward its new vision
- Developing acceptance of community pharmacy’s role in the market
- Employing communications as a strategic activity that focuses on healthcare stakeholders’ specific needs through tailored outreach initiatives that deliver tested core messages

By following this approach, community pharmacy will benefit from the support and advocacy it receives from healthcare stakeholders, the increased opportunities for needed reimbursement, and the position it establishes as the preferred source of medication management services.

Modernizing the community pharmacy practice and business model will be one of the most important and significant undertakings the industry has ever pursued. The transformation goes beyond simply addressing competition from PBMs and mail-order pharmacy or the introduction of in-store clinics occurring across the country. This is an effort to move an entire profession and industry. It is important to note that the future business model will leverage existing initiatives that are currently in

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### Projected Revenue/Year

<table>
<thead>
<tr>
<th>Service Category</th>
<th>Year 1</th>
<th>Year 5</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental Dispensing &amp; Administering (dispensing only)*</td>
<td>$124M</td>
<td>$2,100M</td>
<td>$16,300M</td>
</tr>
<tr>
<td>Patient Care Management</td>
<td>$671M</td>
<td>$5,200M</td>
<td>$39,500M</td>
</tr>
<tr>
<td>Related Health Product Information</td>
<td>$62M</td>
<td>$434M</td>
<td>$2,623M</td>
</tr>
<tr>
<td>Consumer, Service and Outcomes Data</td>
<td>$0</td>
<td>$17M</td>
<td>$27M</td>
</tr>
</tbody>
</table>

* Based on average retail price
the market (Asheville, Mirixa, Outcomes), and similar initiatives that may already exist or may emerge, as the intent of Project Destiny is not to redevelop work that has already been done. Even so, the related health product information will transform the way that pharmacy is perceived and its position within the healthcare system. This is not a quick fix and it is recognized that the related health product information included in this final report are disruptive to the current environment requiring:

- A belief in the power of the profession to make an impact on health care outcomes
- A desire to participate in the medication management market space
- A willingness to collaborate with community pharmacy stakeholders in new ways to expand pharmacy services in a manner that benefits the profession and preserves the economic viability of community pharmacy
- A commitment to invest in the realization of the future vision both philosophically and financially
- A demonstration of leadership to energize and engage community pharmacists in the vision of an enhanced future

With these in place, the journey developed for the transformation of community pharmacy moves through specific states over the course of a ten year or more timeframe (See the Implementation Strategy for an overview of each state):

<table>
<thead>
<tr>
<th>Credible &amp; Prepared</th>
<th>Proven &amp; Mobilized</th>
<th>Recognized &amp; Integrated</th>
<th>Healthcare Delivery Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>2011</td>
<td>2013</td>
<td>2017</td>
</tr>
</tbody>
</table>

Although it will be a long journey to successfully transform community pharmacy, action must be taken now, starting at the end of 2007, to seize the opportunity in the market. Community pharmacy will ensure that it is taking the necessary steps to progress along its journey and begin addressing unmet market needs by conducting the following activities over the next 6 months:

- Engage association membership on the outcomes of the initial phase of work and reinforce the urgency for change
- Maintain and expand the healthcare stakeholder network developed during initial phase of work to identify collaborators and to continue to educate the community regarding pharmacy’s transformation
- Conduct research on legal and regulatory needs to facilitate the transformation and deliver the service offering
- Develop the funding plan for the next phases of work
- Outline the specific tactics that community pharmacies can implement to educate healthcare stakeholders

Following quickly from these immediate next steps, community pharmacy must focus its attention on building credibility and preparing for transformation through coordinated pilots and other related activities.

There is an opportunity to work closely with payers and healthcare funders to define the various pilots while simultaneously demonstrating the ability of community pharmacy to deliver patient care management services. By capitalizing on this opportunity, community pharmacy will demonstrate scalability of the new business model, credibility in delivery, and highlight the difference pharmacy led interventions make in health care outcomes compared to those delivered by other clinicians. This
will diffuse skepticism in the market related to community pharmacy’s capacity to transform and build critical relationships with consumers.

Beyond the pilots, there is a set of activities that can be implemented in the near-term to prepare community pharmacy for the transformation and begin to dispel healthcare stakeholder biases. These activities include the implementation of:

- A Personal Health Records initiative
- A relationship management training and tracking initiative
- A customer interaction process with existing consumers receiving dispensing services

Now is when the market is being defined and the healthcare system is looking for answers to pressing needs related to medication management. There is a significant opportunity for community pharmacy to establish market leadership in medication management through the delivery of patient care management services and the demonstration of positive health outcomes and cost offsets. This leadership position, however, can not be created if the market entry is tentative. The cost of waiting to start this transformation is too great to ignore. It is the difference between surviving under protection of legislation and flourishing under a market oriented model that drives improved patient outcomes, increased profits, and better economic sustainability.