



Commentary

The value prescription: Relative value theorem as a call to action

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Summary

The Joint Commission of Pharmacy Practitioners Future Vision of Pharmacy Practice 2015 (2005) and Project Destiny (2008) clearly defined a vision for transforming community practice pharmacy from a culture of dispensing drugs to the provision of services. Several viable service offerings were identified. Pharmacy has not yet fully capitalized on these opportunities. Pharmacy must demonstrate value in providing these services to remain viable in the marketplace. Many pharmacists do not understand how value is created and lack sufficient marketing skills to position their practice for long-term success. The relative value theorem (RVT) describes in simple terms the key elements that drive purchase decisions and thus marketing decisions: $(P + S) \times PV = RV$ (P, price; S, service; PV, perceived value; RV, relative value). A consumer compares the P, extra S, and PV of the purchase against all potential uses of their scarce resources before deciding what to buy. Evidence suggests that understanding and applying the principles of RVT is a critical skill for pharmacy professionals in all practice settings to master if they plan to remain viable players in the health care marketplace of the future.

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What is the future of pharmacy in America?

In 2005, the Joint Commission of Pharmacy Practitioners issued the Future Vision of Pharmacy Practice Vision Statement.¹ This document declared that “Pharmacists will be the health care professionals responsible for providing patient care that ensures optimal medication therapy outcomes.” Additionally, the statement predicted that “Working cooperatively with practitioners of other disciplines to care for patients, pharmacists will be ... valued patient care providers whom health care

systems and payers recognize as having responsibility for assuring the desired outcomes of medication use.” A key element of this vision was left undefined: how do pharmacists become valued?

The Project Destiny summary report released in August 2008² further describes a vision for pharmacists to move beyond the commoditized dispensing of drug products to the provision of pharmaceutical care services. This project of the American Pharmacists Association (APhA), the National Association of Chain Drug Stores (NACDS), and the National

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Community Pharmacists Association (NCPA) considered research, analyses, and feedback from stakeholders in the profession of pharmacy, such as pharmacy owners, pharmacy technicians, employers, public and private payers, medical professionals, academics, pharmaceutical manufacturers, legislators, technology providers, and patients. This landmark report stated several key findings.

First, a significant unmet consumer need exists. The lack of medication management, the increase of chronic and comorbid conditions, avoidable health care costs, and shortage of outcomes evidence provide a target-rich environment for pharmacists to develop professional services. These unmet needs have the potential to generate \$7.5 billion in annual revenues. This level of revenue represents a viable market opportunity for pharmacist-provided services.²

Moreover, community pharmacists are an underused resource. They have the capability to provide access to differentiated services to target consumer groups but have not capitalized on their strategic advantage. Health care stakeholders strongly desire to engage in the process of developing service offerings and collaborate on bringing these services to market. However, the medication management market is rapidly filling with competition from other providers, and the community pharmacy will lose the opportunity to compete if it does not rapidly engage in marketing its services.²

The full Project Destiny documentation provides the business plan, implementation strategy, reimbursement analysis, and timeline for the profession to deliver 4 types of pharmacy service offering (PSO) to the marketplace. Dispensing and administration service offerings are related to the preparation, filling, and delivery of medications and vaccines. Patient care management service offerings are related to leveraging the pharmacist's skills to address customer's health care concerns. Related health product recommendations service offerings are designed to augment a customer's total medication experience through a pharmacist's selected recommendations. And consumer, service, and outcomes data service offerings focus on analyzing, using, and reporting detailed and aggregated data to prescribers, payers, funders, and consumers of health care.³

Two key concepts are fundamental to this future vision of community pharmacy: the development of the *primary care pharmacist* and the introduction of *patient care management services*. "The primary care pharmacist will demonstrate

their value by assisting patients and their providers in the overall management of medications and conditions across providers."²

However, significant hurdles exist including negative perceptions of community pharmacists' ability to offer expanded services, regulatory restrictions on pharmacy practice, lack of the payment system infrastructure to support expanded service offerings, and lack of marketing traction with consumers despite consistent attempts to establish it.² Again, a key element of this vision was left undefined: how do pharmacists demonstrate value?

The original timeline created by Project Destiny called for the implementation strategy to be credible and prepared by 2009, proven and mobilized by 2011, and recognized and integrated by 2013 and for community pharmacy to be transformed in to a health care delivery partner by 2017.² NACDS, NCPA, APhA, and the state pharmacy associations have battled in the legislative and regulatory arenas to secure the opportunity for the profession. Schools of pharmacy have produced record numbers of students with the advanced clinical skills to deliver on the promise. Yet the market demand for pharmacy services has not achieved critical mass. And new challenges have emerged.

The passage of the Patient Protection and Affordable Care Act in March 2010⁴ and the Department of Health and Human Services rules regarding Accountable Care Organizations (ACOs) in 2011 have clouded the structure of payment systems. The Medicare Shared Savings Program will reward ACOs that lower growth in health care costs while meeting performance standards on quality of care and putting patients first.⁵

Under the proposed rule, Medicare will continue to pay individual health care providers under the original Medicare payment system but will allow ACOs to share in the savings generated if patient care quality is above standard. Nevertheless, the details of what ACOs do and how they do it have yet to be defined. Currently, both 1-sided risk (share in savings but not losses) and 2-sided risk (share in both savings and losses) are under consideration.

Current payment systems pay providers for the volume of care rather than for the value of that care. ACOs seek to be organizations with an alternative payment system that rewards value.⁶ Thus, understanding how value is created, nurtured, and managed is essential to making ACOs work. Pharmacists need to engage in the

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