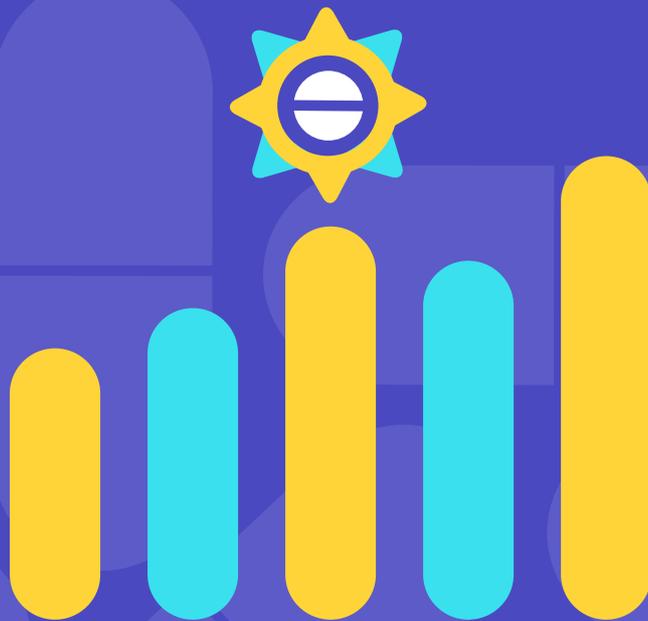


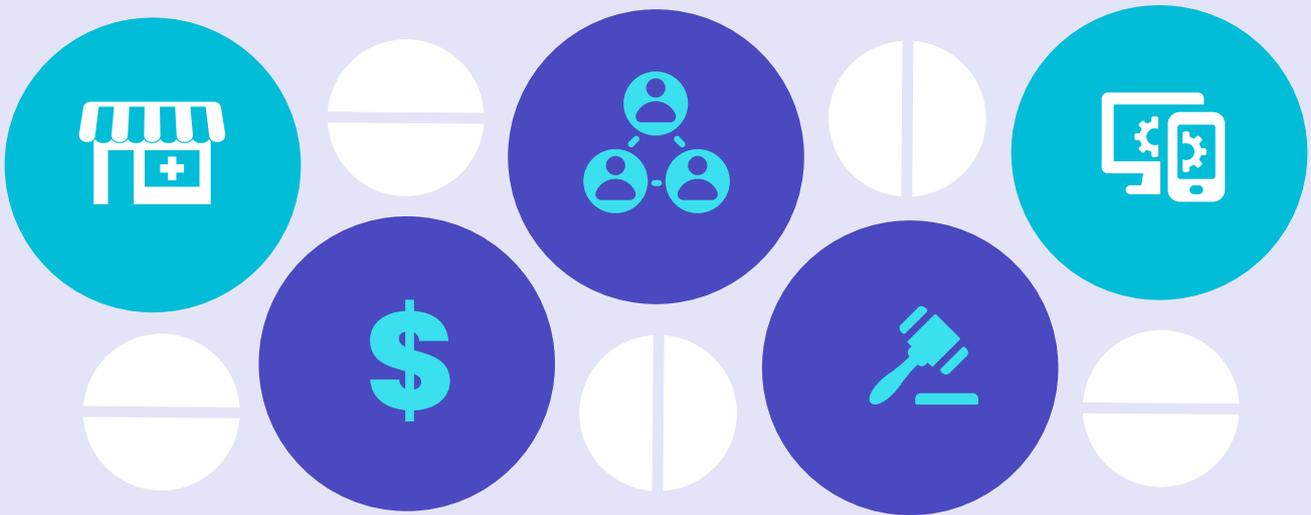
# Navigating 2024 Pharmacy Trends

Adapting Strategies for Success



**With possible lower reimbursement rates and DIR fees occurring at the point of sale, patients will be more likely to shop around for the best price, which will put pressure on pharmacies to compete on price.**

The pharmaceutical industry is no stranger to change, and as we step into 2024, pharmacies are gearing up to face several challenges, such as drug shortages, increased drug prices, DIR fees, staffing shortages and DSCSA enforcement. These challenges will reshape the way pharmacies operate. This white paper delves into the key trends and their potential impacts on pharmacy operations. Moreover, it provides three comprehensive strategies to help pharmacies not only navigate, but thrive in this dynamic environment.



## Anticipated Challenges

### DIR Fees

The impending DIR fees in 2024 are expected to have a profound impact on pharmacy profit margins. Pharmacies face the challenge of paying double the usual DIR fees for the first part of 2024, prompting proactive measures by industry players. According to a June 2023 NCA survey, pharmacies are preparing by setting aside cash, exploring loan opportunities, updating technology and leveraging pharmacy software systems to predict reimbursements.<sup>1</sup>

The DIR Changes could also lead to changes to contracts between pharmacies and PBMs. With PBMs no longer able to collect retrospective fees to offset the cost of providing pharmacy services, they may lower reimbursement rates and be less willing to negotiate favorable contracts. With possible lower reimbursement rates and DIR fees occurring at the point of sale, patients will be more likely to shop around for the best price, which will put pressure on pharmacies to compete on price.

[Discover Ways to Combat DIR Fees](#)

**“Customers most likely will also pay higher prices. We’ve observed some Pharmacy Benefit Managers (PBMs) engaging in cost-shifting practices impacting the reimbursement dynamics that directly influence the amount the customer has to pay. This shift is product-dependent and often results in higher costs for the end-user.”** – Calvin Hunsicker, SureCost Founder and Chief Product Officer

**Challenges in receiving products from overseas, FDA-related closures and additional monitoring compound the complexities of the supply chain. It is necessary for pharmacies to proactively manage these challenges, with a particular focus on monitoring regulatory activities and staying vigilant for signs of potential shortages.**

### Staffing Shortages

The shortage of qualified pharmacy staff poses a significant hurdle for pharmacies in 2024. A survey indicates that 58% of pharmacies are struggling to fill open staff positions, and 87% say pharmacy technicians remain high in demand.<sup>2</sup> According to Long Trinh, PharmD, former senior director of pharmacy at Providence, the financial impact of turnover in hospitals is a top CEO concern today. For Providence, every one pharmacy technician turnover would cost \$25,000-\$35,000 per turnover, and pharmacist or leader turnover is 4-6xs greater than a technician.<sup>3</sup> The financial impact of staff turnover, emphasizes the need for effective strategies to attract and retain skilled personnel.

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### Drug Shortages

Recent data from the American Society of Health-System Pharmacists (ASHP), reveals a significant peak in active drug shortages, reaching 301 in the first quarter of 2023—the highest since 2014.<sup>4</sup> Beyond the statistics, the challenges of drug shortages resonate within health systems, impacting acute care spaces and creating substantial pain points for hospitals. Ensuring timely product delivery, maintaining patient care standards and dealing with the considerable time and effort invested by pharmacists and technicians to secure essential products are critical aspects in addressing drug shortages.

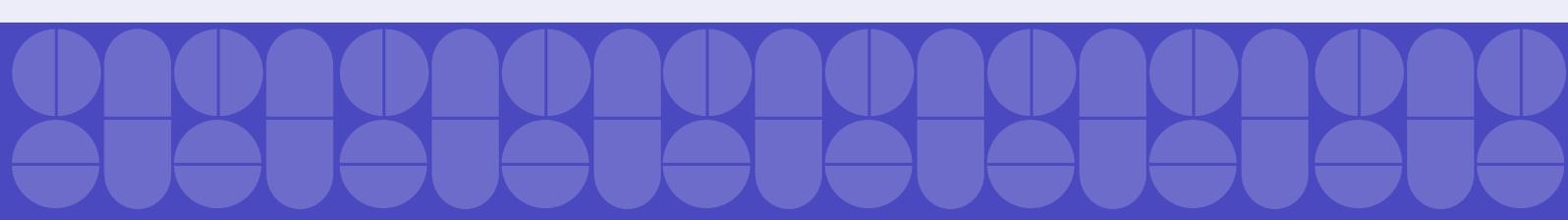
Insights from industry professionals shed light on the root causes, including margin pressure, deflation in product pricing, staffing issues and regulatory hurdles. Challenges in receiving products from overseas, FDA-related closures and additional monitoring compound the complexities of the supply chain. It's necessary for pharmacies to proactively manage these challenges, with a particular focus on monitoring regulatory activities and staying vigilant for signs of potential shortages.

As Scot Rewerts, Director of Procurement at Thrifty White Pharmacy, highlights, "I recommend anyone striving to monitor and address drug shortages to stay vigilant. Stay attuned to updates from the FDA and their site visits. If you notice products gradually slipping into backorder status, examine alternative manufacturers and their production locations. Monitoring the market is essential because shortages can arise unexpectedly, such as a pharmaceutical manufacturer filing for bankruptcy. Announcements of such events don't always precede them."

**Learn How Smarter Inventory  
Will Help**

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– Scot Rewerts, Director of Procurement, Thrifty White Pharmacy



**While the Inflation Reduction Act (IRA) promises savings for Medicare beneficiaries, it brings adverse effects and challenges such as higher launch prices for new drugs. Due to the IRA, manufacturers must pay rebates to the government if they raise prices of certain Medicare-covered drugs faster than the inflation rate.**

### **Increasing Drug Prices**

While the Inflation Reduction Act (IRA) promises savings for Medicare beneficiaries, it brings adverse effects and challenges such as higher launch prices for new drugs. Due to the IRA, manufacturers must pay rebates to the government if they raise prices of certain Medicare-covered drugs faster than the inflation rate. In response, manufacturers might then raise launch prices of new drugs. This change in pricing structures may disrupt the competitive landscape, affecting manufacturers' portfolio decisions and customer prices.

Calvin Hunsicker, Chief Product Officer at SureCost, notes, "Customers most likely will also pay higher prices. We've observed some Pharmacy Benefit Managers (PBMs) engaging in cost-shifting practices, impacting the reimbursement dynamics that directly influence the amount the customer has to pay. This shift is product-dependent and often results in higher costs for the end-user. There's a need for someone to cover these additional expenses, and unfortunately, it often ends up being passed along to the customer."

### **DSCSA Delay**

The Drug Supply Chain Security Act (DSCSA) enforcement has been delayed to November 27, 2024, citing the need for systems to stabilize and be fully interoperable. While the delay offers a respite, the key for pharmacies lies in leveraging this time effectively. Pharmacies need to understand the implications of this delay, including package-level verification requirements and the responsibilities of wholesale distributors. By understanding the challenges, recognizing the sustained efforts required and implementing smarter purchasing strategies, pharmacies can not only achieve consistent DSCSA compliance, but also fortify their position in an ever-evolving pharmaceutical landscape.

**11/27**  
**2024**



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**Get a Free DSCSA Consultation**

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## Strategies to Prepare for 2024

01



### Unify Purchasing

In response to increased drug prices and shortages, pharmacies must adopt a unified approach to purchasing. Bringing all vendor catalogs into one solution allows for quick comparison of purchasing options, considering both vendors and packaging alternatives. Pharmacies should ensure they have advanced knowledge of item availability and quantities offered by vendors, facilitating informed decision-making.

02



### Enable Data-Driven Decisions

To mitigate the impact of drug shortages and DIR fees, pharmacies should embrace data-driven purchasing decisions. Maximizing rebates, adhering to vendor agreements and implementing an inventory management system are essential steps. Utilizing data and reports provides insights into purchasing trends and helps pharmacies make informed decisions for optimal inventory management.

03



### Leverage Technology and Automation

Embracing technology and automation is crucial for streamlining purchasing, inventory and DSCSA compliance processes. Automated solutions analyze data, purchasing history and inventory levels to guide purchasing decisions, identify savings opportunities and flag errors. Seamless cohesion between purchasing and inventory systems, pharmacy management systems, accounts payable and DSCSA compliance solutions ensures operational efficiency.

As pharmacies brace for the challenges of 2024, proactive measures and strategic planning are imperative. By unifying purchasing, embracing data-driven decisions and leveraging technology and automation, pharmacies can not only navigate the complexities, but also position themselves for success in a rapidly evolving landscape. The strategies outlined in this white paper aim to empower pharmacies to thrive amidst adversity, ensuring the continuity of quality care and services for their communities.

Get a Customized  
Success Roadmap for 2024

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Let's talk.

Book a 30-minute introductory  
meeting today.



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