

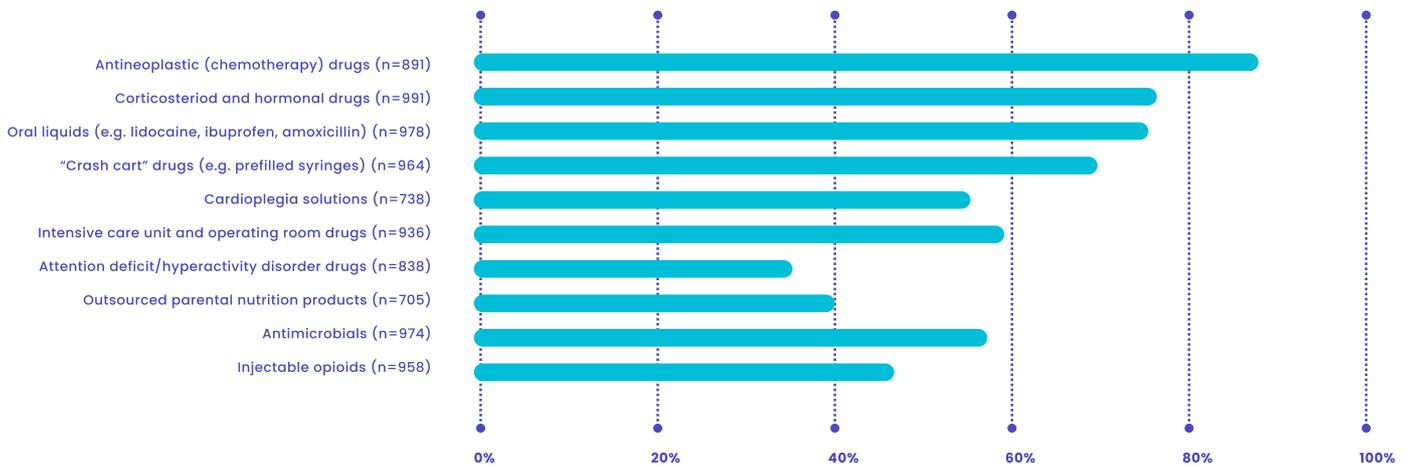


# 4 Strategies to Mitigate Drug Shortages with Smarter Pharmacy Purchasing



This white paper will discuss four strategies to mitigate the effects of drug shortages.

### Active ongoing drug shortages



According to the American Society of Health-System Pharmacists (ASHP), the number of active ongoing drug shortages reached a new peak of 301 in the first quarter of 2023. That’s the highest amount since 2014. But it doesn’t take record-setting drug shortages to affect a pharmacy or its patients. Failing to dispense medication just once can disrupt a patient’s medical treatment and their confidence in their local pharmacy.

Drug shortages may continue to rise, but pharmacies can maintain high-quality patient care and their business’s success. That requires smarter purchasing: strategies to optimize their procurement process and manage purchasing and inventory through a unified solution.

## Roots of Drug Shortages

Drug shortages are all too common. But the latest statistics and new industry challenges point to concerning trends that pharmacy professionals need to prepare for.

With so many drugs manufactured overseas, any disruption to the global supply chain has a massive impact on availability. Natural disasters abroad and overseas volatility impede both imported products and raw materials needed to manufacture drugs domestically. Even with an unobstructed supply chain, imports don’t reach the market as quickly as domestically produced items. The FDA also doesn’t have as much oversight of offshore manufacturers’ processes; imports often lag behind domestic products in reaching the market (assuming they’re eventually cleared).

Regulatory challenges—like FDA closures and additional monitoring procedures—compound supply chain issues for all products regardless of their origin. Even a partial closure can send pharmacies scrambling. Before the pandemic, the FDA averaged roughly 1,400 inspections annually (versus the current



Mitigate the effects of drug shortages so you can meet patient needs AND save money with SureCost. [Contact us](#) to learn more.



## Fewer manufacturers now produce the bulk of available generics, meaning there are even fewer options during a shortage.

average of about 800). While the industry has not yet returned to pre-COVID levels, it remains to be seen whether the FDA will reach the same number of inspections.

In addition to global variables and regulatory challenges, the consolidation of the pharmaceutical industry also contributes to drug shortages. A smaller number of manufacturers are now producing a larger percentage of products. That market compression pressures manufacturers to ramp up their volume, leading to issues with supply meeting demand. It also gives manufacturers even more control over what they can charge vendors and which products they focus on. Those decisions have downstream effects on pharmacies. The issue has been especially noticeable with deflation in the generic market.

Some manufacturers might not expend resources to produce low-margin drugs, and a smaller pool of manufacturers becomes responsible for certain products. If the FDA shuts down one producer or initiates a recall, patients and pharmacies will feel it. If a pharmacy can still procure the right products, it'll likely pay more for them.

A low supply of even one drug can disrupt patient care and a pharmacy's profits. As we saw during the COVID-19 pandemic, a spike in demand for specific prescription items can strain manufacturers' production capacity and crash the available supply.

Pharmacies themselves can also exacerbate drug shortages. Stockpiling products during an actual shortage (or based on rumors of a potential shortage) may have short-term advantages. A pharmacy may be able to meet demand temporarily, but they're probably paying significantly more for items. That's on top of the added stress of securing products in a crisis. And that pharmacy will eventually run out.

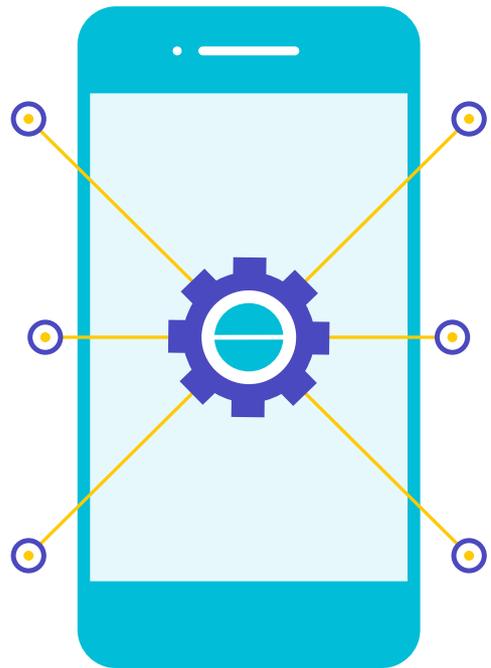
## Drug Shortages Impact Everyone

Reaching for short-term solutions is understandable. Drug shortages have significant effects on patients, staff and business success.

Patients can't get their medications when a pharmacy can't purchase products. The most obvious and important consequence is the impact on their health care. Even a temporary delay means a risky interruption to their treatment plan.

Failing to dispense prescriptions also disrupts a patient's confidence in their pharmacy. Pharmacy professionals know how much their communities rely on them. When a patient needs their prescription, explaining the complexities of the supply chain or why low supply is driving up costs may not ease the patient's concerns. It does strain the pharmacy team's relationship with patients, who may seek other options for prescriptions.

Drug shortages also exacerbate staff shortages. Addressing patient concerns, finding alternative products and shopping for items during a drug shortage adds even more pressure to an already stressful workday. Staff shortages are already rising in pharmacies. Pharmacy professionals continue taking on additional responsibilities in an increasingly complex industry. A drug shortage may push good employees out the door.



Book a meeting with us to learn more about SureCost and how to overcome drug shortages.



## The more pharmacies diversify their vendors, the more options they'll have in the event of a shortage.

Between health impacts, patient attrition and pressures on staff, drug shortages create a considerable strain on a pharmacy's margins. They're likely paying more for products. They probably don't have time to shop for better options. Drug shortages make it hard enough to deliver high-quality patient care consistently; the challenge of managing a struggling business only compounds the issue.

### Strategies for Mitigating Drug Shortage Impacts

Fortunately, pharmacies can do more than just weather the storm or chase short-term solutions. The best approach for mitigating the impact of drug shortages is harnessing smarter purchasing: a solution for unifying purchasing and inventory so pharmacies can optimize buying decisions and discover money-saving opportunities from their entire partner catalog while streamlining processes and ensuring compliance.

We'll discuss four smarter purchasing strategies for addressing drug shortages. But as we'll see later, smarter purchasing enhances all aspects of pharmacy operations while empowering pharmacy teams to address other challenges.

#### Diversify Vendors

Relying on a single source for all products is risky. A pharmacy's primary vendor is crucial because they supply most products. But, like any vendor, a primary has its own manufacturers, inventory quotas and other business priorities. When they encounter supply issues, transport disruptions and other challenges, those issues affect their customers: pharmacies purchasing drugs. A vendor may also adjust allocations if supply is short, and pharmacies may be unable to get the right amount of a product. Vendors may readjust to restore order volume when the product is available again.

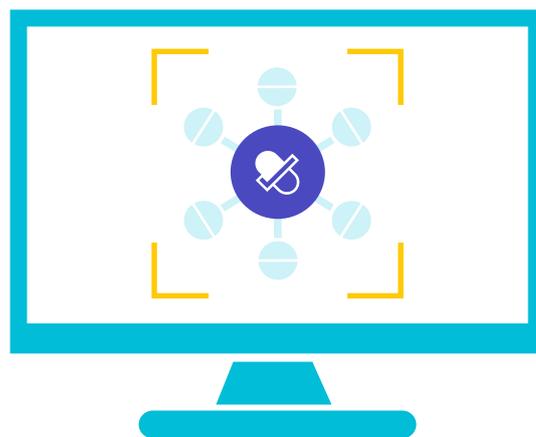
Chris Bayrd, regional purchaser for Guardian Pharmacy Maine, points out that drug shortages are just as unpredictable for vendors as for pharmacies: "At the end of the day, vendors can't do much in the eye of these shortages. They're in a similar boat that I'm in as a purchaser: they just can't get the drug. They're a kind of middleman between the manufacturer and me. If they can't get it, I can't get it."

Pharmacies gain visibility into other purchasing options on the market and relative pricing. They may also gain greater insight into the market if those vendors may monitor the market or have resources to anticipate potential shortages and stock up beforehand. An expanded purchasing portfolio also means more vendor specials and opportunities to negotiate prices.

A smarter purchasing solution consolidates all purchasing options from multiple vendors into a single interface. Pharmacies can view the real-time availability of each item from every vendor on a single screen. They don't waste time comparing multiple websites or placing a purchasing order only to learn that it's out of stock later.

To ensure compliance with their primary vendor, pharmacies can use that smarter purchasing solution to set targets and drive purchases to specific items. This gives them more purchasing options without increasing their cost of goods sold (COGS) when they buy outside their primary.

Some primary vendor agreements include protection for failure to supply: they'll credit the pharmacy if they cannot buy a source item from the primary. However, pharmacies need to show they tried purchasing the product and the vendor could not supply it—which they can do using a smarter purchasing solution that documents their purchases.



# Using a smarter inventory solution to track physical inventory in real time puts consistent, accurate stock levels at pharmacy professionals' fingertips.

## SureCost: Accurate Availability and Costs

NDC	Description	Notes	Manufacturer	Volume	Expiration Date	Last Ordered	Last Qty	AWP	Unit AWP	Unit Price	Cost	AWP Spread %	AWP Spread \$
13668020130	Moxifloxacin hcl 400 mg tablet bottle 30		TORRENT PHARMAC	570.0		03/11/2024	3	\$815.84	\$27.194667	\$0.807667	\$24.23	97%	\$26.387000
51991094333	Moxifloxacin hcl 400 mg tablet bottle 30		BRECKENRIDGE	0.0		12/11/2023	3	\$816.75	\$27.225000	\$0.972000	\$29.16	96%	\$26.253000
51991094333	Moxifloxacin hcl 400 mg tablet bottle 30		BRECKENRIDGE	0.0		12/11/2023	3	\$816.75	\$27.225000	\$1.314166	\$41.50	95%	\$25.910834
55111011230	Moxifloxacin hcl 400 mg tablet bottle 30		DR.REDDY'S LAB	210.0		02/27/2024	1	\$815.84	\$27.194667	\$1.314484	\$41.51	95%	\$25.878283
13668020130	Moxifloxacin hcl 400 mg tablet bottle 30		TORRENT PHARMAC	570.0		03/11/2024	3	\$815.84	\$27.194667	\$1.699234	\$53.66	94%	\$25.495433
65862060330	Moxifloxacin hcl 400 mg tablet bottle 30		AUROBINDO PHARM	810.0		01/25/2024	3	\$816.75	\$27.225000	\$1.730584	\$54.65	94%	\$25.494416
51991094333	Moxifloxacin hcl 400 mg tablet bottle 30		BRECKENRIDGE	0.0		12/11/2023	3	\$816.75	\$27.225000	\$2.514334	\$79.40	92%	\$25.150000
65862060330	Moxifloxacin hcl 400 mg tablet bottle 30		AUROBINDO PHARM	810.0		01/25/2024	3	\$816.75	\$27.225000	\$2.096667	\$62.90	92%	\$25.128333
57237015630	Moxifloxacin hcl 400 mg tablet bottle 30		CITRON PHARMA L	0.0		03/29/2023	3	\$815.84	\$27.194667	\$2.242500	\$44.85	92%	\$24.952167

SureCost Purchase Manager™ instantly displays real-time pricing and availability for every product from all your vendors down to each NDC. You can easily find comparable products, including source items to comply with your primary vendor, and model associated rebates. Multiple views allow you to combine vendors based on variables such as GDC class.

## Leverage Accurate Data

Unfortunately, most pharmacies find out about drug shortages too late. They try to fill a prescription, see they're out of stock and discover they can't replenish their supply. Pharmacy teams spend their already limited time finding a new vendor who can supply the item and then hurrying to place orders. Last-minute orders usually mean missed savings opportunities. With patients waiting for their medications, pharmacy teams don't have the time to pore over catalogs and manually compare options. That's assuming pharmacies actually find a vendor to supply and deliver the product on time.

Instead of reacting to drug shortages, pharmacies can harness smarter purchasing to stay proactive and spot supply gaps early. For example, when the number of NDCs available to purchase on the open market for a particular GPI class decreases, that may signal potential shortages.

The best solutions integrate with inventory management. This allows pharmacies to analyze low inventory according to what they determine to be sufficient. The system also reports on potential excess stock that might be transferred to another location or returned to the manufacturer.

Pharmacies can now analyze their actual usage (not an estimate) at the prices they paid (not just the current catalog pricing). They can then maintain the exact amount of stock needed based on predictive usage: knowing what to order, how much and when.

Instead of waiting alongside competitors when a shortage hits, these pharmacies will have already submitted their orders. This helps patients get the right products on time and eases the pressure on staff.

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Having access to that data gives pharmacies the ability to potentially **jump to the front of the shortage line**. At the very least, they get wind that a shortage is coming sooner rather than later. "

Chris Bayrd, regional purchaser, Guardian Pharmacy Maine

## Inventory data allows pharmacies to address supply gaps before they escalate into drug shortages.

Pharmacies can also make decisions based on their [perpetual inventory](#): a running record of everything on hand, ordered, on the way or in the transfer process. This eliminates unnecessary orders and accounts for products not yet on the shelves. It also allows staff to easily conduct cycle counts (calculating the highest-priced items dispensed fastest) to inform purchasing strategy.

With enhanced purchasing data, they also minimize the time spent finding items. Seeing all purchasing options in real time (including price, availability, compliance information, and rebates) lets them quickly and confidently pivot in a drug shortage. Pharmacies also gain business intelligence by comparing more vendors and products.

Calvin Hunsicker, founder and chief product officer for SureCost, explains that “data is king. If you have the right data, you can better manage your pharmacy and your vendor relationships so they can better support you.” He adds that “time is money. With staffing shortages, the higher level of patient engagement pharmacies are participating in and other challenges when it comes to time, it’s important to have a system that actually minimizes the time you spend on purchasing management.”

### SureCost: Control Over Costly Vendor Substitutions

Avl	Catalog #	NDC	Description	Notes	Manufacturer	Volume	Expiration Date	Last Ordered	Last Qty	Unit Price	Cost
24	4889838	60505311108	Olanzapine 5 mg tablet bottle 1000		APOTEX CORP	0.0				\$0.040701	\$72.68
			*Minimum savings not met.								
62*	323590	60505311108	Olanzapine 5 mg tablet bottle 1000		APOTEX CORP	0.0				\$0.041250	\$41.25
			*Minimum savings not met.								
148	4952024	43598016430	Olanzapine 5 mg tablet bottle 30		DR.REDDY'S LAB	0.0				\$0.041254	\$2.21
			*Minimum savings not met.								
24	4952008	43598016405	Olanzapine 5 mg tablet bottle 500		DR.REDDY'S LAB	2000.0		02/04/2024	6	\$0.041350	\$36.92
41	02-23009	72241005211	Olanzapine 5 mg tablet bottle 1000		MODAVAR PHARMAC	0.0	06/30/2025			\$0.043250	\$43.25
56	02-0116	33342006844	Olanzapine 5 mg tablet bottle 1000		MACLEODS PHARMA	0.0	09/30/2025			\$0.048060	\$48.06
59*	327608	43598016405	Olanzapine 5 mg tablet bottle 500		DR.REDDY'S LAB	2000.0		02/04/2024	6	\$0.048460	\$24.23
0	02-12973	69543038190	Olanzapine 5 mg tablet bottle 90		VIRTUS PHARMACE	0.0				\$0.048889	\$4.40
			*Drug is obsolete.								
95	02-18794	33342006807	Olanzapine 5 mg tablet bottle 30		MACLEODS PHARMA	0.0	03/31/2027			\$0.051667	\$1.55
10	352633	60505311108	Olanzapine 5 mg tablet bottle 1000		APOTEX CORP	0.0				\$0.068080	\$68.08
			*Minimum savings not met.								
327*	333720	33342006807	Olanzapine 5 mg tablet bottle 30		MACLEODS PHARMA	0.0				\$0.069333	\$2.08
	484530	33342006807	Olanzapine 5 mg tablet bottle 30		MACLEODS PHARMA	0.0				\$0.071667	\$2.15

Unexpected product substitutions by vendors cost pharmacies purchasing \$3M annually at least \$2.4K. Some pharmacies could pay over \$35,000 annually due to vendors substituting more expensive items without informing them. SureCost flags vendor substitutions, reports the difference in cost and gives pharmacies the power to turn off substitutions entirely.

### Streamline Your Process

Pharmacy management is complicated enough before any drug shortages. The pharmacy purchasing ecosystem is not designed for transparency. It’s a constantly changing web of vendors, prices, product codes and other variables.

Navigating this web during a drug shortage makes the process even more confusing and stressful. Rushing to find the correct item to fill an out-of-stock doesn’t guarantee the best price. Pharmacies often end up purchasing items that don’t meet their primary vendor’s contract minimums and tiers. They also lose hours on shopping that could have been spent with patients.

Pharmacy teams need every advantage when it comes to operating efficiently. Besides capturing all purchasing and inventory data, smarter purchasing makes a huge difference in this area.

Book a demo to see how SureCost helps pharmacies gain full transparency and maximize savings.

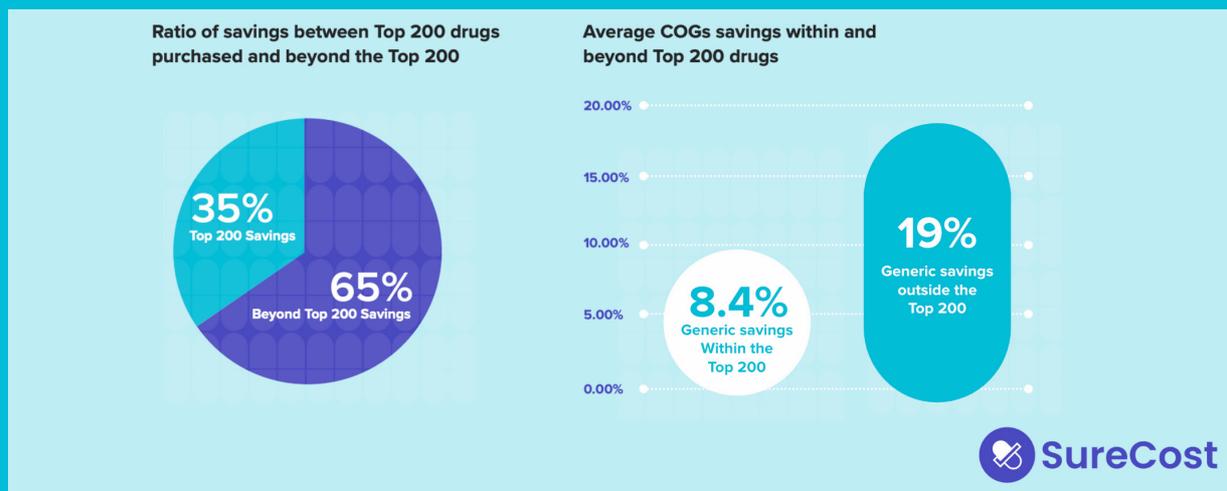


This table compares different manual processes many pharmacies are saddled with against the advantages of using a unified smarter purchasing and inventory management solution.

Manual Processed Done By Hand or Using Multiple Systems	Consolidated Process Through a Single Solution
Switch between multiple websites and vendor catalogs	Access all vendor catalogs with real-time pricing on one screen
Scramble to find the exact item to fill out-of-stocks	Instantly spot item equivalents (package size, brand/generic, unit of use, unit dose)
Calculate each NDC's unit price for each vendor	See the unit price for an apples-to-apples comparison
Search for items to fill out-of-stocks without comparing prices	Discover the best purchasing options and unlock savings beyond the Top 200
Buy items that don't comply with primary vendor minimums or tiers	Ensure items filling out-of-stocks comply with vendor terms while maximizing savings
Create and upload separate purchase orders for multiple vendors	Click once to make a single purchase order for all vendors
<b><i>Spend an average of 2–3 hours every day</i></b>	<b><i>Cut down process to 1–1.5 hours daily on average</i></b>

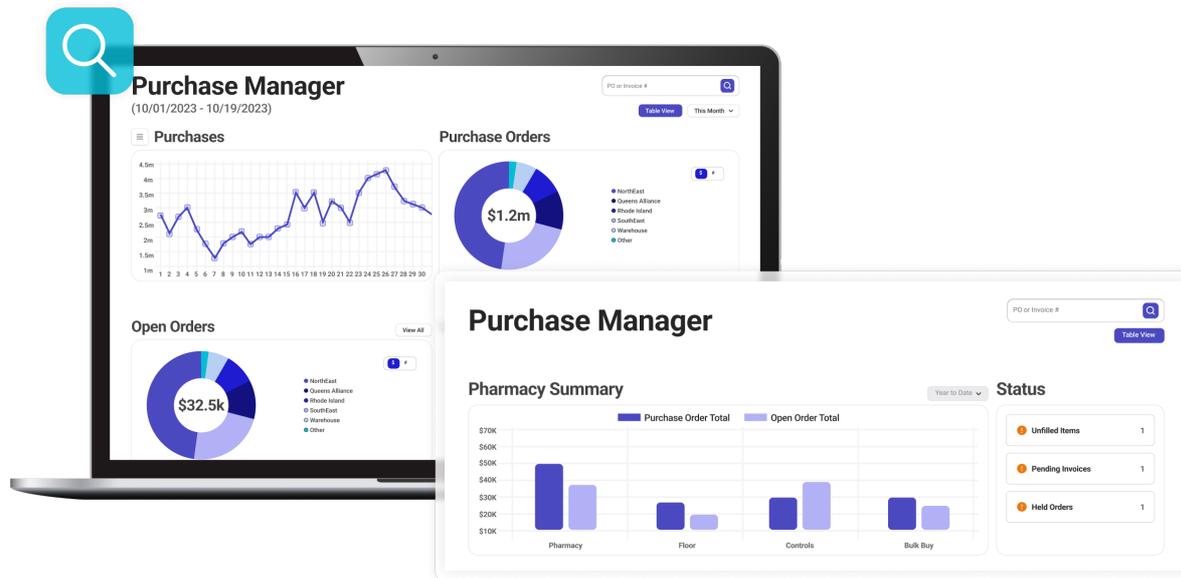
As the side-by-side comparison indicates, even when they're not dealing with drug shortages, a consolidated purchasing management solution allows pharmacies to save time and money while working smarter and ensuring compliance.

### SureCost: Discover Savings Beyond the Top 200



With an expanded purchasing portfolio through SureCost, pharmacies gain visibility into purchasing options outside the top 200 most commonly purchased generics. This means significant savings for SureCost users.

Many essential pharmacy tasks are time-consuming. Repetitive manual processes are prone to mistakes. They also add tedious tasks to staff who are eager to serve patients.



## Automate Purchasing and Inventory

Automating selected processes and decisions can save time and reduce costly manual errors. For example, when checking delivered products against an invoice, receiving the wrong item or incorrect quantity can quickly escalate into backorders. But by using a single solution logging every step of procurement—from uploading a purchasing order to verifying received items against that order with just a scan—pharmacies ensure they always receive the right product at the correct quantity for the agreed-upon price. Integration with existing systems like accounts payable or a pharmacy management system then speeds up invoice reconciliation. If there is a discrepancy (for example, a vendor accidentally shorting the pharmacy), the system automatically flags the issue.

Automating replenishment orders when stock reaches a set level also helps avoid backorders and removes another manual process. Pharmacy teams can program the system to auto-generate a reorder if an order is either partially or completely unfilled. The system then generates a new order on their behalf and (if needed) submits it for the next best-priced item. Users always have the option to review anything that isn't filled and then select an alternative themselves.

Automatically setting min/max values based on usage and days-supply requirements helps pharmacies maintain the most cost-effective inventory. They can reduce the number of lengthy physical counts. With a dynamic perpetual inventory based on the product group level (not a linear system based on NDC), pharmacies can withstand drug shortages by automating the purchases. The solution can pull up equivalent products—generics, other brands or different package sizes, units of use and dosage—as alternatives.

For pharmacies with multiple locations, a smarter purchasing solution can identify stale or slow-moving products and automate transfers to another department/pharmacy. It can automate tracking every step of the transfer, from initiating the request to confirming receipt at the destination. The same features track the return process with a vendor.



Book a demo today to see SureCost in action and how we can help your pharmacy overcome drug shortages and boost profit margins!



Relying on a single vendor or multiple manual processes isn't just inconvenient; it's risky.

## The Potential of Smarter Purchasing

Drug shortages will continue to affect pharmacies, so it's up to them to stay proactive. Plus, with rising [staff shortages](#), increasing [DIR fees](#) and [new DSCSA requirements](#), pharmacies need every advantage possible to thrive in an already competitive market.

By expanding their purchasing portfolio and harnessing accurate data, pharmacies will have a robust set of options when they encounter the next drug shortage. With a solution that enables them to streamline their processes and automate essential tasks, these pharmacies can work smarter in the face of drug shortages and other challenges.

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**Data is king.** If you have the right data, you can better manage your pharmacy and your vendor relationships so they can better support you. **Time is money.** With staffing shortages, the higher level of patient engagement pharmacies are participating in and other challenges when it comes to time, it's important to have a system that actually minimizes the time you spend on purchasing management.”

Calvin Hunsicker, founder and chief product officer, SureCost

Book a 30-minute  
introductory meeting  
today. **Let's talk.**

Book a Demo

