Hospitals Beware the Wolf

Will Retail Pay the Bill for Care Inequity and Deprivation?

"Envision and Think In Terms of the Future State"
Sabrina Hannigan
TransformationalOutpatientPharmacy.com

I have been talking about health care commoditization to clients for a while. Wide-eyed awareness in Pennsylvania got lost somewhere between the folks in the meeting and the C-Suite. Instead of forging a new future for the hospital, the client opted for a finger in the proverbial dike. "No one ever made a nickel on pharmacist counseling" ranted a doctor on a board of directors in New Mexico. As it turns out so much more may be at stake.

It is 2022 and commoditization of health care is in full swing as drug retailers look for strategic direction after having drawn the last drop of blood from a now chaotic and dysfunctional prescription delivery system. The hospital C-Suite remains steadfastly cloaked in denial and those unwilling to tell the king he is not wearing clothes follow in parade.

A recent article, oddly noted as 'advertisement' or so it seemed, touted a drug store chain as one of the most innovative companies for having taken the next steps in participating in primary care. Perhaps advertisement because success remains to be seen or because as with most advertisement there may be only points of truth.

The article cites this foray into mainstream healthcare is born in the inequities and deprivation of care. It cites these long-term drivers for a claim the pandemic affects some communities harder than others. Socioeconomic divides offer evidentiary evidence as well. One might infer that indifference to community welfare is to blame rather than a more obvious fact rooted in the avarice of retail … profit. Therein lies the wolf in sheep clothing. Retail's claim they have proven itself to be the answer to equitable healthcare access.

A study released in May 2021 by USC Schaeffer Center at the University of Southern California resurrected the tongue in cheek secret of pharmacy deserts. The article pointedly claims that "limited access to pharmacies disproportionately impact racial/ethnic minorities" as "an overlooked contributor to persistent racial and ethnic health disparities."

The number of stores a chain has is irrelevant if they do not serve communities beyond the cited socioeconomic "bifurcation." The article states drug chain primary care is the answer to inequities and deprivation caused by, in part, the deserts created by their own avoidance or abandonment.

If any drug chain is contributing to racial and ethnic health disparities by virtue of financial unwillingness to serve these markets, how does that change in the future state? Why has it not changed already? How and when will drug chains enter or re-enter underserved markets? How will they be held accountable for their claims?

A study estimates that 33% of neighborhoods in the top 30 cities are pharmacy deserts.[1] That is a lot of space for any self-described equitable health advocate to expand *regardless* of primary care. This begs the

question of how having primary care changes the profit model.

Any profit savvy retailer will tell you there is little money to be made in high theft and/or government insured markets. Moreover, stockholders draw a wide solid line at a point in the road dividing profit from loss for executives to mind. This points to a future state in which retailers either continue to focus on markets with profitable profiles, or one in which retail uses other people's money to underwrite their healthcare strategy.

The safe bet is retail when it comes to harvesting cost for profit. Equitable healthcare may be less problematic for retailers if hospitals and insurance companies *underwrite* the strategy. Even more so if retailers can claim government subsidy in the form of grants, 340B certification, or tax benefits. Sound far-fetched? Only if you think in terms of the current state.

What does this mean for hospitals currently serving pharmacy deserts and lacking ability or capability to defend themselves against retail carpetbaggers? For that matter, what does it mean for all hospitals as drug chains expand their strategy to undermine profitable sources of healthcare revenue? A smaller piece of the profit pie and an increasing disproportionate share of the burden to provide equitable healthcare.

Hospitals should recognize that outpatient pharmacy is no longer just a patient or staff convenience. Retailers have made pharmacists a key to the future of hospitals as outpatient pharmacy becomes *the* front for retail assault on healthcare.

Seven years back I proposed an in-market primary care clinic anchoring a hospital pharmacy in North Carolina. An available suitable building out positioned retailers. It was win-win. The hospital declined. A struggling hospital in New Mexico constructed a free-standing pharmacy in an adjacent field well outside a market they could have *easily* owned and could have driven new patients to their empty beds. Better real estate offered a better future. They declined. And so it goes hospital after hospital.

The point is simple. Does healthcare really need to *underwrite* retailers to provide primary care and prescription services in underserved markets? Or can they transform the prescription delivery industry with a better, more patient-centric, lower cost product in the markets they serve. I believe retailers need hospitals more than hospitals need retailers when it comes to the future of pharmacy, let alone healthcare.

Summary

For those in the C-Suite who believe retailers will stop at primary healthcare, prepare for your unveiling. Surgical and emergency centers could be up next on retailer's to-do list. Some hospitals present as excellent purchase opportunities for cost harvesting and consolidation. It is the future state I would envision as a retailer.

Put a frog in boiling water and it will jump out. Put that frog in cold water and slowly bring the water to a boil … it does not end well for the frog. Regardless of whether hospitals feel the temperature of the water, the current prescription delivery system is as ripe for disruption as healthcare but for very different reasons. Now is the time for hospitals and health systems to transform and embrace pharmacy as a foundation of their future state.

It remains to be seen whether hospitals or retailers can offer better health care in profitable *and* under-served markets. For the underserved, I am rooting for whoever makes their lives better.

Footnotes

[1] *Pharmacy Deserts Hinder Medications Access in Segregated Black and Latino Neighborhoods,* Public Health Post, December 2, 2021.

About the Author

Sabrina Hannigan is a retired major drug chain executive with over three decades experience in site analysis and operations optimization. Upon retiring, she contracted with a healthcare consulting firm to consult on a broad range of operational topics specific to build-out of an outpatient pharmacy service.

As an independent consultant, Sabrina recognized that retail solutions were not transferable and created an outpatient pharmacy business model incorporating methods and processes experienced over forty years in manufacturing and retail.

Sabrina is passionate about the future of healthcare and envisions hospital-centric solutions for improving therapeutic outcome and population health. Towards this end, she continues to develop new processes and methods for outpatient pharmacies.