

Pharmacy Practice for Technicians

Mastering Community and Hospital Competencies

Fourth Edition



Don A. Ballington
Robert J. Anderson

Chapter 7

The Business of Community Pharmacy

Nonprescription Sales

- Over-the-Counter Drugs
- Diet Supplements
- Medical Supplies



Over-the-Counter Drugs

- OTC drugs are approved for sale without a prescription.
- The FDA approves and regulates OTC drugs that have been proven safe and effective.



Over-the-Counter Drugs

- Many OTC drugs started out as prescription drugs.
- The use of OTC drugs has increased due to
 - Increased cost and inconvenience of doctor visits
 - Increased cost of prescription meds
 - Lack of health or drug insurance coverage



Over-the-Counter Drugs

- Consumers often ask the pharmacist for advice about OTC drugs.
- The pharmacy technician's support can allow the pharmacist to assist consumers.



Over-the-Counter Drugs

Safety Note

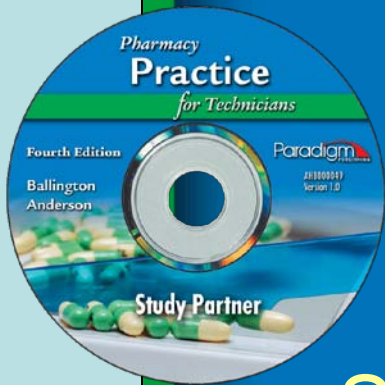
Pharmacy technicians should not counsel patients about the use of OTC products without the approval of the pharmacist.



Over-the-Counter Drugs

- Some Schedule V meds can be sold without a prescription (cough syrup with codeine, for example)
- Restrictions include
 - Drugs must be stored behind counter.
 - Amount is limited within a timeframe.
 - Only pharmacist (or sometimes pharmacy tech) can make sale.
 - Purchaser must be at least 18.
 - Records must be kept of all sales.





Terms to Remember

Schedule V drug

a medication with a low potential for abuse and a limited potential for creating physical or psychological dependence; available in most states without a prescription



Over-the-Counter Drugs

Safety Note

The FDA discourages the use of OTC cough and cold products for children under six years of age.



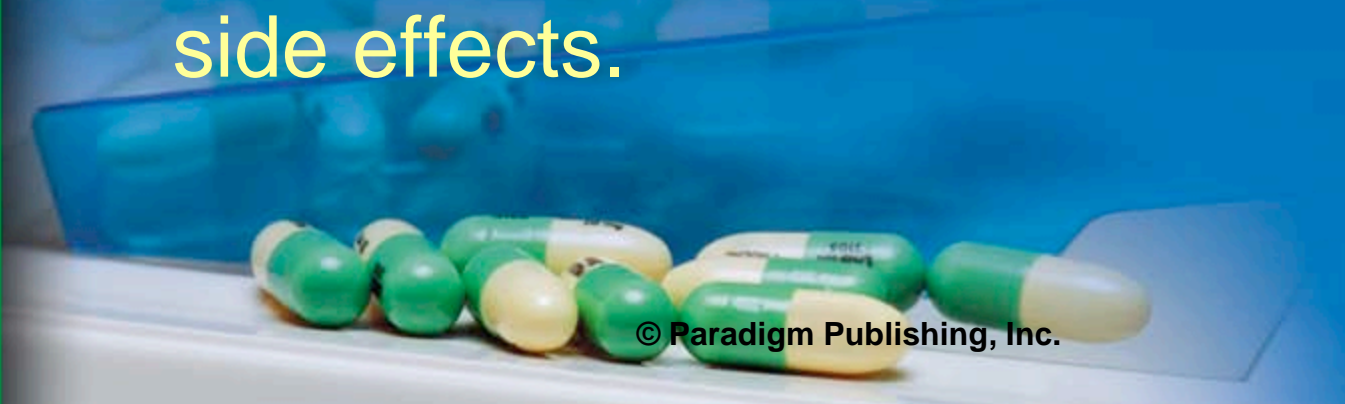
Over-the-Counter Drugs

- Federal and state restrictions on OTC meds with pseudoephedrine (or ephedra)
- Common ingredient in cold and sinus medications
- Also used in the manufacture of methamphetamine
- Sale quantities limited and must be recorded



Over-the-Counter Drugs

- Plan B emergency contraceptives are available without a prescription.
- Purchasers must be over 18 (17 in some states).
- Purchasers should be counseled by pharmacist regarding proper use and side effects.



Diet Supplements

- Can be a vitamin, mineral, or herbal powder
- Not regulated by FDA in the same way as OTC drugs
- Must be safe and accurately labeled
- FDA can remove from market



Diet Supplements

TABLE 7.1 Indications for Common Diet Supplements

Diet Supplement	Indications
calcium and vitamin D	osteoporosis
echinacea	boosts immune system
garlic	antibacterial and antiviral action; maintains healthy cholesterol
ginger	nausea, motion sickness
gingko	memory
glucosamine/chondroitin	osteoarthritis
melatonin	insomnia, especially in shift workers or time zone travelers
Policosanol	maintains healthy cholesterol
omega-3 fatty acids (fish oil)	lowers triglycerides
saw palmetto	benign prostatic hypertrophy or BPH
St. John's wort	mild depression
vitamin C	common cold
zinc	boosts immune system, common cold

Diet Supplements

- Label information is limited compared with OTC drugs.
- Pharmacy technician should not counsel customers regarding supplements unless directed by pharmacist.



Medical Supplies

- Customers rely on pharmacies for disposable and durable medical supplies.
- Some pharmacies specialize in sale or rental of durable medical equipment (DME):
 - Hospital beds
 - Wheelchairs
 - Canes
 - Walkers



Medical Supplies

Customers with diabetes require special supplies

- Insulin syringes
- Glucometer
- Diabetic test strips
- Lancets
- Alcohol wipes



Medical Supplies

- Pharmacies may have policies to prevent diversion of syringes to illegal drug use.
- Syringes come in different
 - sizes (0.3 mL, 0.5 mL, 1 mL)
 - needle lengths (1/2 inch, 5/16 inch, 1/4 inch)
 - needle widths (between 29 and 31 gauge)



Medical Supplies

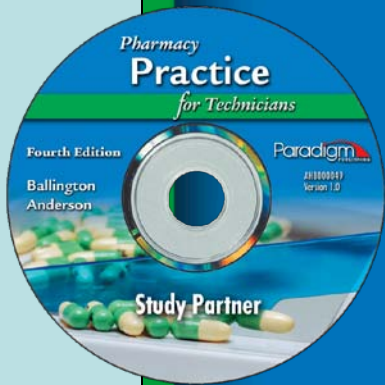
- Glucometers measure blood sugar in diabetic patients.
- Disposable test strips are needed for glucometers:
 - They are machine-specific.
 - They can be expensive.
 - The pharmacy technician should always check the expiration date.



Medical Supplies

- Diabetic supplies are sometimes covered by drug insurance or Medicare Part B.
- A certificate of medical necessity may be required.
- Matching the diabetic customers with the proper supplies is an important task of the pharmacist and pharmacy technician.
- Special training and certification is available in this area.





Terms to Remember

certificate of medical necessity

form to be completed and signed by the prescriber for insurance payment for diabetic supplies

Medical Supplies

- A variety of test kits are available in the pharmacy:
 - Pregnancy
 - Ovulation
 - Blood cholesterol
 - Urine test kits for sugar or ketones
- The pharmacy technician can help customers select the needed test kit.



Medical Supplies

The pharmacy technician can help with selection and purchase of other supplies:

- Thermometers
- Blood pressure measuring devices
- Splints and braces
- Nebulizer supplies



Computer Systems in the Pharmacy

- The computer is an important tool in the pharmacy.
- The pharmacy technician should have a working knowledge of computer hardware.
- Software is pharmacy-specific and must be learned on-the-job.
- Keyboard skills are required, with a minimum proficiency of 30 words per minute.

Computer Systems in the Pharmacy

- Small pharmacies typically use smart terminals that have their own storage and processing capabilities.
- Large drug chains typically use dumb terminals that are connected to a remote mainframe.



Computer Systems in the Pharmacy

est NRx

File Edit View New Reports Inventory A/R Facility Management Store Control System Utilities QS/1 Help

Log Out Rx Tasks Fill Profile Only Save Documents Verily NDC Clinical Check Access Files Pricing

Rx Summary: New Rx for DONALDSON, VANCE

General Information

Rx Number: 06XXXX

Patient: DONALDSON, VANCE

Charge: []

Prescriber: STEINBERG, VICTORIA

Primary: AETNA

USC Plan: CASH PRICING

Secondary: []

Tertiary: []

Drug: ACCUPRIL 10 MG TABLET

Generic: []

Sig: TAKE 1 TABLET BY MOUTH EVERY DAY.

HOA: [] Frequency: [] Cycle Fill: []

Rx Notes: []

Quantity Information

Authorized: 30 Days Supply: 30

Dispensed: 30 Refills Authorized: PRN

Remaining: 0 Refills Remaining: 1

Rx Dates

Last Filled: [] Written: 10/01/20XX

Stop: 10/01/20XX Original Rx: 10/01/20XX

Expiration: 10/01/20XX

Other Information

Auth Number: [] Status: Active

DAW: Y 0 - No Product S Special: []

Pricing Information


Price: \$4.97 Full Part

Acquisition: \$48.38 Secondary: \$0.00

Profit %: 13.63% Tertiary: \$0.00

Copy: \$0.00 Third Party: \$65.47

Drug Image



Additional Rx Information

Place of Service: []

Type of Service: []

Unit Dose: []

Rx Origin: 0 - Not Specifi

Messages

Primary Errors

Generic Available

Prescriber Phone Number - 512-555-2222

Allergies-PENICILLIN G

Policy#-ZVD996274633

HYPERTENSION

F7-Enter New Order, F6-Profile

NRx THE QS/1 PRODUCT FOR PHARMACY

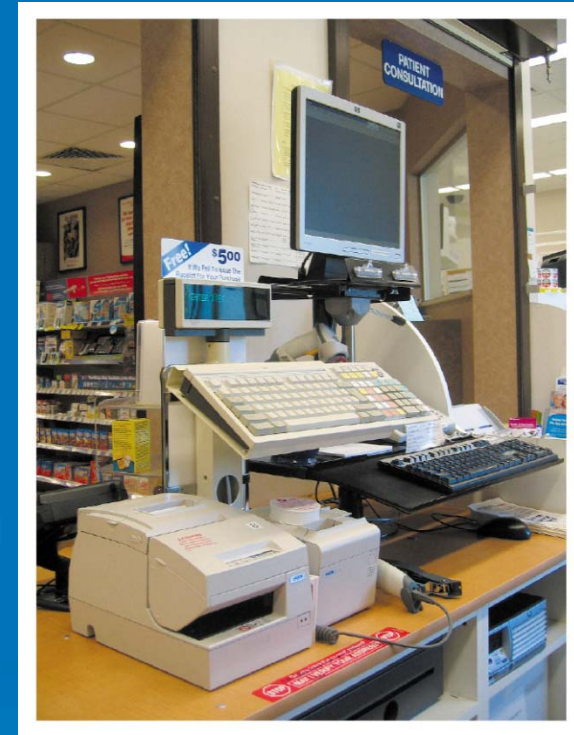
Computer Systems in the Pharmacy

Safety Note

Many pharmacy computer systems contain features that automatically warn of possible allergic reactions or adverse food or drug interactions based on information in the patient profile and on a database of known contraindications for given medications.

Cash Register Management

- The pharmacy technician is often responsible for collecting payment on transactions.
- Procedures for cash register management vary with each pharmacy.
- Large pharmacies often use barcode scanning at the cash register.



Cash Register Management

Cash transactions

- Change is usually allotted to each register at the start of the day.
- Registers usually calculate the amount of change needed for a transaction.



Cash Register Management

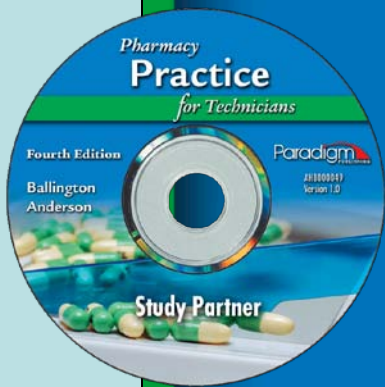
Personal check transactions

- Procedures vary with each pharmacy.
- The pharmacy technician must often ask for identification.
- The customer will be charged a fee for a returned check.
- Larger pharmacies may have a check reader that immediately debits the customer's checking account.

Cash Register Management

- Card transactions
- Scanning technology allows many types of cards to be swiped:
 - Credit cards – amount charged to credit account
 - Debit cards – amount deducted from bank account
 - Flex cards – medical credit card for prescription co-pays





Terms to Remember

Flex card

a medical and prescription insurance credit card



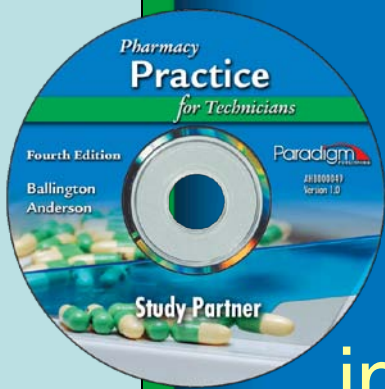
Cash Register Management

- The pharmacy technician should provide a receipt for every transaction.
- The pharmacy technician often has responsibility for reconciling sales receipts at the end of the day.
- The pharmacy technician must have good public relation skills:
 - Is the most accessible of the pharmacy staff
 - Has the final contact with the customer

Inventory Management

- Pharmacy inventory must be carefully maintained.
- An adequate stock of drugs is necessary to avoid customer inconvenience.
- Having too much stock should be avoided, as it takes up shelf space and hampers cash flow.





Terms to Remember

inventory

the entire stock of products on hand for sale at a given time

inventory value

the total value of the entire stock of products on hand for sale on a given day



Inventory Management



Inventory Management

Important issues regarding inventory management

- How much inventory to maintain
- When inventory levels should be adjusted
- Where inventory should be stored



Inventory Management

Managing inventory is an important role for the pharmacy technician and includes

- Restocking
- Proper labeling of shelves
- Locating stock
- Setting inventory reorder levels
- Rotating stock
- Checking expiration dates

Inventory Management

- Purchasing
- Receiving and posting
- Drug returns and credits
- Requirements for controlled substances
- Estimating drug inventory



Purchasing

Can be carried out

- Independently — pharmacist deals directly with the wholesaler
- As a group process — several independent pharmacies work together to negotiate discounts and favorable contract terms from wholesaler



Purchasing

Three primary purchasing methods

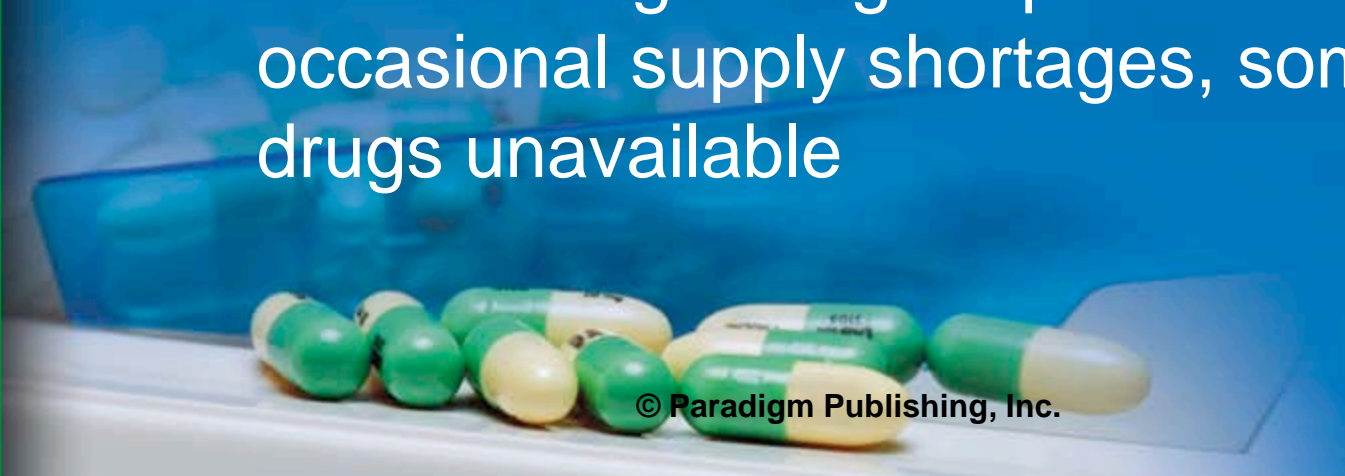
- Wholesale purchasing
- Just-in-time (JIT) purchasing
- Prime vendor purchasing



Purchasing

Wholesale purchasing

- Pharmacy uses a single source for all products.
- Advantages: reduces turnaround time, lowers inventory, convenient
- Disadvantages: higher purchase cost, occasional supply shortages, some drugs unavailable



Purchasing

Just-in-time (JIT) purchasing

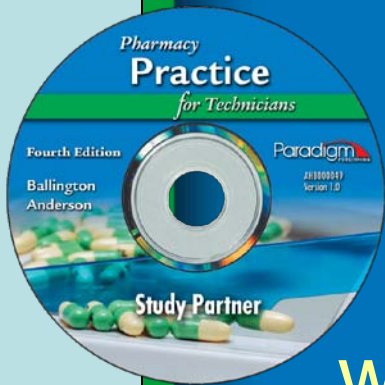
- Frequent purchasing in quantities that just barely meet supply needs
- Advantages: reduces inventory, reducing dollars committed to inventory
- Disadvantages: supplies must be readily available, needs must be accurately predicted

Purchasing

Prime vendor purchasing

- Exclusive agreement for a specified percentage or dollar volume
- Offers lower acquisition costs
- More common in hospital pharmacies





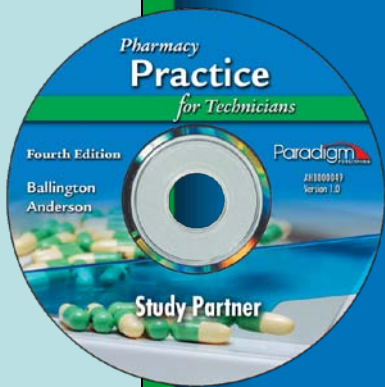
Terms to Remember

wholesaler purchasing

ordering drugs and supplies from a local vendor who delivers the product to the pharmacy on a daily basis

just-in-time (JIT) purchasing

frequent purchasing in quantities that just meet supply needs until the next ordering time



Terms to Remember

prime vendor purchasing

an agreement made by a pharmacy for a specified percentage or dollar volume of purchases



Purchasing

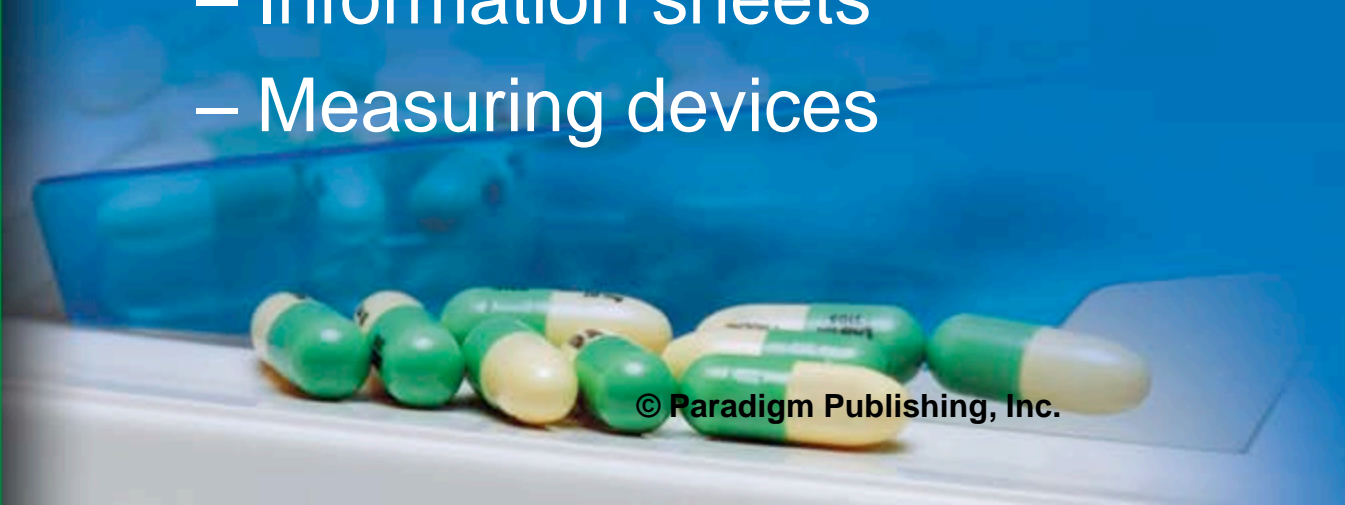
- Pharmacy technician will develop a good sense of how fast drug stocks are depleted.
- Inventory records based on usage and seasonal patterns can help with purchasing.
- Some pharmacies use software to automate the drug ordering process.



Purchasing

Pharmacy technician has other responsibilities for ordering and stocking prescription supplies:

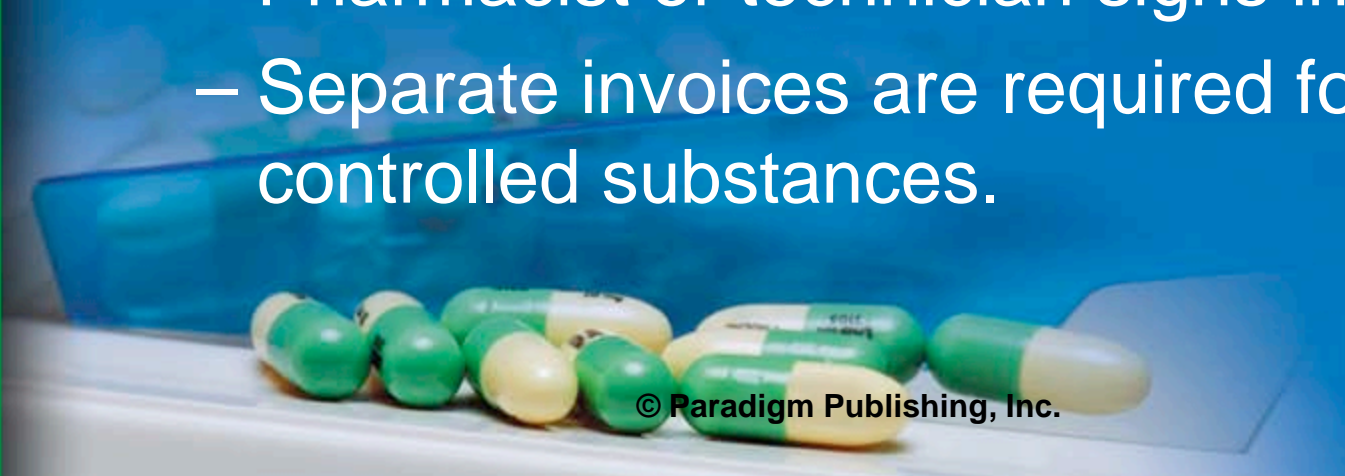
- Vials and bottles
- Medication and auxiliary labels
- Information sheets
- Measuring devices



Receiving and Posting

Physical delivery of products from wholesaler begins the process of receiving:

- Products must be checked against purchase order or requisition.
- Pharmacist or technician signs invoice.
- Separate invoices are required for controlled substances.

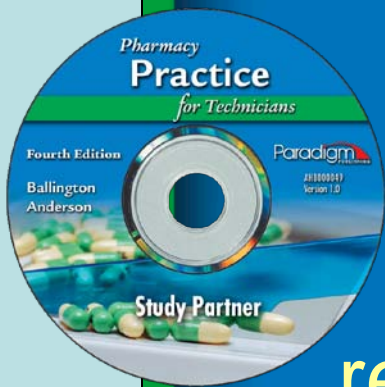


Receiving and Posting

Posting is the process of reconciling the invoice and updating inventory:

- Expiration dates must be checked.
- Products must be properly stored.
- Products must be shelved so that those with shortest expiration dates are used first.





Terms to Remember

receiving

a series of procedures for accepting the delivery of products to the pharmacy

posting

the process of reconciling the invoice and updating inventory



Drug Returns and Credits

Pharmacy technician is often responsible for handling drug returns due to

- Drug overstocks
- Expired drugs
- Drug recalls
- Reformulated drugs
- New drug packaging
- Drugs that are no longer manufactured

Drug Returns and Credits

- Prescription drugs returned by the consumer cannot be returned to stock.
- For recalls, the patient can return the drug for credit or refund.
- Returned drugs should be disposed of per pharmacy policy.



Drug Returns and Credits

Safety Note

Prescription vials returned by the patient cannot be returned to stock, even if they are unopened.



Requirements for Controlled Substances

For controlled substances, the CSA defines

- Procedures for purchases and receiving
- Requirements for inventory and recordkeeping



Requirements for Controlled Substances

Schedule III, IV, and V drugs

- In most pharmacies, the technician can order Schedule III–V drugs.
- Pharmacist must verify receipt of drugs.
- Prescriptions and records are usually kept separate from other records.

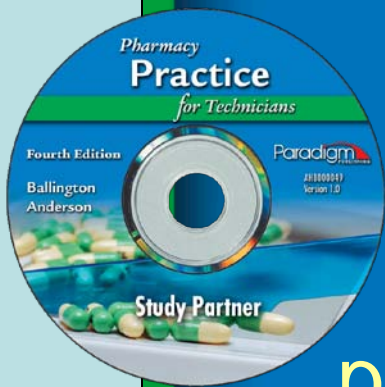


Requirements for Controlled Substances

Schedule II drugs

- Drugs are received in a special tote with an unbroken seal.
- Pharmacist must break the seal and verify contents.
- Pharmacist is usually responsible for receipt and storage.
- Drugs are often inventoried using a perpetual inventory system.





Terms to Remember

perpetual inventory record

unit-by-unit accountability, often required for Schedule II controlled inventory records



Requirements for Controlled Substances

See Reverse of PURCHASER'S Copy for Instructions		No order form may be issued for Schedule I and II substances unless a completed application form has been received, (21 CFR 1305.04).		OMB APPROVAL No. 1117-0010		
TO: (Name of Supplier)			STREET ADDRESS			
CITY and STATE		DATE		TO BE FILLED IN BY SUPPLIER		
				SUPPLIERS DEA REGISTRATION No.		
L I N E N o.	TO BE FILLED IN BY PURCHASER					
	No. of Packages	Size of Package	Name of Item	National Drug Code	Packages Shipped	Date Shipped
	1					
	2					
	3					
	4					
	5					
	6					
	7					
	8					
	9					
10						
LAST LINE COMPLETED (MUST BE 10 OR LESS)			SIGNATURE OF PURCHASER OR ATTORNEY OR AGENT			
Date Issued		DEA Registration No.		Name and Address of Registrant		
Schedules						
Registered as a		No. of this Order Form				
DEA Form -222 (Oct. 1992)		U.S. OFFICIAL ORDER FORMS - SCHEDULES I & II				
		DRUG ENFORCEMENT ADMINISTRATION				
		SUPPLIER'S Copy 1				

Requirements for Controlled Substances

Schedule II drugs

- Purchases must be authorized by pharmacist and recorded on DEA 222 form.
- Pharmacy must maintain complete and accurate records.
- Records must be kept separate and be readily available for inspection.



Requirements for Controlled Substances

See Reverse of PURCHASER'S Copy for Instructions		No order form may be issued for Schedule I and II substances unless a completed application form has been received, (21 CFR 1305.04).		OMB APPROVAL No. 1117-0010		
TO: (Name of Supplier)			STREET ADDRESS			
CITY and STATE		DATE		TO BE FILLED IN BY SUPPLIER		
TO BE FILLED IN BY PURCHASER			SUPPLIER'S DEA REGISTRATION No.			
LINE No.	No. of Packages	Size of Package	Name of Item	National Drug Code	Packages Shipped	Date Shipped
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
LAST LINE COMPLETED (MUST BE 10 OR LESS)			SIGNATURE OF PURCHASER OR ATTORNEY OR AGENT			
Date Issued		DEA Registration No.		Name and Address of Registrant		
Schedules						
Registered as a		No. of this Order Form				
DEA Form -222 (Oct. 1992)		U.S. OFFICIAL ORDER FORMS - SCHEDULES I & II				
		DRUG ENFORCEMENT ADMINISTRATION				
		SUPPLIER'S Copy 1				

Estimating Drug Inventory

- Pharmacies often have between \$150,000 and \$300,000 in inventory on the shelves.
- Excessive inventory is a cost to the pharmacy:
 - Hinders cash flow
 - Increased wastage due to expiration
 - Increased likelihood of theft



Estimating Drug Inventory

- Pharmacy technician should take a periodic physical inventory:
 - Helps determine average inventory and turnover rate
 - Is used to make adjustments in stock levels
- Unopened bottles get full credit; opened bottles are assumed to be half-full.



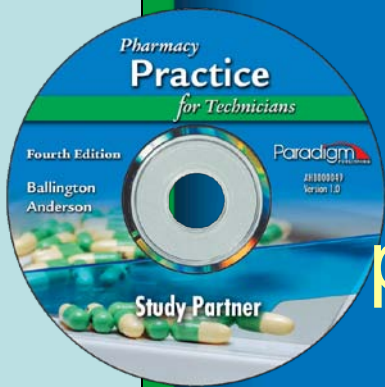
Estimating Drug Inventory

- DEA requires complete inventory of controlled substances every two years.
- Prescription records must be maintained for at least two years.
- Disposal of controlled substances must be recorded, witnessed, and signed by the pharmacist.



Business Math Used in Pharmacy Practice

- Like all businesses, pharmacies must make a profit.
- Pharmacy technician plays a key role in ensuring profitability.
- Pharmacy technician must master the mathematical skills used in calculating
 - Markups
 - Discounts
 - Average wholesale prices (AWP)



Terms to Remember

profit

the amount of revenue received that exceeds the expense of the sold product

markup

the difference between the purchase price and the selling price; also called gross profit

gross profit

the difference between the purchase price and the selling price; also called markup

Business Math Used in Pharmacy Practice

- Markup
- Discount
- Average Wholesale Price Applications



Markup

- Pharmacies purchase their products at one price and sell them at a higher price.
- The difference is called the markup or gross profit.
- Formula: $\text{selling price} - \text{purchase price} = \text{markup}$
- Prescription pricing is subject to government regulation and marketplace competition.



Discount

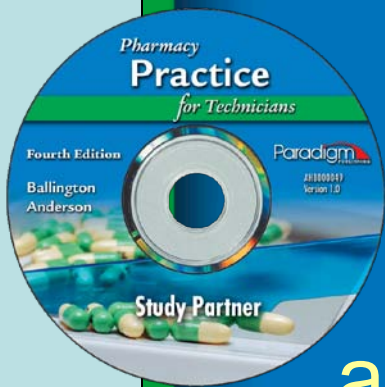
- The reduction when a wholesaler offers an item to a pharmacy at a reduced price
- Sometimes passed along to the consumer
- Sometimes used to help offset expenses
- Formula: purchase price x discount rate = discount



Average Wholesale Price Applications

- Average wholesale price (AWP) is the average price that wholesalers charge the pharmacy.
- HMOs and insurance companies reimburse pharmacies based on AWP.
- Pharmacies have an incentive to purchase drugs at prices as far below AWP as possible.



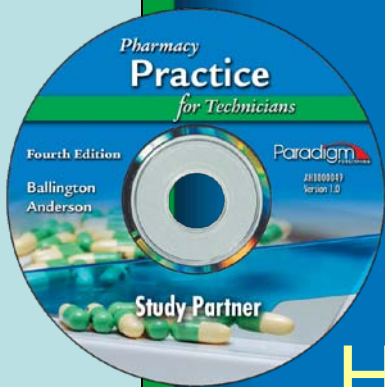


Terms to Remember

average wholesale price (AWP)

the average price that wholesalers charge the pharmacy for a drug



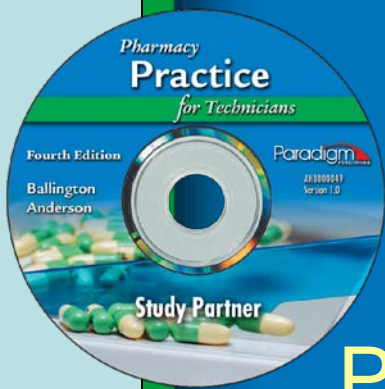


Health Insurance

Health insurance is coverage of incurred medical costs.

Most patients have medical and drug insurance coverage from a private company.

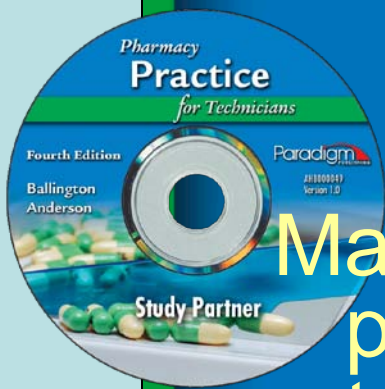
Cost of health care and health insurance is rising faster than inflation.



Health Insurance

- Prescription insurance plans
- Receiving and entering insurance information
- Calculating medication amount and days supply
- Processing prescription drug claims
- Billing prescription drug claims





Prescription Insurance Plans

Many insurance companies use a prescription benefits manager (PBM) to process drug claims.

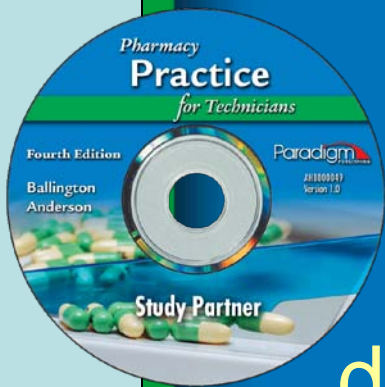
Terms a pharmacy technician must know

Deductible is the amount that must be paid by the insured.

Co-payment is the flat amount the patient must pay for each prescription.

Co-insurance is a plan where the patient pays a percentage of the prescription price.

Tiered co-pay features escalating costs for generic, preferred, and nonpreferred drugs.



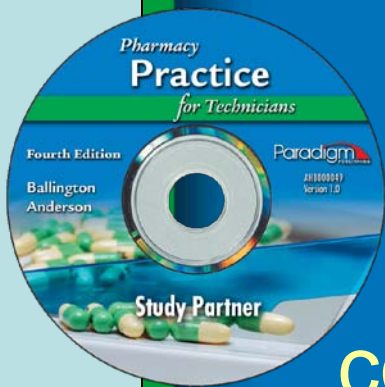
Terms to Remember

deductible

an amount that must be paid by the insured before the insurance company considers paying its portion of a medical or drug cost

co-payment (co-pay)

the amount that the patient is to pay for each prescription



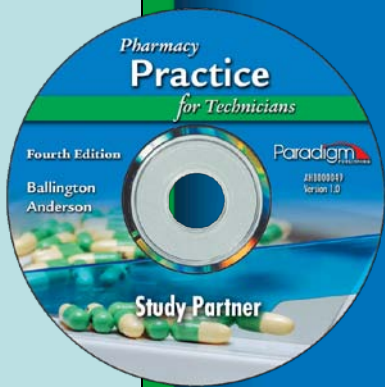
Terms to Remember

co-insurance

a percentage-based insurance plan whereby the patient must pay a certain percentage of the prescription price

tiered co-pay

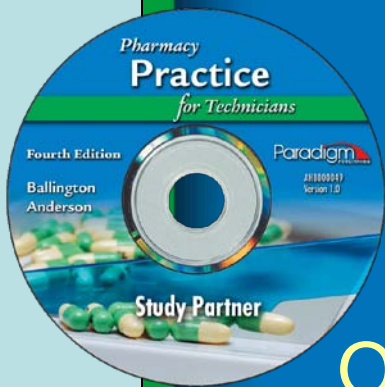
an escalating cost or co-pay for a generic drug, a preferred brand name drug, and a nonpreferred brand name drug



Terms to Remember

prescription benefits manager (PBM)

a company that administers drug benefits from many insurance companies



Prescription Insurance Plans

Online adjudication uses electronic communication to process prescription claims

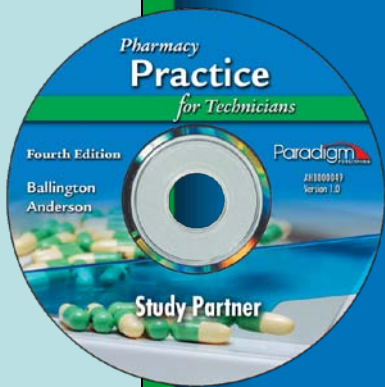
When billed to a PBM, the pharmacy finds out immediately

What amount to charge the patient

How much the pharmacy will be reimbursed

If the cost is not covered

Whether a deductible must be met first

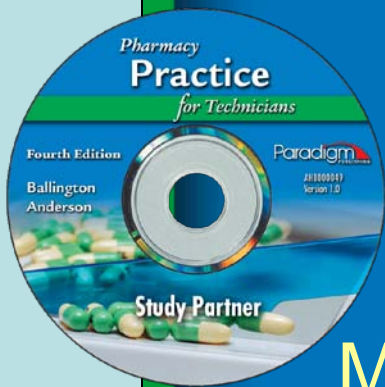


Terms to Remember

online adjudication

real-time insurance claims processing
via wireless telecommunications



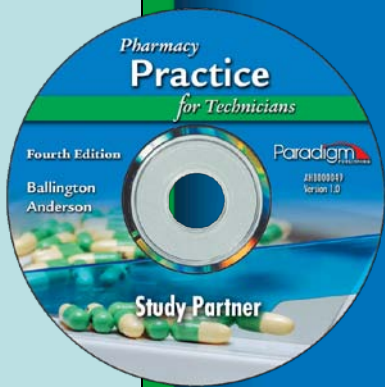


Prescription Insurance Plans

Medicaid is operated by each state and subsidizes health care for indigent and disabled citizens.

State reimbursement to pharmacies is generally limited to “usual and customary charges.”

Some community pharmacies elect not to participate in Medicaid coverage due to low reimbursement rates or other factors.

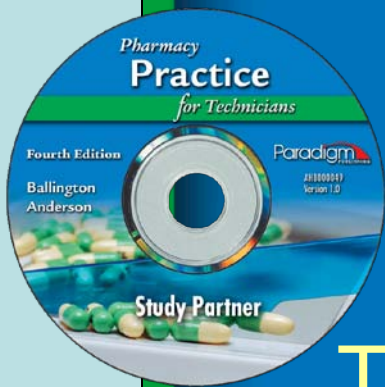


Terms to Remember

Medicaid

a state government health insurance program for low-income and disabled citizens

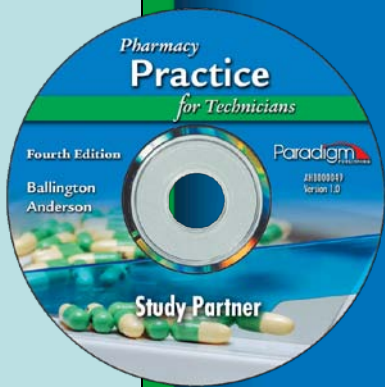




Prescription Insurance Plans

Tricare is a federal plan that provides health and drug coverage to members of the military and their families.

Features low co-pays and usually covers 90 day supplies of medications.



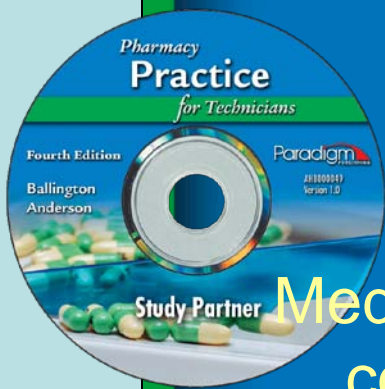
Terms to Remember

Tricare

a federal government health insurance program for active and retired military and their dependents



Prescription Insurance Plans

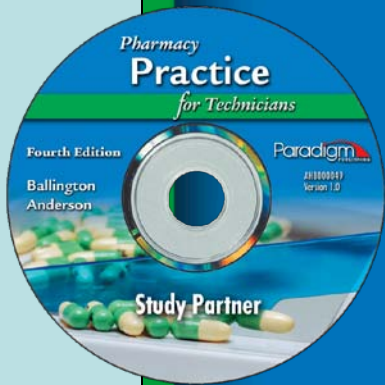


Medicare Part D allows eligible patients to add drug coverage to their health coverage.

Program is voluntary; patients may continue current drug coverage.

Program is complex; there are many choices for coverage, but participants usually save 25 to 30% on prescriptions.

Program contains a gap in coverage (“doughnut hole”) when yearly drug costs are between \$3000 and \$5500.



Terms to Remember

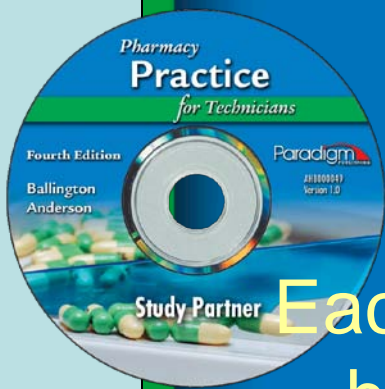
Medicare Part D

a voluntary insurance program that provides partial coverage of prescriptions for patients who are eligible for Medicare

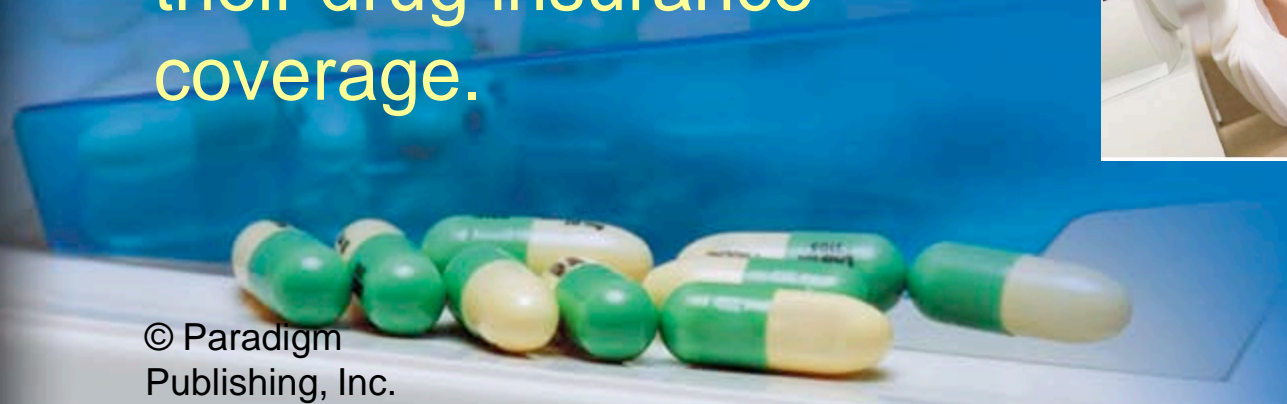
doughnut hole

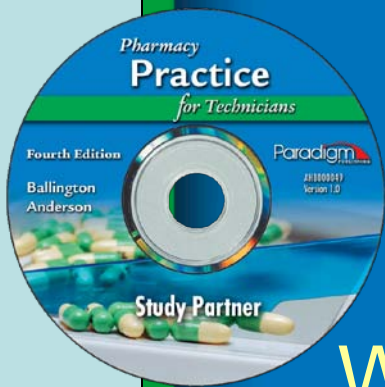
insurance coverage gap in Medicare Part D programs by which the patient must pay 100% of the cost of the medication

Prescription Insurance Plans



Each Medicare Part D plan has a different list of lower-cost preferred drugs. Most plans fully cover generic drugs. Pharmacy technician can help patients understand their drug insurance coverage.



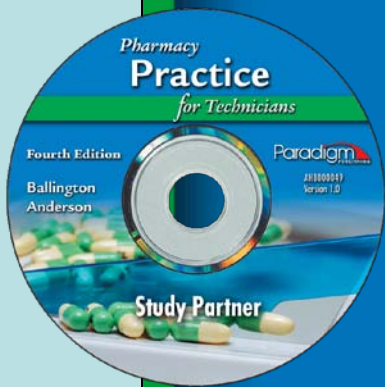


Prescription Insurance Plans

Workers' compensation provides temporary insurance to employees injured at work.

Drug coverage is usually limited to what is needed to treat the injury.

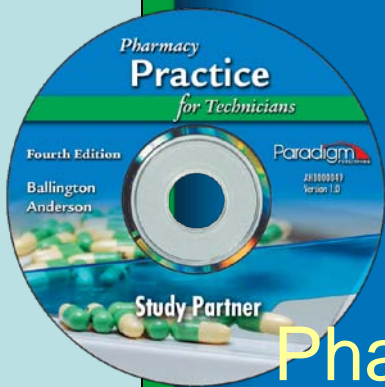
Workers' compensation claim is usually entered as the secondary insurer.



Terms to Remember

workers' compensation

insurance provided for a patient with a medical injury from a job-related accident; also called workers' comp

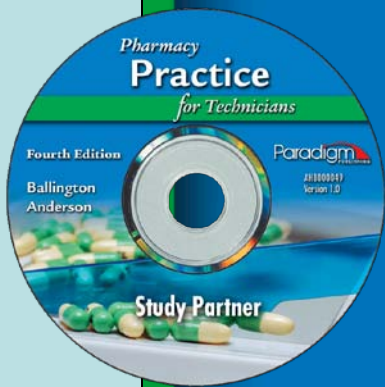


Prescription Insurance Plans

Pharmacy technician must sometimes coordinate benefits between a patient's primary and secondary drug insurance plan.

Method of resolution depends on pharmacy software.

Pharmacy technician should learn about the various insurance plans and their interface with the pharmacy software.

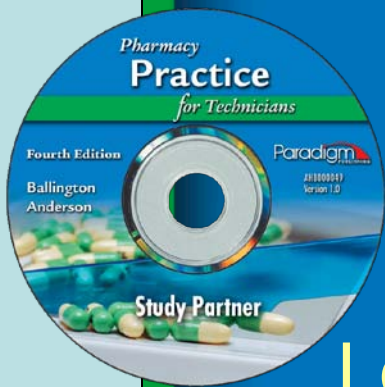


Terms to Remember

coordination of benefits (COB)

online billing of both a primary and a secondary insurer



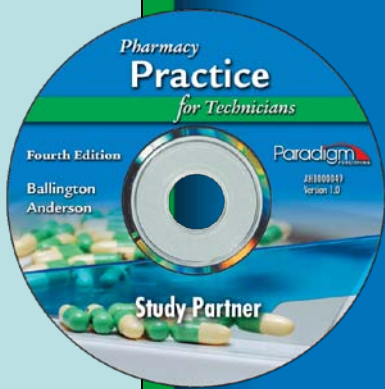


Receiving and Entering Insurance Information

Learning the details of various insurance plans is one of the pharmacy technician's most challenging tasks.

The technician should carefully review information on the patient's prescription insurance card.

Information must be collected or updated for each new patient and each change in insurance coverage.



Receiving and Entering Insurance Information

patient identification

person code

Central Healthcare

Subscriber ID #: 158718778

FastRX

Rx BIN: 410016

Gail Millen 01

Kim Millen 02

Kali Millen 03

Trevor Millen 04

PCN: AZ109

Group: UDrug

Effective Date: 01/01/20XX

Co-pay: \$5 generic, \$30 preferred brand, \$50 non-preferred brand

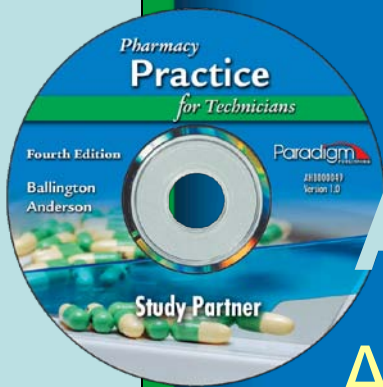
Rx plan provider (PBM)

BIN number

processor control number

group





Calculating Medication Amount and Days Supply

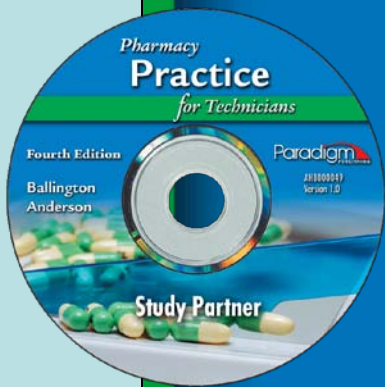
A days supply is the time a given amount of medication lasts.

Properly calculating the days supply is a very important skill.

If not accurately calculated and submitted to the insurer

Claim may be denied

Pharmacy may not be reimbursed

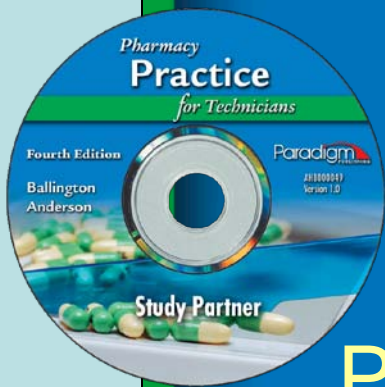


Terms to Remember

days supply

refers to duration of time for prescription dispensed for online billing of insurance; in other words Amoxicillin 500 mg tid #21 equals a 7 day supply of medication





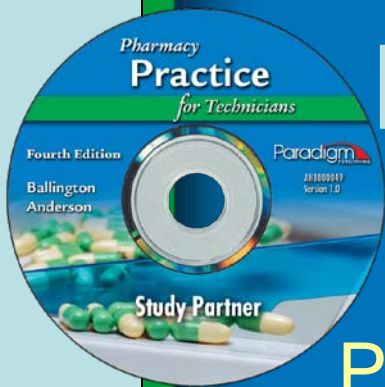
Processing Prescription Drug Claims

Pharmacy technician should be aware of several potential errors in processing drug claims:

Customer name that does not precisely match the database

Discrepant date of birth

Incorrect days supply of medication



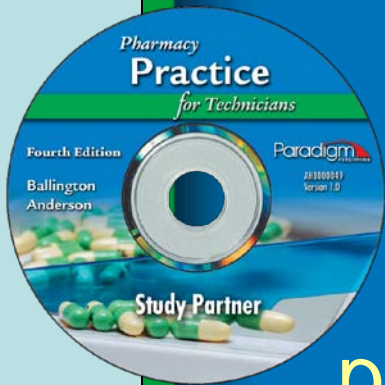
Billing Prescription Drug Claims

Pharmacy usually directly bills customer's insurance plan.

Some patients may use a drug discount card or coupon.

Medication not covered by drug insurance may require prior authorization.

Claims that are difficult to resolve may require pharmacy technician to telephone insurer directly.



Terms to Remember

prior authorization (PA)

approval for coverage of a high-cost medication or a medication not on the insurer's approved formulary, obtained after a prescriber calls the insurer to justify the use of the drug; must be obtained before the drug is dispensed by the pharmacy in order to be covered by insurance