

A *DSN* Special Report

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Amid shifting healthcare priorities, pharmacy retailers forge new alliances

By Jim Frederick

Having trouble predicting the course of the retail pharmacy business over the next year or two, and how to budget for the shifting realities of a healthcare economy in flux? You're not alone. Uncertainty and disruption have become the new norms for retail pharmacy and the entire U.S. healthcare system. Chain and independent pharmacies are seeing modest growth in prescription revenues and in some front-end categories, such as beauty, OTC remedies, personal care, convenience foods and home health, but they're competing within a choppy sales environment.

They're trying to navigate a shifting health system roiled by the prospect of major changes in federal health policy, an uncertain reimbursement scenario for prescription revenues and pharmacy services, and the murky but growing impact of a globalizing economy, notwithstanding President Donald Trump's "America first" efforts to curb importation.

The forces disrupting healthcare delivery and pharmacy retailing keep multiplying, and they aren't hard to spot. Among them are:

- The Trump administration and a Republican-controlled Congress are driving a coordinated assault on Obamacare. Efforts to roll back the Affordable Care Act culminated with passage in May of the American Health Care Act by the Republican-controlled U.S. House of Representatives. The bill would mean drastic changes to the current health system, cutting some \$880 billion from the Medicaid program over the next decade, and potentially eliminating health coverage and prescription benefits for millions of current beneficiaries. The bill also would reduce or eliminate some coverage requirements for insurance companies, shrink coverage options for patients with pre-existing conditions and scramble the federal reimbursement system by which pharmacies are paid for filling Medicaid prescriptions.
- At press time, the Senate was mulling passage of its own, less impactful version of the AHCA. The Senate measure would include a more gradual reduction in Medicaid benefits and other modifications, but could still mean a major reduction in health coverage for millions of Americans insured under the Affordable Care Act — and a corresponding loss of prescription

Dispensing location by invoice spending*

INVOICE SPENDING	2012	2013	2014	2015	2016
Chain Stores	\$106.3	\$108.5	\$121.8	\$131.0	\$138.1
Mail Service	60.9	65.6	82.3	98.1	105.3
Independent	36.5	36.9	42.1	47.9	49.8
Food Stores	23.6	26.2	26.8	30.0	29.5
TOTAL RETAIL AND MAIL	\$227.4	\$237.2	\$272.9	\$307.1	\$322.7
Clinics	39.5	42.5	48.4	56.1	63.1
Non-Federal Hospitals	28.1	28.5	30.0	33.0	34.3
Long-Term Care	13.9	14.1	16.2	16.6	16.7
HMO	2.8	3.1	3.9	4.8	5.2
Home Health Care	2.7	2.8	3.4	3.8	3.9
Federal Facilities	2.5	2.4	2.7	2.6	2.9
Miscellaneous	0.9	0.9	1.0	1.2	1.3
TOTAL NON-RETAIL	\$90.4	\$94.3	\$105.6	\$118.2	\$127.3
TOTAL U.S. MARKET	\$317.8	\$331.5	\$378.5	\$425.3	\$450.0

* In millions
 Note: Spending is based on QuintilesIMS National Sales Perspectives and is not adjusted for estimates of off-invoice discounts and rebates. Includes prescription-bound products including insulin products and excluding other products such as OTC. QuintilesIMS routinely updates its national audits, which may result in changes to previously reported market size and growth rates.
 Source: QuintilesIMS, National Sales Perspectives, Dec. 2016

business for U.S. pharmacies.

- Under the new budget proposed by the White House and advanced by Republican lawmakers, such federal health agencies as the Food and Drug Administration, the Centers for Disease Control and Prevention and the National Institutes of Health are in line for deep spending cuts.
- President Trump has promised to attack rising prescription drug prices, and is expected to unveil proposals to curb drug costs by using whatever federal levers are available, including allowing Medicare to negotiate acquisition costs.

Together, these and other developments have created an "extraordinary political and public policy landscape" in which to conduct the business of retail pharmacy, noted Steve Anderson, president and CEO of the National

Association of Chain Drug Stores.

"Uncertainty is among the characteristics defining the current healthcare policy environment," Anderson said. "But if affordability, accessibility, quality, innovation, responsiveness and choices are among the standards that will be applied to any future changes, pharmacy has strong legs to stand on — and NACDS intends to make pharmacy's case with absolute passion and clarity."

Beyond looming policy and regulatory changes, pharmacy retailers also are grappling a number of other issues. An aging population, a worrisome rise in chronic diseases, the continuing shift from fee-for-service to preventive care and outcomes-based health payments, the ongoing battle for professional recognition, and the growing demand for pharmacy-

based health services as the shortage of primary care physicians intensifies are just a few of the transformative forces at work.

Also roiling the competitive arena is the revolutionary shift in drug research and development as manufacturers focus their research-and-development efforts on bioengineering, genomics and highly targeted specialty medicines.

A bulwark against competition: Marshaling pharmacy's resources

Taken together, all those forces herald both promise and peril for the retail pharmacy industry. "The simple truth is we're experiencing the most dynamic and rapid change in the history of health care," noted Cardinal Health chairman and CEO George Barrett.

Nevertheless, Martin Otto, chief merchant and CFO of Texas supermarket and pharmacy powerhouse H-E-B, said, "There is a huge opportunity for pharmacy to step in and meet unmet needs by saving costs through adding services to patients that they're not getting elsewhere and, in so doing, improving health care."

Otto, recently elected 2017-18 board chairman of NACDS, joined Anderson at the organization's Annual Meeting in April to unveil a new initiative called "Future Value Targeting," aimed at marshaling community pharmacy's efforts to tackle the nation's health challenges in the broader context of its societal and economic realities. "It is vital to pursue a more sustainable approach to healthcare delivery in ways that will make it possible to also address pressing issues in education, poverty, nutrition and more," Otto said.

To thrive in the new era of team-based, integrated and evidence-based health care, retail pharmacy continues to reinvent itself. Such pharmacist-delivered patient care services as diagnostic screenings, immunizations and medication therapy management continue to expand across every retail channel.

Equally significant, pharmacy operators are pursuing collaborative care partnerships with local hospitals and regional health systems throughout the United States. In the process, they're establishing a more secure and well-defined role for pharmacists as health professionals contributing to a continuum of care for post-discharge patients transitioning from the hospital to the home, as well as for patients at large.

These rapidly expanding efforts at "partnering more broadly" with insurers, other health providers and health plan sponsors are creating "some exciting opportunities," noted CVS Health president and CEO Larry Merlo

Dispensed prescriptions* by location unadjusted for prescription length

DISPENSED PRESCRIPTIONS	2012	2013	2014	2015	2016
Chain Stores	2,302	2,384	2,474	2,523	2,564
Independent	737	736	738	739	740
Food Stores	521	516	515	522	556
Mail Service	262	232	212	204	206
TOTAL RETAIL AND MAIL	3,822	3,868	3,939	3,988	4,066
Long-Term Care	332	367	386	380	387
TOTAL NON-RETAIL	332	367	386	380	387
TOTAL U.S. MARKET	4,154	4,235	4,325	4,368	4,453

* In millions

Note: Includes prescriptions and insulins dispensed through chain and independent pharmacies, food store pharmacies, mail service pharmacies and long-term care facilities. QuintilesIMS routinely updates its national audits, which may result in changes to previously reported market size and growth rates. Adjusted prescription counts are adjusted for length of prescriptions and re-aggregated, with prescriptions for 84 days supply or more factored by three, and those under 84 days unchanged.

Source: QuintilesIMS, National Prescription Audit, Dec. 2016; QuintilesIMS Institute

Dispensing* by payment type for retail prescriptions

DISPENSED PRESCRIPTIONS	2012	2013	2014	2015	2016
Commercial Third Party	57.0%	54.6%	52.9%	52.1%	51.3%
Medicare Part D	23.1	25.5	26.1	26.3	26.9
Medicaid	11.2	10.9	12.4	13.5	14.1
Cash	8.7	9.0	8.6	8.1	7.7
TOTAL RETAIL PRESCRIPTIONS	4,154	4,235	4,325	4,368	4,453

* In millions

Note: Report reflects prescription-bound products including insulins and excluding other products such as OTC. PayerTrak provides payer-type segmentation for retail prescriptions only. Medicaid includes both Fee for Service and Managed Medicaid.

Source: QuintilesIMS, National Prescription Audit, PayerTrak, Dec 2016

in a mid-May conference call with analysts. "The opportunity is not just in terms of what we can do across our pharmacies, but [other patient-care services, such as] ... infusion in the home, the role of MinuteClinic [and] long-term care," Merlo said.

Those and other collaborative care initiatives provide a bulwark for pharmacy retailers against potential new sources of competition, such as Amazon, which has signaled its interest in the pharmacy arena. The behemoth of web-based marketing reportedly is mulling a potentially disruptive move into online prescription sales.

However, *Forbes* magazine noted recently,

"Any competition from Amazon comes at a time drug store chains are forming closer ties with health insurers and employers looking at better ways to coordinate the delivery of medical care. The trend in health care is toward value-based models and population health that require Walgreens, CVS and other pharmacies to have relationships with doctors and other providers in the community that have existed for decades."

"For Amazon to be successful ..., that's going to be tough to do given the online retailer lacks ties to health insurers and medical care providers that have footholds in their markets," *Forbes* reported.

Profiles of leading pharmacy retailers

With more than \$250 billion in pharmacy sales and nearly 59,000 pharmacies, the DSN PowerRx list represents nearly 80% of the total retail pharmacy business. And with the rise of more consumer-centered health care, they are creating innovative programs and entering healthcare partnerships to move beyond dispensing and expand their role in the U.S. healthcare delivery system.

RANK	COMPANY	2016 Rx SALES*	2016 TOTAL CORP. SALES*	TOTAL STORES	STORES WITH Rx	PAGE
1	CVS Health ¹	\$60,800	\$177,500	9,709	9,654	5
2	Walgreens ²	56,500	83,800	8,175	8,175	6
3	Cardinal Health	19,400	20,900	8,100	8,100	8
4	Walmart ³	18,500	307,800	4,672	4,644	9
5	Rite Aid ⁴	18,200	26,400	4,547	4,547	10
6	Health Mart	10,200	11,100	4,834	4,834	11
7	Kroger	9,800	115,300	2,796	2,255	12
8	Good Neighbor Pharmacy	8,500	8,700	4,800	4,800	13
9	AAP	5,600	6,100	2,252	2,252	14
10	Albertsons	5,300	58,700	2,320	1,785	15
11	Diplomat ⁵	4,400	4,400	25	25	16
12	Ahold Delhaize	3,200	34,100	1,990	772	17
13	Costco ⁶	2,600	86,600	508	501	18
14	Publix	2,100	34,000	1,144	1,020	19
15	Medicine Shoppe ⁷	1,900	2,000	515	515	20
16	Sam's Club ⁸	1,800	57,400	661	625	21
17	H-E-B ⁹	1,800	23,800	384	261	22
18	Hy-Vee ¹⁰	1,200	9,800	244	250	23
19	Genoa	1,190	1,200	357	357	24
20	Kmart ¹¹	1,100	8,700	735	451	25
21	Fred's ¹²	1,000	2,100	601	350	26
22	Southeastern Grocers	1,000	11,100	730	504	27
23	Giant Eagle	930	9,300	218	216	28
24	Meijer ¹³	895	17,900	238	238	29
25	Wegmans	807	8,300	92	92	30
26	Wakefern Food	768	16,000	345	229	31
27	Shopko	660	3,400	381	270	32
28	CARE Pharmacies	655	689	82	82	33
29	Kinney Drugs	519	719	98	98	34

* All sales in millions; reflect most recent fiscal year

FOOTNOTES FOR TOP PHARMACY RETAILERS

- CVS Health revenue includes pharmacy services (PBM) segment revenues of \$120 billion and retail segment revenues of \$81 billion; Store count as of Dec. 31, 2016, includes CVS Pharmacy in Target locations
- Includes only U.S. retail pharmacies
- For fiscal year 2017 ended Jan. 31; Including 3,522 supercenters, 415 discount stores, 699 Neighborhood Markets and 36 small-format units
- Retail pharmacy segment for FY2017
- Not including central distribution and headquarters
- U.S. operations for fiscal year ended Aug. 28, 2016; U.S. and Puerto Rico stores as of March. Pharmacy total includes specialty, mail order and central fill pharmacies
- U.S. Medicine Shoppe and Medicap stores only. International total: 231 Medicine Shoppe units in four countries outside the United States.
- For fiscal year ended Jan. 31; As of March 30
- Including Central Market, Mi Tienda and Joe V's Smart Shop stores in Texas and 56 H-E-B/Supermercados Internacionales stores in Mexico
- Includes Hy-Vee stores w/pharmacies, Hy-Vee Drugstores and satellite locations. In addition, Amber Pharmacy, Hy-Vee's specialty pharmacy, has seven locations; Hy-Vee fiscal year runs from Oct. 1 through Sept. 30.
- Kmart only; As of fiscal-year end on Jan. 28
- Fiscal year 2016 ended Jan. 28
- In the 2016 DSN PowerRx 50 Report, Meijer's pharmacy sales were listed as \$769.3 million. The actual number was \$880 million. DSN regrets this error.
- Fiscal year 2016 ended Feb. 27, includes retail sales of \$4.8 billion, wholesale sales of \$7.9 billion and Save-A-Lot sales of \$4.6 billion
- Includes Discount Drug Mart and subsidiaries; Projected figure for fiscal year ended March 31
- Does not include Schnucks' seven specialty pharmacies
- Includes grocery/convenience stores and free-standing pharmacy, tobacco and petro locations

		2016 Rx SALES*	2016 TOTAL CORP. SALES*	TOTAL STORES	STORES WITH Rx	PAGE
30	Supervalu ¹⁴	\$514	\$17,530	217	200	35
31	Thrifty White	390	413	94	93	36
32	Discount Drug Mart ¹⁵	314	686	73	73	37
33	Brookshire Grocery	313	2,500	177	119	38
34	Raley's	298	3,200	120	96	39
35	Weis Markets	298	3,100	204	138	40
36	Bartell Drugs	281	503	65	65	41
37	Sav-Mor	280	330	65	65	NA
38	Schnuck's Markets ¹⁶	245	2,700	100	95	42
39	Aurora Pharmacy ¹⁸	243	256	71	71	43
40	Brookshire Bros. ¹⁷	240	1,200	115	74	44
41	Lewis Drug	170	225	53	51	45
42	Marc's	169	1,350	58	49	NA
43	Benzer Pharmacy	168	168	71	71	46
44	Price Chopper	152	3,800	136	86	47
45	Tops	152	2,500	172	56	48
46	Fruth Pharmacy	107	125	30	30	49
47	Hi-School	105	150	35	30	50
48	Bashas'	99	1,700	120	44	51
49	Ritzman Pharmacy	80	82	21	21	52
50	Pharmaca	73	140	29	26	53

Health-forward transformation continues

If you could pick only one headline regarding CVS Health over the past year, the conversion of all 1,669 pharmacies and 79 clinics acquired from Target in 2015 to CVS Pharmacy locations would be a good one.

To be sure, those efforts are paying off. In the former Target pharmacy locations, script counts are up, CVS Health president and CEO Larry Merlo told analysts during a February earnings call.

But certainly that isn't the only news the company made in 2016. In its own stores, CVS continues its health-forward transformation in the wake of its 2014 decision to stop selling tobacco products, and repositioning CVS Pharmacy as a leading health and beauty destination. In 2014, health and beauty products comprised less than half of the CVS in-store mix, but company executives believe health and beauty could be a much bigger part of the business, with a goal to make it up to 80% of the assortment in the years to come, CVS Pharmacy president Helena Foulkes told investors during the company's December analyst meeting. "Health and beauty products are closely tied to pharmacy," she said. "They also have 1.7 times more profit than other categories."

To make up the \$2 billion loss of tobacco sales, the company in 2015 set about a five-point strategic plan, outlined below, to drive long-term growth and profitability in its stores.

Better Health Made Easy: In 2015, CVS added healthier food offerings in 500 stores. The move is "driving growth and has been well-received by customers," Foulkes told *DSN* last fall. CVS planned to expand the healthy foods assortment to an additional 2,900 stores.

In February, CVS upped the ante, becoming the first national drug chain to remove products containing partially hydrogenated oils from all of its own-brand food products.

CVS also introduced a number of new merchandising features, including special "Discovery Zones" throughout the store to highlight emerging new products; and new endcaps at the front of the store that help raise visibility for OTC health and wellness. In all, these changes — now in some 400 stores — have improved run rates in consumables (up 9%), as well as beauty (up 4%) and health (up 2%), Foulkes noted in December.

Elevate Beauty: Enhancing department visibility and



product selection in cosmetics and skin care, CVS has introduced its new look in beauty in more than 2,000 stores, and adding some 1,200 new products.

Stores that received the new Elevate Beauty changes saw growth of about 3% compared with stores that did not receive the changes, CVS executives told *DSN*.

In 2016, CVS raised the stakes, rolling out an amplified Beauty Service program in about 900 stores that redefined the role and responsibilities of its in-store beauty advisors, spending less time on store tasks and more time helping customers.

MyCVS: Expanding and refining its store clustering initiative, CVS has introduced its new CVS Pharmacy y más format in 20 locations thus far in Miami and Los Angeles.

The company planned to extend y Mas further in California, Florida and two new states — Texas and New Mexico.

Personalization and digital innovation: CVS is using digital technology to personalize the individual shopping

CVS

HQ: Woonsocket, R.I.
2016 sales: \$177.5 billion*
% change vs. 2015: 15.8%
No. of stores: 9,709**
No. of stores with Rx: 9,654**
Avg. store size: 10,500 sq. ft.***
Rx sales: \$60.8 billion
% of sales from Rx: 75%
Sales per store: NA

* CVS Health revenue includes pharmacy services (PBM) segment revenues of \$120 billion and retail segment revenues of \$81 billion

** Store count as of Dec. 31, 2016, includes CVS Pharmacy in Target locations

*** Range in size from approximately 5,000 to 30,000 sq. ft., although most new stores range in size from approximately 11,000 to 15,000 sq. ft. Pharmacies within Target stores range in size from approximately 450 to 1,100 sq. ft.

Source: Company reports

experience. Its industry-pioneering ExtraCare loyalty program is focused increasingly on personalized offers to its best customers.

Meanwhile, the company's dedicated Digital Innovation Lab in South Boston is allowing CVS to move quickly to rapidly test, improve and implement new programs, such as CVS Curbside and CVS Pay, both of which debuted in 2016.

Leveraging assets via collaboration

Walgreens Boots Alliance in the past year has implemented “a new way of thinking” across the upper echelons of the company. “We’re focused on working in partnership to provide a better, more efficient and more effective approach [to health care] within the United States,” Stefano Pessina, executive vice chairman and CEO, Walgreens Boots Alliance, told shareholders at the top of the year.

Health care in the United States is a juxtaposition of interests — significantly improve access and quality to care and, at the same time, reduce costs, Pessina said. It’s providing more for less, and that’s best accomplished through collaborative partnerships.

In the past year, the Deerfield, Ill.-based retailer negotiated a number of strategic broad-scale partnerships, ranging from deals that serve the patients of several leading pharmacy benefit managers across the country and collaborative relationships with healthcare providers to arrangements with more of a customer-centric appeal with companies like FedEx.

“Around this theme of partnerships, we’ve taken a very different approach in terms of the market,” Richard Ashworth, president, pharmacy and retail operations, Walgreens, told *Drug Store News*. The common thread across many of Walgreens Boots Alliance’s recent partnerships is leverage; each of the collaborations leverage massive patient populations with the significant clinical reach and pharmaceutical buying power of Walgreens Boots Alliance, all in an effort to drive better health outcomes with greater cost efficiency.

Walgreens’ partnership with UnitedHealthcare on a co-branded 2017 Medicare Advantage and Part D prescription drug plan is a perfect example, Ashworth said. “[The AARP MedicareRx Walgreens, or PDP, plan] really focused on a lower cost Part D plan, and within that there are some really good innovations for care and services for our patients,” he said. With its low \$22.50 premium — one of the lowest in the country this year, according to the two companies — the plan targets cost-conscious consumers looking to maximize the affordability of their Part D coverage.

Collectively, UnitedHealthcare reaches 4.8 million seniors through its Medicare plans, according to Drug Channels Institute.

Other examples include Walgreens’ deals with United-



Healthcare’s OptumRx and Rite Aid’s PBM EnvisionRx. Through these partnerships, Walgreens makes 90-day refills available at stores for the more than 1 billion prescriptions managed between the two PBMs. That collaboration delivers clients and members enrolled in the program an integrated pharmacy-care offering that produces higher treatment-adherence rates and better patient outcomes through patient choice. “We’ve done a lot of outcome-based work and clinical interventions in coordination with OptumRx and EnvisionRx,” Ashworth said. “It’s really focused on helping to deliver better patient outcomes, as well as cost savings, which [benefit] health plans and employers.

Walgreens also is partnered with Express Scripts. “[We’re] really thinking about the types of programs we can develop that leverage the size and scale of Walgreens, along with their size and scale, to bring more value to the community,” Ashworth said, such as the Department of Defense. Express Scripts added Walgreens to the pharmacy network servicing TRICARE in December 2016.

TRICARE serves 9.5 million patients all

Walgreens

HQ: Deerfield, Ill.
2016 sales: \$83.8 billion
% change vs. 2015: 3.5%
No. of stores: 8,175
No. of stores with Rx: 8,175
Avg. store size: 14,700 sq. ft.
Rx sales: \$56.5 billion
% of sales from Rx: 67.4%
Sales per store: \$10.3 million

Source: Company reports

told, including Active Duty Service members, National Guard and Reserve members, retirees, their families, survivors and certain former spouses worldwide. TRICARE’s 2015 net spending was \$9.2 billion, of which \$3.1 billion, or 34%, came from retail pharmacy spending, according to Drug Channels Institute.

Finally, as it relates to PBMs, there is Walgreens collaboration with Prime Therapeutics. “It’s creating a new model, quite frankly,” Ashworth said. “It puts pharmacy, the PBM and the health plan all in one coordinated patient care and outcomes-driven network.” Walgreens and Prime Therapeutics creat-

ed a new retail pharmacy network agreement, along with the creation of a new company that combines the central specialty pharmacy and mail-service businesses of each organization. “Putting them together in a new joint venture is a great testament to our approach to the market as it relates to partnership,” Ashworth said.

Prime Therapeutics serves 20 Blue Cross and Blue Shield health plans with just more than 22 million members — including one of every 6 people covered through the public exchanges.

Meanwhile, on the provider front, Ashworth noted, Walgreens has established important regional partnerships with health systems, including Providence Health, Advocate Health Care, SSM Health and the University of Miami Health System to operate retail clinics located within Walgreens’ stores.

“What I like about these [partnerships] is that they’re hyperlocal,” Ashworth said. “This is about the dispensing and provider community coming together and co-locating those facilities with pharmacy, creating a very powerful customer and patient proposition where you’re able to get your medical needs, pharmaceutical needs and over-the-counter needs taken care of all together in one shop.”

Beyond PBM and provider partnerships, retail-driven partnerships are helping improve the overall customer experience, Ashworth added, such as its deal with FedEx, where Walgreens locations will serve as FedEx pick-up and drop-off points. Walgreens and FedEx expect to have the program available at thousands of Walgreens’ locations later this calendar year and chain-wide at its 8,100-plus locations by the fall of 2018.

FedEx delivers approximately 12 million packages every business day through one of 5,000 existing touchpoints.

Expanding clinical capabilities

In addition to strategic partnerships, Walgreens also has expanded its clinical capabilities in the past year, particularly in travel health vaccinations and specialty pharmacy. Walgreens recently designated more than 50 of its local specialty pharmacies, branded “Community, a Walgreens Pharmacy,” as cancer-specialized locations. Walgreens cancer-specialized pharmacies help patients access, afford and stay on their medication, while also helping to successfully transition them into survivorship care.

As all of this has unfolded, Walgreens Boots Alliance



“We’re] really thinking about the types of programs we can develop that leverage the size and scale of Walgreens, along with their size and scale, to bring more value to the community.”

Richard Ashworth, president of pharmacy and retail operations, Walgreens

has remained committed to closing its proposed acquisition of Rite Aid, which, if successful, will bolster the chain’s reach across the continental United States by at least 3,400 stores. That larger store base means the partnerships Walgreens has forged with PBMs will be multiplied across a larger pharmacy network.

The company also has ramped up its corporate social responsibility efforts. “We’re really connected to championing everyone’s right to live ‘happy and healthy,’” Ashworth said. Walgreens Boots Alliance

was recognized last year with the United Nations Foundation’s Global Leadership Award, in part for its highly impactful “Get a shot. Give a shot.” initiative, which has provided some 15 million vaccines to children in developing countries. The award also acknowledged the company’s continued sponsorship of Red Nose Day, which raised more than \$20 million in 2016 — doubling the amount raised the year prior — and its partnership with Vitamin Angels, which has provided 100 million children and mothers with essential vitamins and supplements.

Broad services boost patient outcomes

To paraphrase Mark Twain, reports of the eventual demise of independent community pharmacy are exaggerated. Not just exaggerated, but wildly inaccurate.

A case in point is the roughly 7,000 community pharmacies operating under the sheltering umbrella of Cardinal Health's clinical service and marketing support programs. Those Cardinal Health Pharmacy Network stores — part of a larger group of more than 25,000 chain and independent stores supplied by the wholesale distribution and health services giant — have shown repeatedly that they can compete successfully against national chains on their own turf.

How? In part, owner-operated pharmacies thrive by exploiting their natural advantages as trusted local sources for personalized care, medications and basic health services, deeply embedded within their communities. But they're also backed by Cardinal's enormous arsenal of resources in distribution, combined purchasing, data mining and clinical services.

A priority for Cardinal this year is boosting pharmacies' ability to improve patient outcomes and Medicare Star ratings, deliver medication therapy management, synchronize prescription refills for better patient adherence and maximize profitability through third-party contract negotiations and more efficient billing.

"Our health-and-wellness mission for ... independent pharmacists remains focused on ensuring [they] have the right tools and resources to support their valued customers," said Christi Pedra, SVP marketing and customer solutions for Cardinal's pharmaceutical distribution division.

By helping its member pharmacies participate in such expanding areas of health delivery as diagnostic screenings and transitional care for patients newly discharged from hospitals, Cardinal "could help our customers grow their business, provide value to patients beyond their prescriptions and focus on patient adherence and wellness," Pedra told *DSN*.

Those support programs have apparently gained traction with member pharmacies and patients. For one thing, Cardinal Health chairman and CEO George Barrett said, "our pharmacies consistently rank among the highest in customer satisfaction, a testament to the fact that our of-



ferings are helping our customers achieve their quality Star ratings."

The programs also are earning its pharmacies high marks from CMS.

Indeed, "over the past year, we've seen a 12% increase in our pharmacies above the five-star threshold across three adherence measures. We can attribute this significant improvement to a number of solutions and educational tools, including Cardinal Health MedSync Advantage and Medication Therapy Management Solution, which allows us to serve as an extension of the pharmacy's team to help them expand patient care," Petra said.

"Additionally, with Reimbursement Consulting Service, pharmacies can view their performance across all books of business related to the CMS Star rating measures daily, and an adviser calls them biweekly to discuss opportunities for improvement," Pedra said.

Another tool in Cardinal's stockpile is OutcomesMTM, which connects pharmacists with healthcare payers. "Pharmacies

Cardinal Health

HQ: Dublin, Ohio
2016 sales: \$20.9 billion
% change vs. 2015: 10%
No. of stores: 8,100
No. of stores with Rx: 8,100
Avg. store size: 2,500 sq. ft.
Rx sales: \$19.4 billion
% of sales from Rx: 93%
Sales per store: \$2.6 million

Source: *DSN* estimates (excluding Medicine Shoppe and Med-cap stores)

are paid for providing clinical services to optimize medication regimens and improve adherence for eligible patients," Pedra said. "MTM services provided by participating pharmacies are reported back to payers with an estimated ROI, demonstrating the value of pharmacy-based patient care."

"New MTM services, such as medication synchronization and medication reconciliation, are particularly important opportunities for pharmacies to show how their work can improve care and reduce unnecessary healthcare spending," she said.

Health focus goes storewide

The retail behemoth of Bentonville, Ark., wants to lead Americans to better health habits, better nutritional choices and longer, healthier lives. It's an ambitious mission for any retail chain, but given its long reach into the nation's heartland, its enormous marketing clout and its massive consumer drawing power, Walmart's ability to boost the nation's health and longevity index may be unmatched by any other single entity save the U.S. government.

"We see ourselves as an open door to products and services that can help customers and associates live healthier lives," said Walmart spokesperson Erin Hulliberger. "There is no retailer that can bring innovative solutions to drive down costs and bring access to health care like Walmart."

The company is leveraging its scale and national presence to drive that retail health business model. "Walmart, as a whole, is committed to making health care and healthier food more affordable and accessible," Hulliberger told *DSN*. "We believe we have an important role to play in being an entry point to health care and taking the mystery out of the cost of that care."

Those comments reflect the evolution of Walmart's increasing commitment to marketing health-and-wellness solutions, along with household products, groceries, electronics, apparel, furniture and sporting goods. Indeed, many of those product categories and others throughout the company's more than 3,500 supercenters increasingly convey a health-and-wellness message. That message comes through not only in the grocery aisles with their growing focus on organic foods and healthier nutrition, but in such categories as electronics — where wearable health devices now share space with cell phone accessories, headphones and flat-screen TVs — and in sporting goods and exercise apparel, which project a fitness ideal.

"We have many of the products customers need to start or continue their journey to a healthy lifestyle, such as fresh produce, apparel, exercise equipment and wearable technology," said George Riedl, SVP and president of health and wellness for Walmart U.S.

It's a marketing and merchandising approach that also incorporates a growing menu of clinical-care and disease detection and prevention services at the company's more than 4,600 U.S. pharmacies.

"We're focused on preventive care and supporting overall



well-being across our entire assortment — in stores and online — through in-store events, online education and an expanded assortment of products and services solutions," Hulliberger said.

Bolstering Walmart's health-and-wellness image are a series of companywide health and disease screening events. In October 2015, more than 10,000 Walmart pharmacists and other health professionals conducted what the company billed as "America's Biggest Health Fair," providing free screenings for blood pressure, glucose and vision, as well as immunizations nationwide. During the event, called Walmart Wellness Day, the chain screened more than 280,000 customers, administered nearly 52,000 immunizations and distributed more than 2 million free samples of healthier foods. More than 3,000 customers were advised to visit their health professional based on their blood-glucose results.

Early this year, Walmart and Sam's Club combined for an even larger free screening event in more than 5,200 total locations.

"As more than 90% of Americans live

Walmart

HQ: Bentonville, Ark.
FY 2017 sales: \$307.8 billion*
% change vs. FY 2016: 3.2%
No. of stores: 4,672**
No. of stores with Rx: 4,644**
Avg. store size: 182,000 sq. ft.
Rx sales: \$18.5 billion
% of sales from Rx: 6%
Sales per store: \$65.9 million

* For fiscal year 2017 ended Jan. 31, 2017

** Including 3,522 supercenters, 415 discount stores, 699 Neighborhood Markets and 36 small-format units
 Source: Company reports, *DSN* estimates

within 10 miles of a Walmart store, we're committed and uniquely positioned to providing accessible and affordable health care," Riedl said. "These screenings provide customers with a basic yet vital understanding of their general health conditions and ways to improve it."

In late February, Walmart added more features to ease access to its pharmacy services — an expanded Walmart mobile app by which customers can quickly refill prescriptions, track order status and view pricing and easy-pickup details for the medicines.

Wellness stores pace performance

While Rite Aid and Walgreens Boots Alliance continue to work toward a merger of their two operations in the coming year, 2016 marked several milestones for Rite Aid.

In the past year, the company has converted almost half of its store base to the highly successful Wellness store format. “[Rite Aid’s] approach to store development allows us to create store experiences that are highly personal, differentiated and fully aligned with our brand,” Ken Martindale, CEO of Rite Aid stores and president of Rite Aid Corp., told associates and partners at the company’s 2016 Rite Aid Supplier Conference. “We are now building some of the nicest drug stores in the world.”

“At Rite Aid, we are not standing still,” Martindale said. “We are further evolving our brand and moving forward with an even stronger passion for the innovative ideas that satisfy and delight our customers.”

The proof is in the performance, as comparable results for Wellness stores continue to exceed the chain average. As of Rite Aid’s third quarter, front-end sales growth across Rite Aid’s Wellness stores outperformed legacy stores by 221 basis points, and script count growth was 145 basis points higher in the remodeled stores as compared with legacy stores. Through Rite Aid’s third quarter, the company remodeled some 2,322 stores to some version of the Wellness concept since 2012.

Another key development in 2016 was the opening of the company’s new 900,000-sq.-ft. distribution center in Spartanburg, S.C. — Rite Aid’s first new distribution center in 16 years. When fully operational, the highly advanced new distribution center will support more than 1,000 stores.

Meanwhile, Rite Aid has continued to build on its clinical offerings.

To help drive awareness for its flu shot program, Rite Aid employs a comprehensive marketing campaign, including ads on music streaming services Spotify and Pandora, along with targeted promotions on digital and social media.

Rite Aid uses the flu season to educate consumers about the importance of keeping up with immunizations through the company’s Vaccine Central online portal, which it launched in 2014, as a resource to help consumers assess their vaccination needs. And to help employ-



ers fight the flu, Rite Aid deploys onsite workplace flu clinics staffed by one of the company’s 11,000 certified immunizing Rite Aid pharmacists.

The company also has taken an additional public health role, helping to address the nation’s opioid addiction crisis by providing greater access to naloxone. Rite Aid has trained more than 10,000 of its pharmacists on naloxone dispensing, and has made the medication available without a prescription in 23 states.

In August, Rite Aid’s RediClinic division partnered with Hackensack Meridian Health in New Jersey to open convenient care clinics inside select Rite Aid pharmacies. The joint venture covers 10 clinics, cobranded as Hackensack Meridian Health RediClinics. “It has always been a core part of RediClinic’s strategy to partner with leading healthcare systems,” said Web Golinkin, RediClinic’s CEO. “The joint venture will facilitate and accelerate a high level of clinical integration, which will maximize the quality, accessibility and cost-effectiveness of care.”

RediClinic — which also operates 36 clin-

Rite Aid

HQ: Camp Hill, Pa.
2016 sales: \$26.4 billion*
% change vs. 2015: -1.8%
No. of stores: 4,547
No. of stores with Rx: 4,547
Avg. store size: 12,400 sq. ft.
Rx sales: \$18.2 billion
% of sales from Rx: 68.9%
Sales per store: \$5.8 million

* Retail pharmacy segment for FY2017
 Source: DSN estimates

ics inside H-E-B grocery stores in Houston, Austin and San Antonio, Texas — operates 63 clinics inside select Rite Aid stores in the greater Philadelphia, New Jersey, Baltimore/Washington D.C., and Seattle areas. Since opening its first retail clinic in 2005, RediClinic has successfully treated more than 2 million patients.

Also in August, Rite Aid, with its EnvisionRx pharmacy benefit management division, announced the availability of Rx90, which gives patients the option to fill 90-day prescriptions at any Rite Aid pharmacy or via home delivery.

Creating a 'Pathway' for better results

McKesson's Health Mart pharmacy network last year unveiled its Health Mart Pathway to Better Performance and Profit program, which represents a strategic road-map that helps its 4,800 member independent pharmacies navigate their business in such a way that it not only boosts clinical metrics, but financial performance as well.

Already, more than 44% of all Health Mart pharmacies have adherence metrics that rank in the top 20%, Crystal Lennartz, chief pharmacist at Health Mart, told *Drug Store News*. And Health Mart is either the No. 1 or No. 2 in adherence for many plans across the country, she added. "A majority of the measures are around adherence. That's really one area where we're seeing the stores excel. That's perpetuated by the adoption of med sync, which is [the third] step on the Pathway."

All told, there are five key steps on the Pathway that help Health Mart operators demonstrate their ability to deliver improved outcomes and the value of owning that patient relationship.

The first step is arming pharmacy operators with knowledge by keeping members up-to-date around the issues most likely to have a material impact on retail pharmacy. And the second step involves applying that knowledge to better monitor and track performance measures, both clinical and financial. With that data, Health Mart teams are able to draft action plans that will drive improvement across those baselines.

As Lennartz noted, the third step is a medication synchronization program, and to help take some of the risk out of adopting med sync, Health Mart has employed a field-ready implementation team of experienced pharmacists to visit Health Mart locations and help owners navigate the changes. That's important because the fourth step builds on that med sync program by showing Health Mart pharmacists how to utilize those monthly appointments to identify adherence barriers, remedy possible gaps in care and provide such additional clinical services as a flu vaccination or a comprehensive medication review.

The fifth step is about corralling those efforts as part of a demonstrative value that Health Mart pharmacists bring to the table when negotiating collaborative partnerships with local providers and payers. Health Mart



has additional tools that are part of the Pathway to support independent operators in this effort, including the Health Mart Marketing Hub and the Physician Outreach Program.

"The feedback [since launch] has been great," Lennartz said. "It's really about the customer engaging wherever they are and then [Health Mart] meeting them there with tools and resources."

To educate independent pharmacists around how they can better level the playing field, Health Mart kicked off its fourth annual Town Hall series. The Town Halls are structured as peer-to-peer formats with attendance ranging from 50 to more than 100 Health Mart owners who come to learn from their fellow owners, early adopters of the new clinical programs who share their experiences implementing new clinical services and programs and the impact on store profitability.

Over the past four years, Health Mart has hosted more than 300 of these Town Hall meetings, with plans to host about 100 more this year.

Health Mart

HQ: San Francisco
2016 sales: \$11.1 billion
% change vs. 2015: 7.8%
No. of stores: 4,834
No. of stores with Rx: 4,834
Avg. store size: 2,500 sq. ft.
Rx sales: \$10.2 billion
% of sales from Rx: 92%
Sales per store: \$2.3 million

Source: DSN estimates

Health Mart also launched at last year's ideaShare its myHealthMart, an online portal that enables pharmacies to proactively manage their business by providing access to personalized, up-to-date data, programs and insights for their pharmacy. "More than 80% of Health Marts are engaged with myHealthMart," Lennartz said.

The online tool provides personalized reports and dashboards that enable pharmacies to see how their decisions are impacting their business, and this year Health Mart will launch a mobile version, Lennartz said.

Eyeing growth opportunities

Giant supermarket operator Kroger views health and wellness as an area for long-term investment, a point underscored by its purchase last year of specialty pharmacy ModernHEALTH.

Even as it faces headwinds related to food deflation, Kroger is keeping an eye on growth opportunities in its expansive market area, which includes 35 states and the District of Columbia. Last year's acquisition of ModernHEALTH by Kroger's Axiom Pharmacy Holdings unit was an indication of how Kroger views the health-and-wellness segment.

When the deal was announced in July, Kroger said ModernHEALTH, based in Orlando, Fla., was one of the nation's largest independent specialty pharmacies.

Kroger's announcement pointed to specialty pharmacy as "the primary area of growth in pharmaceuticals."

"Merging ModernHEALTH and Axiom into a combined specialty pharmacy should improve purchasing efficiencies, and allow the companies to combine each other's payer strategies to bring down costs," Kroger said. "The combination also will allow Kroger's specialty pharmacy business to expand into new territories in the West and Southwestern United States, and expand offerings to other disease states."

Kroger executives were asked to further outline their view of pharmacy during the company's second quarter financial conference call last year. Rodney McMullen, chairman and CEO, linked this directly to long-term consumer trends.

"When you look at the total health-and-wellness strategy, we are very excited about the opportunities there," he said.

McMullen pointed to pharmacy as a differentiator for Kroger in the health-and-wellness arena.

"It's an area where we believe we have a unique competitive advantage just because we can start helping customers eat healthier, as well, and that's something that's a positive in terms of the overall connection with the customer."

Kroger also views pharmacy as a good opportunity across its physical and online platforms, McMullen said.

In addition to 2,255 pharmacies, Kroger also operates more than 210 retail clinics under The Little Clinic banner,



which the company acquired in 2010.

When a company like Kroger looks at health-and-wellness opportunities, it needs to first get a handle on how customers view it.

For consumers, health and wellness could involve anything from services to information that the retailer provides, said Philecia Avery, Kroger's VP of pharmacy, in remarks made during the Health, Wellness and Technology Summit sponsored by DSN in December.

"It also could be that they walk in looking for actual tangible products," she added. "You know, are you selling Fitbits? Are you selling hardware? Health and wellness can be food; it could be mind, body and spirit. Do you have those certain services there, as well? That is something that I actually think is a big challenge for our industry right now, because I think about 80% of Americans right now are thinking about health and wellness. The problem is, we all think it's something different."

One of Kroger's big priorities is to make sure collaboration is part of the health-

Kroger

HQ: Cincinnati
2016 sales: \$115.3 billion
% change vs. 2015: 5%
No. of stores: 2,796
No. of stores with Rx: 2,255
Avg. store size: 63,000 sq. ft.
Rx sales: \$9.8 billion
% of sales from Rx: 8.5%
Sales per store: \$41.2 million

Source: Company reports, DSN estimates

and-wellness proposition.

"We are having programs that definitely involve the dietitians, the pharmacists, our nurse practitioners and physician assistants," Avery said. "[We're] reaching out to those in our health ecosystem to make sure that we're connecting the dots."

Even as it charts growth opportunities, Kroger is dealing with the impact of deflation in its food business. In the fourth quarter, the retailer ended its 13-year streak of quarterly growth in same-store sales, citing declining food prices. During the period, Kroger said it experienced a decline in pharmacy inflation.

System, network investments paying off

By pharmacists: For pharmacists.

That simple edict not only served as the genesis behind AmerisourceBergen's new ABC Order system that was piloted last year, but also captures the spirit of how AmerisourceBergen and its Good Neighbor Pharmacy franchise operation approach independent pharmacy. And that is ascertain what tools community pharmacists need to succeed both today and tomorrow, and then package those tools as part of an overall solution set that can both be intuitively incorporated into a pharmacy workflow and meaningfully contribute to that operation's bottom line.

"One of our biggest accomplishments [in the past 18 months] is significant growth in the utilization of our new solutions," Brian Nightengale, president of Good Neighbor Pharmacy, told *Drug Store News*.

That success has manifested in really robust growth across AmerisourceBergen's Good Neighbor Pharmacy Premier offering, which represents the full meal versus an a la carte approach to the menu of services available. "We have really doubled down on growing our premier level, which is the level where we provide the most value and resources to our customers," he said. "We've had 50% growth in the last 12 months [across] our premier level membership."

To date, there are more than 1,200 participants in the Good Neighbor Pharmacy Premier level franchise agreement — and growing, Nightengale said.

The overall Good Neighbor Pharmacy investment in member services that AmerisourceBergen has made is helping to optimize front-end sales by providing access to business coaching, manufacturer promotions and new reporting tools that incorporate point-of-sale data. Good Neighbor Pharmacy has further invested in improving front-end performance through a five-year educational partnership with the National Community Pharmacists Association to produce a series of educational seminars for its members. The first featured Gabe Trahan, NCPA's senior director store operations and marketing, who advises independents on front-end opportunity.

In 2016, AmerisourceBergen also celebrated the one-year anniversary of its PSAO Elevate Provider Network. "A lot of what we've accomplished in the past 18 months [with Elevate] has been around innovation, going beyond payer con-



tracting and adding solutions that help our customers manage their business better," Nightengale said. "Through these enhancements, we've had a great deal of success, [including] the pre- and post-edits and reconciliation services, the central-pay solution and patient-engagement center." The patient-engagement center, for example, helps operators take advantage of services that can contribute to such expanded revenue streams as comprehensive medication reviews, medication synchronization and adherence programming, he explained.

And it's working. "When we looked at [IMS Health data for] year-over-year prescription growth for our Elevate members, the year-over-year growth was 3.4% [as compared with] 1.9% for the overall community market, which includes chains," Nightengale said. "The growth for non-Elevate independents was only 0.2%."

Not only is Elevate helping drive prescription growth, it also is helping to drive patient adherence — helping to improve CMS Star quality measures — and reduce DIR fees for pharmacies enrolled in the network, Nightengale said.

Good Neighbor Pharmacy

HQ: Valley Forge, Pa.
2016 sales: \$8.7 billion
% change vs. 2015: 2.3%
No. of stores: 4,800
No. of stores with Rx: 4,800
Avg. store size: 2,500 sq. ft.
Rx sales: \$8.5 billion
% of sales from Rx: 97.2%
Sales per store: \$3 million

Source: Company reports, *DSN* estimates

Another highlight of 2016 was the introduction of the ABC Order engine. Scheduled to go live this April, the system features a new user interface custom designed with direct input from Good Neighbor Pharmacy operators.

The company also has worked hard to improve its buying power with generic drug manufacturers, Nightengale said. "We've invested a lot in that area. When you put all these [solutions] together, we're making a positive difference in the profitability of our stores, even in a challenging reimbursement environment."

Buying clout, clinical resources grow network

Membership has its rewards.

In the case of American Associated Pharmacies, the big member-owned cooperative, the rewards of membership include the ability to tap into the vastly more powerful purchasing clout that comes with combining any local drug store's pharmaceutical and front-end replenishment orders with those of more than 2,200 other independent pharmacies in the AAP buying group. But increasingly, it also means gaining expertise and leverage in such critical areas as specialty pharmacy and contract negotiations with pharmacy benefit managers and health plan payers.

AAP's formula as a buying group and resource provider for independents struggling to thrive in a crowded, chain-dominated marketplace continues to gain traction. Buoyed by a key acquisition last year, a growing menu of member services and its expanding leverage with pharmaceutical suppliers, OTC product vendors and third-party prescription plans, the big buying group is generating healthy growth of more than 5% in its membership. AAP now numbers more than 2,250 member pharmacies nationwide, making it one of the nation's top pharmacy networks.

The sales picture also looked healthy. "In 2016, AAP experienced another solid year with retail sales reaching [more than] \$6 billion," said Emily Marino, director of marketing for the Scottsboro, Ala.-based network, "with an average volume per site of \$2.67 million."

That's a very respectable business for any independent community pharmacy with a limited assortment and a fraction of the retail space of a big chain drug store. It's due in part to what Marino called "a breakout year in 2016 in regards to growth and [new] initiatives."

Among those breakthroughs was the launch and subsequent advance of Arete Pharmacy Network, which marked its one-year anniversary in March. Born of an alliance between AAP and pharmaceutical wholesaler H.D. Smith, the largest privately held national drug wholesaler in the United States, Arete began operations last spring as the nation's fourth-largest pharmacy services administrative organization, or PSAO, according to Marino, by merging AAP's PSAO, United Drugs, with that of H.D. Smith, Third Party Network.

According to United Drugs president and Arete CEO Rob McMahan, Arete's purpose is to boost independent pharmacies' leverage and performance capabilities with the phar-



macy benefit managers, health plans and plan payers with whom they do business. "We approached this business opportunity with the goal of helping pharmacies improve Star ratings and other quality metrics by joining together and gaining efficiencies of scale," McMahan said. In turn, he said, Arete's national market reach and high performance metrics "will make us a partner of choice" for PBMs and other entities.

"Arete is well positioned to represent pharmacies as the nation's largest independent PSAO," Marino told *DSN*. "Milestones achieved [for Arete] over the past year include significant gains in contract access, as well as large-scale improvements in quality scores for network pharmacies."

Also spurring growth last year was AAP's acquisition of Partners in Pharmacy Cooperative, an independent pharmacy cooperative of more than 300 members in 19 states.

This year, AAP also will drive the ongoing expansion of AllyScripts, the group's wholly owned specialty pharmacy, "in key national markets," Marino said. "AllyScripts's platform enables independent pharmacies to enter

AAP

HQ: Scottsboro, Ala.
2015 sales: \$6.1 billion
% change vs. 2015: 14.2%
No. of stores: 2,252
No. of stores with Rx: 2,252
Avg. store size: 2,000 sq. ft.
Rx sales: \$5.6 billion
% of sales from Rx: 92%
Sales per store: \$2.7 million

Source: Company reports, *DSN* estimates

the specialty pharmacy segment without the costly investments in inventory, personnel and back-end services," she said.

Launched three years ago in partnership with Diplomat Pharmacy, the top independent specialty pharmacy in the United States, AllyScripts provides AAP members with back-end clinical services and care management, including prior authorization, adherence calls, co-pay assistance, injection training coordination and pharmacist consultations.

"In 2017, AAP will focus on the further expansion of these leading initiatives," Marino said.

Expanding wellness services

Albertsons is proving that the sum can indeed be greater than the parts.

Following the 2015 merger of Albertsons and Safeway — both of which had long and distinguished records of providing health-and-wellness services — the combined company is continuing that tradition. It has expanded several of its pharmacy- and health-related offerings as it shares best practices across the company and introduces new programs companywide.

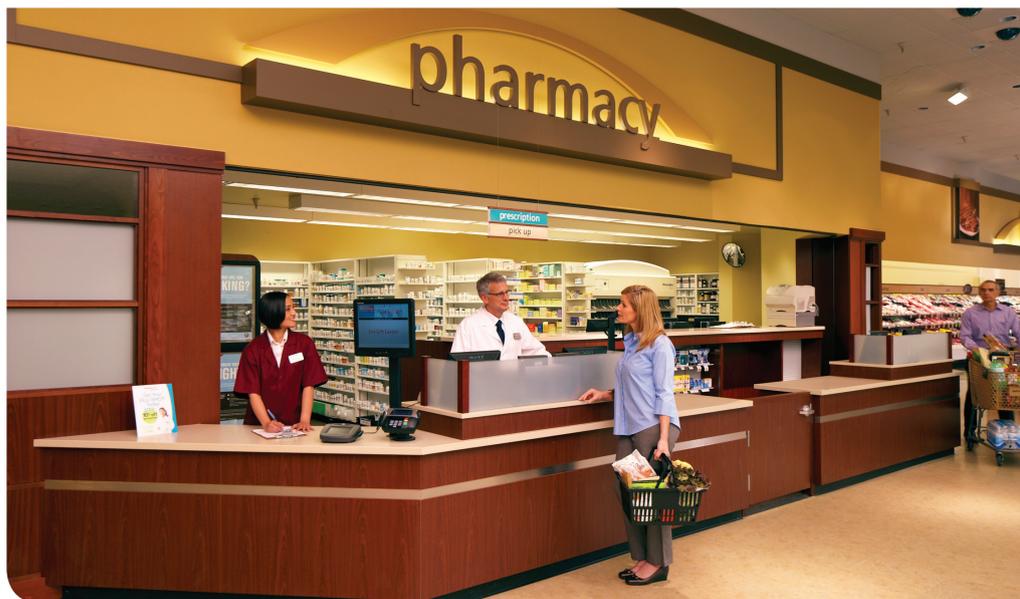
“Albertsons is proud of the work it has accomplished in pharmacy and health and wellness in the last two years,” said Mark Panzer, SVP pharmacy, health and wellness at the Boise, Idaho-based supermarket operator. “Our teams have developed and grown programs that continue the great work established in years prior and keep our customers as the focus for all that we do moving forward.”

Albertsons operates about 2,327 stores, most of which have pharmacies, fewer than 19 banners in 35 states and Washington, D.C. In March, the company was said to have been in talks to acquire another banner — the fast-growing Sprouts Farmers Markets, which does not have pharmacies but has a strong health-and-wellness positioning.

Among the key developments at Albertsons since the merger with Safeway has been an expanded pharmacy practice that includes medication administration. The company’s pharmacies have implemented the protocols to administer more than 25 professionally administered medications in all states where the company operates and state law allows.

Albertsons also has expanded its specialty care services, which were recently awarded the Specialty at Retail Accreditation from the Accreditation Commission for Health Care, beyond Safeway locations to all Albertsons pharmacies. A central team in Boise works with patients’ local pharmacy teams to provide services for their specialty medications. These support services include medication coordination, such as prior authorization support, funding from foundations and manufacturer co-pay assistance programs, clinical pharmacist support and refill reminders.

Meanwhile the company’s travel health program, which had been established at Albertsons pharmacy locations, has been expanded to include all banners. Through the program, a physician specializing in travel medicine provides vaccination recommendations to patients planning to travel



overseas, who are then sent to see their local pharmacist. The pharmacist administers all of the necessary immunizations, fills prescriptions as needed and counsels the patient on safe travel practices.

Other pharmacy initiatives include programs to improve the company’s Medicare Part D Star ratings with its managed care partners, which Panzer said directly benefits the company’s pharmacy patients, their experience in the pharmacy and their health.

Albertsons also has expanded the wellness services available in its in-store clinics across banners, partnering with such health providers as Quest Diagnostics, Lean for Life, Baylor Scott & White Health and Edwards-Elmhurst Health.

“Our partners are chosen thoughtfully in order to provide complimentary services to our customers that are useful, convenient and connect them to a broader network of targeted health services that may otherwise have barriers to access,” Panzer said.

On the nutrition front, Albertsons has debuted a new in-store dietitian program

Albertsons

HQ: Boise, Idaho
2016 sales: \$58.7 billion
% change vs. 2015: 2.1%
No. of stores: 2,320
No. of stores with Rx: 1,785
Avg. store size: 48,500 sq. ft.
Rx sales: \$5.3 billion
% of sales from Rx: 9%
Sales per store: \$25.3 million

Source: Company reports, *DSN* estimates

called Answers in the Aisles, through which registered dietitians provide nutrition education, suggest simple meal planning ideas and conduct educational events.

In addition, the company’s Eating Healthy with Diabetes program has been expanded to more than 400 locations throughout the company. It offers customers a free, guided store tour with dietitians who help them make healthier food choices, set goals, read nutrition labels and learn about mindful eating. The tours conclude at the pharmacy, where specially trained pharmacists discuss additional programs and assistance to manage diabetes, including free testing.

Oncology, acquisitions drive growth

With 981,000 prescriptions dispensed in 2016, independent specialty pharmacy operator Diplomat Pharmacy's 8% script growth over 2015 was the result of the company's continued efforts to move into and expand its existing presence in several markets — in part through strategic acquisitions of independent companies demonstrating best practices. Driven by its oncology and infusion divisions, the company's growth brings with it more access to specialty drugs that have limited distribution.

Since the fourth quarter of 2016, Diplomat has announced it is dispensing such limited-distribution drugs as primary immunodeficiency treatment Cuvitru, multiple myeloma drugs Darzalex and Revlimid, carcinoid syndrome diarrhea drug Xermelo and metastatic breast cancer treatment Kisqali.

"In 2016, our strength continued to be driven by oncology, a dominating revenue contributor for us, and our infusion business, which more than doubled the industry with mid-teens year-over-year growth in the fourth quarter," Diplomat chairman and CEO Phil Hagerman told *Drug Store News*. Diplomat in December 2016 brought together five of its infusion subsidiaries — American Homecare Federation, At-Home IV Infusion Professional, BioRx, MedPro Rx and XAS Infusion Suites — as Diplomat Specialty Infusion Group.

Other key drivers of growth have been the company's customized care management services, which are responsible for generating Diplomat's "core revenues," Hagerman explained.

"This customized approach also offers significant opportunities and support for small and emerging biotech companies that need nimble partners as they elect to contract out for more and more services," Hagerman said. "We have grown our business in the past year by strengthening our clinical expertise in major therapeutic categories, strengthening our relationships with pharmaceutical manufacturers and physicians and broadening our scope of comprehensive specialty pharmacy management services."

And Diplomat — which appointed Paul Urick president in October 2016 — has an acquisition eye for companies best in class in a particular area of expertise. One of the company's most notable acts of 2016 was its acquisition of Van Nuys, Calif.-based TNH Advanced Specialty



Pharmacy, which broadened Diplomat's access to providers and patients in California, as well as Texas, where it gained access to Texas Medicaid patients last year.

"We acquired TNH to expand our existing business, enhance our propriety technology and increase our geographic presence," Hagerman said. "And, in combination with the purchase of a licensed Texas facility to enable a brick-and-mortar presence, it allowed us to open the door to service the state's 3.7 million Medicaid patients."

In February, Diplomat acquired Houston-based Affinity Biotech, whose specialty pharmacy and infusion services for patients with hemophilia have a strong brick-and-mortar presence in New York City. The move into New York City also opens up the doors for Diplomat to serve New York's Medicaid population — estimated to be around 4.8 million patients — who are in need of specialty pharmacy services.

Even as the company has grown in its geographic footprint, and its access both to limited-distribution drugs and increasing numbers of patients, Diplomat has been

Diplomat

HQ: Flint, Mich.
2016 sales: \$4.4 billion
% change vs. 2015: 31%
No. of stores: 25*
No. of stores with Rx: 25*
Avg. store size: NA
Rx sales: \$4.4 billion
% of sales from Rx: 97%
Sales per store: NA

*Not including central distribution and headquarters
 Source: Company reports

subject to many of the same pressures facing the entire pharmacy industry — in particular, direct and indirect remuneration fees, which took a bite out of Diplomat's profit margins in the third and fourth quarters. But the company is working to find solutions, all the while providing the patient care that is at the center of its business, and keeping an eye out for ways to grow.

"Given the strength of our balance sheet, we will continue to take a very selective and disciplined approach to act on highly attractive strategic opportunities," Hagerman said.

Advancing pharmacy, wellness initiatives

Ahold Delhaize entered 2017 as a newly combined global retail powerhouse that is pursuing a range of initiatives to advance pharmacy and health-and-wellness strategies in the United States.

The merger of the European-based Ahold and Delhaize formed Ahold Delhaize last July, producing a giant entity with 6,500 stores in 11 countries. In the United States, where the company operates about 2,000 stores, the retail banners include Food Lion, Stop & Shop, Hannaford, Giant Carlisle, Martin's, Giant Landover and bfresh.

Recent U.S. integration moves included the creation of a new retail business services unit to “provide cost-effective, best-in-class support services to Ahold Delhaize’s local brands in the United States.”

Dick Boer, CEO of Ahold Delhaize, recently said, “2016 was not only a year where we brought together two strong food retailers. It was also a year in which our great local brands drove solid performance, serving our customers both in stores and online.”

The retailer has been piloting new pharmacy technology programs in its U.S. retail banners. Giant introduced a pilot in February at a store in Fairfax, Va. It focused on pick-up point technology at a full-service pharmacy. The technology employed LED lights to illuminate a filled prescription in a drawer, making it easier for a pharmacist to quickly spot the correct one.

Last August, Giant Carlisle and TCGRx outlined information about a center store pharmacy pilot effort on which the two organizations collaborated.

The pilot involved TCGRx’s Beacon Inventory Management system. The solution was intended to boost efficiencies related to inventory management and customer pickup.

Ahold Delhaize has made big efforts on the sustainability front. The company was recognized in the 2016 Dow Jones Sustainability World Index, ranking as a leader in the food and staples retailing sector. Both Ahold and Delhaize had previously been included as separate companies.

“Inclusion in the Index strengthens my belief that as Ahold Delhaize, together our brands can make an ever bigger difference in local communities — and the world,” Boer said.



Ahold Delhaize U.S. banners have pursued a range of health initiatives on the food side of the business, including in produce. The company’s Giant and Martin’s stores emphasized the importance of healthy snacking with a “Free Fruit for Kids” program that launched last September. Kids ages 10 years and under were invited to have a free piece of fruit in the produce department.

“The free fruit program offers Giant/Martin’s the opportunity to become known as a destination for children’s health and nutritional expertise,” the company said on a web page that announced the initiative. “Offering free fruit to kids is a great example of making healthy living choices easy and accessible and being a Better Neighbor!”

Another company retail banner, Hannaford, recently launched a program in Maine to promote irregular produce that otherwise would have been discarded, extending the initiative from an earlier one in upstate New York, according to local media reports. The program helps reduce food waste.

The company began 2017 with a number of important personnel changes and

Ahold Delhaize

HQ: Carlisle, Pa.
2016 sales: \$34.1 billion
% change vs. 2015: NA
No. of stores: 1,990
No. of stores with Rx: 772
Avg. store size: 37,650 sq. ft.
Rx sales: \$3.2 billion
% of sales from Rx: 9%
Sales per store: \$17.1 million

Source: Company reports, *DSN* estimates

promotions in its Stop & Shop division, including on the merchandising side of the business. In January, the company appointed Stop & Shop New York Metro division president Andrew Sussman as EVP merchandising. Sussman’s tenure with the company includes experience leading three of Ahold USA’s four retail divisions.

The company also announced that Ahold USA SVP merchandising strategy and support Nick Bertram would take on an expanded role, adding day-to-day merchandising operations, ongoing integration with Delhaize America and vendor collaboration to his prior responsibilities.

Growing the menu of health services

The nation's leading warehouse club operator continues to push into new markets with a determined expansion program both in the United States and internationally. In the process, Costco Wholesale also is extending its reach into the market for pharmacy and preventive health services, surging past the 500 mark in total pharmacies operating in the United States and expanding its menu of health screenings, immunizations and clinical-care offerings.

As of the end of calendar 2016, Costco operated 723 warehouse stores worldwide, generating average annual sales of \$159 billion. That total included 508 units in the United States and Puerto Rico.

With a capital investment of \$2.65 billion, the chain opened 29 new warehouses in 2016, including 21 in the United States; upgraded its distribution, transportation and information technology infrastructure; and remodeled "numerous" stores, according to a company report. It also grew its membership base by 7% to nearly 48 million households, totaling 87 million total cardholders. Costco will add another 16 warehouse stores in 2017, according to president and CEO Craig Jelinek.

Expansion on the pharmacy front has kept pace. "We currently have 501 pharmacies, which includes our specialty, mail order and central-fill pharmacies," said Becky Dant, Costco's director of professional services. And despite the fact that the pharmacy department in any Costco accounts for a relatively small footprint amid the store's towering racks of fast-turning consumables and massive displays of bulk-pack food, apparel, electronics and household goods, those 500-plus pharmacies are luring club members with a steadily growing menu of health-and-wellness products and services.

"Costco Pharmacy is continually looking to expand the health services we offer," Dant told *DSN*. That includes one of the retail pharmacy industry's most extensive health screening programs, and a growing reputation as a major provider of flu shots and other vaccinations.

Costco's commitment to in-store health events and free diagnostic screenings is well-known, and has been part of the company's retail mission since the late 1990s, according to recently retired assistant VP pharmacy operations Michael Mastrominica. Costco conducts several screening events per year in each of its operating regions, offering free blood tests for various conditions and immediate fol-



low-up counseling by Costco pharmacists at temporary testing stations in the stores. Hundreds of thousands of club members have taken advantage of the free tests.

"We currently offer screenings for osteoporosis, heart health and diabetes," Dant said. Costco, she added, also is "one of the largest providers of retail immunizations, which are available without an appointment."

In addition, Dant said, "we offer a host of other services that make us a valuable health center for a variety of needs." Among the more recent offerings, she added, are "contraception prescribing [in] all Oregon locations, [which also will be] rolling out in California," as well as a travel medicine program for members in Southern California, Idaho, Oregon and Washington.

"Our Oregon pharmacists are certified to prescribe and dispense hormonal contraception, [and] naloxone is available in Washington, California, Pennsylvania, Virginia, and Maryland — with plans to expand to additional states," Dant said. "In addition to the clinical services offered, Costco remains committed to saving our members money on

Costco

HQ: Issaquah, Wash.
2016 sales: \$86.6 billion*
% change vs. 2015: 2.6%
No. of stores: 508**
No. of stores with Rx: 501**
Avg. store size: 144,000 sq. ft.
Rx sales: \$2.6 billion
% of sales from Rx: 3%
Sales per store: \$172.8 million

*U.S. operations for fiscal year ended Aug. 28, 2016
 **U.S. and Puerto Rico stores as of March 2017. Pharmacy total includes specialty, mail order and central fill pharmacies
 Source: Company reports, *DSN* estimates

prescriptions, including pet prescriptions."

Costco's focus on wellness extends to its expanding healthy food mix, which saw the recent introduction of new private-label Kirkland Signature food items "with a strong emphasis on organics," Jelinek reported.

In a bid to make shopping more convenient for members, Costco in March debuted a home delivery service for its grocery selection. They launched the delivery option in the Tampa, Fla., market, and is expected to roll the service into other markets this year.

Boosting Rx reputation with new efforts

Publix continued to advance its reputation for pharmacy in the past year, even while dealing with a top leadership transition and geographic expansion in states, including Virginia and North Carolina.

The Florida-based retailer's pharmacy efforts help to boost its strong reputation for customer service across its multistate operating region. The powerful regional chain continues to expand its clinical offerings and play a greater public health role in the communities it serves.

Last fall, Publix promoted testing and treatment for strep throat and flu for customers older than 13 years old. If a customer tested positive for either, a Publix pharmacist would prescribe a free antibiotic or antiviral through its free medication program.

In March, Publix and BayCare Health System unveiled a collaboration in the Tampa Bay, Fla. area, in which BayCare screening stations would appear in Publix stores, and teleconferencing stations at certain stores. As part of the collaboration, Publix said it will operate pharmacies onsite at five BayCare hospitals. The arrangement provides BayCare medical expertise to Publix customers, and Publix services to BayCare's patients," according to the announcement.

In another pharmacy development late last year, Publix announced a collaboration with Nemours Children's Health System to enhance outpatient retail pharmacy services at Nemours Children's Hospital in Orlando Fla. The pharmacy was improved with specialized conveniences for children, their families and other visitors. Publix operates other pharmacies within hospital systems in Florida, including Nicklaus Children's Hospital in Miami, H. Lee Moffitt Cancer Center and Moffitt McKinley Campus in Tampa and one within Lakeland Regional Medical Center in Lakeland.

"Nemours is always looking for ways to improve the experience of our patient families, and our new retail pharmacy from Publix will do just that," said Dana Nicholson Bledsoe, president of Nemours Children's Hospital. "With expanded hours and more locations for refills, we expect this new collaboration to make life easier for those who rely on us."

Publix's in-store pharmacy scored a top ranking last year in J.D. Power's U.S. Pharmacy Study, a customer satisfac-



tion benchmark study that provides pharmacy-specific performance comparisons among brick-and-mortar pharmacies. The survey evaluated prescription ordering/pick-up process, store, non-pharmacist staff, cost competitiveness and pharmacist. Publix Pharmacy was ranked highest in four of the five factors.

"Being recognized by our pharmacy customers in this manner demonstrates our focus on the customer experience within our stores," said Maria Brous, Publix director of media and community relations. "We are committed to exceeding our customers' expectations and helping them achieve their health-and-wellness goals. We are proud of our pharmacy staff for delivering on this commitment each and every day."

The Publix website twins pharmacy and health and wellness under one navigational menu heading, underscoring how the two areas are linked in its operation. The food side of Publix stores plays an important role in this wellness proposition. The website addresses a range of food topics, including nutrition, dietary concerns,

Publix

HQ: Lakeland, Fla.
2016 sales: \$34 billion
% change vs. 2015: 5%
No. of stores: 1,144
No. of stores with Rx: 1,020
Avg. store size: 27,000 - 61,000 sq. ft.
Rx sales: \$2.1 billion
% of sales from Rx: 6.2%
Sales per store: \$29.7 million

Source: Company reports, DSN estimates

food safety and the company's GreenWise brand, which focuses on items that are organic and/or have "free-from" ingredient characteristics.

Publix's strong reputation for community involvement has been advanced by a number of recent programs, including relief efforts for Hurricane Matthew and its proactive efforts with the March for Babies initiative from March of Dimes. For the latter program, Publix last year became the new No. 1 corporate partner for this initiative. Publix customers and associates raised more than \$7.3 million in a fundraising campaign.

Riding the health disruption tidal wave

Name any of the advanced patient-care services now being promoted at some of the nation's leading-edge pharmacy retailers, from specialized disease management programs for AIDS patients to long-term alliances with local hospital systems that provide continuity of care and healthier outcomes for newly discharged patients. Chances are good that any of the more than 500 Medicine Shoppe and Medicap franchised pharmacy owners operating in the United States already are delivering on at least one, and probably several, of those care initiatives.

Nearly two years after banning tobacco sales in most stores and boosting recognition of its franchisees' clinical-care efforts, Medicine Shoppe continues to score near the top in drug store consumer satisfaction polls, and its pharmacies rank among the industry's highest in Medicare Star ratings performance. Behind that consistent performance — a commitment to providing what parent company Cardinal Health calls “a higher level of customer care.”

That means a steadily expanding and adaptive menu of clinical, disease management and preventive-care programs aimed at the general population, including such services as free health screenings on a walk-in basis; vaccinations for flu, tetanus, shingles and other diseases; medication therapy management; and smoking cessation and weight-loss programs. But many Medicine Shoppe and Medicap store owners also offer specialized services for patients with specific needs in such areas as HIV, diabetes, long-term and homebound care, and hormone-replacement therapy.

A particular focus is screening and follow-up care for diabetes. Medicine Shoppe pharmacists provide diabetes management and information, medication monitoring, counseling on daily care, preventing complications, nutrition for diabetic patients, glucose testing, insulin education, and more. Some franchisees also host quarterly community educational meetings on diabetes prevention and treatment.

Medicine Shoppe also sponsors a Healthy Heart Club, which offers an interactive website and monthly educational classes at some stores, focusing on different health topics.

Medicine Shoppe stores also provide home delivery, and some owners have developed strong relationships with local long-term care facilities and their patients.



Lending greater urgency to Medicine Shoppe's quest for a higher level of pharmacy care are the tidal forces disrupting the U.S. health system. Newer managed-care payment standards based on measurably improved patient outcomes, reduced hospitalization visits and the pharmacy performance standards tracked by the Medicare Star Ratings system are shining a spotlight on the clinical and preventive-care services provided by pharmacists, and Medicine Shoppe's franchisees and decision-makers are determined to stay ahead of that curve, said Christi Pedra, SVP marketing and customer solutions for Cardinal's pharmaceutical distribution division.

“We continue to see Medicare Part D contracts tied to the quality of care our pharmacies provide,” she told *DSN*. “We will continue to focus on the growth and development of our franchise offering by building regional and national brand awareness ... and by defining core offerings patients can expect, such as immunizations and medication synchronizations.”

Pedra predicts that Medicine Shoppe will

Medicine Shoppe

HQ: Dublin, Ohio
2016 sales: \$2 billion*
% change vs. 2015: Flat
No. of stores: 515*
No. of stores with Rx: 515
Avg. store size: 2,500 sq. ft.
Rx sales: \$1.9 billion*
% of sales from Rx: 93%
Sales per store: \$3.9 million

* U.S. Medicine Shoppe and Medicap stores only. International total: 231 Medicine Shoppe units in four countries outside the United States.
Source: *DSN* estimates

add another 28 U.S. locations this year. This year, said John Fiacco, VP of Cardinal's Medicine Shoppe division, “we will continue to push managed-care performance and continued improvement of managed-care ratings by promoting the use of MedSync Advantage — Cardinal's medication synchronization support program for independent pharmacies— focusing on MTM opportunities and taking advantage of the opportunity to increase revenue by participating in programs like the National Medication Safety, Outcomes and Adherence Program,” or the NMSOAP.

Sharpening its health focus

With its sprawling, bare-bones warehouse stores and bulk merchandising, Sam's Club virtually shouts value and low prices. But increasingly, the nation's second-largest wholesale membership club chain also presents itself as a viable source for both lower-cost prescriptions and other products for chronic and preventive care, and as a community resource for immunizations, health screenings, self-diagnostics and other health-and-wellness services.

With pharmacies in 625 of its 661 membership club outlets, Sam's Club has made itself a leader in value-added health services, particularly through its sponsorship of in-store health fairs with free screenings for diabetes, hypertension, hyperlipidemia, vision and hearing, provided by locally contracted health professionals.

The tests are offered "every month from January through October to both members and the public ... at every location with a pharmacy," explained company spokesperson Laura Ladd Poff.

Since launching the free diagnostic events six years ago, Sam's Club has conducted more than 1 million screenings, according to Jill Turner-Mitchael, SVP consumables and health and wellness. The screenings, she said, are usually accompanied by a counseling and health review session with participants, as part of the company's mission "to be a total health-and-wellness destination."

To further that goal, Sam's recently introduced high self-testing kiosks across its pharmacy network. "These screening stations are able to assess each user's blood pressure, pulse, weight and body mass index [BMI]," said Poff. "Users can also track their health information over time and share it with others through high's online platform, which can aggregate data from over 80 health devices, activity trackers and apps to provide a holistic view of ... their health."

Turner-Mitchael called the stations "a great tool to complement our monthly health-screening program, as they help make it easier for people to learn more about their health. We also recognize the importance of using the latest technology to motivate people to live healthier lives, so our partnership with high is a perfect match."

Sam's Club also has begun offering "pharmacist-administered rapid diagnostic tests for influenza and streptococcal infection at all clubs with a pharmacy in Michigan and Minnesota," Poff added. "In the event that a flu or strep test



yielded a positive result, Sam's Club pharmacists are also able to initiate drug therapy based on clinical protocols maintained with licensed providers."

Sam's also is refining its health-and-wellness message with a "new approach to categories," said Poff, by organizing related products into "new buckets ... aimed at helping members solve for specific-need states." Generally, that means grouping items into broad categories like those that address what Poff called "physiological needs — products that help solve for conditions that are happening either in or on the patient's physical body." Among those products, she added, are "incontinence solutions, medical solutions, nutritional solutions, personal care, etc."

Another category addresses what Poff describes as "environmental" health needs, including lift chairs and "products that help address common issues that occur in areas where patients live, in an effort to make a safer environment" in the bedroom, bathroom or kitchen.

Sam's also has created product groupings

Sam's Club

HQ: Bentonville, Ark.
2016 sales: \$57.4 billion*
% change vs. 2015: 0.9%
No. of stores: 661**
No. of stores with Rx: 625
Avg. store size: 133,000 sq. ft.
Rx sales: \$1.8 billion
% of sales from Rx: 3%
Sales per store: \$87 million

*For fiscal year ended Jan. 31, 2017

** As of March 30, 2017

Source: Company reports, *DSN* estimates

both for mobility — which Poff described as "on the move" or "biomechanical" devices, including wheelchairs, scooters and dexterity utensils — and for family caregivers. "Family Caregiving is crossing channels with an innovative 'Endless Aisle' kiosk that allows members to shop our online assortment in 233 clubs, and have those products shipped directly to their home," she told *DSN*.

Sam's also has launched a website for caregivers, SamsClub.com/caregiving, where members can access "expert advice, buying guides and the best products for home assistance," according to Poff.

Linking clinical, nutritional goals

A pioneer in supermarket pharmacy retailing, H-E-B has been operating in-store pharmacies since the 1950s, when it opened its first full-scale supermarkets, some 50 years after founder Florence Butt opened the C.C. Butt Grocery Store in Kerrville, Texas, with a \$60 initial investment. But over the past decade, the Texas-based supermarket and pharmacy powerhouse also has been at the forefront of the movement among supermarket pharmacy operators to expand their stores' health-and-wellness outreach beyond the pharmacy and into the food aisles.

For H-E-B, that holistic appeal to the health and wellness of millions of Texas consumers has become a core operating principle. "H-E-B's goal is to be known as a destination for health and wellness," said Craig Norman, SVP pharmacy. "This involves integration within all areas of our stores."

To that end, the company continues to explore the links between pharmacist-delivered patient care and the health benefits of sound nutrition and even exercise. At the pharmacy, that means offering an expanding menu of health services. "Our current professional service offerings ... include our Second Saturday screening program, immunization program, specialty pharmacy and compounding, free flavoring, pet meds and home delivery [including prescriptions] in certain markets," Norman told *DSN*.

In the food aisles, in its ads and on its website, it means educating millions of loyal customers on healthier eating choices, debunking health myths, providing cooking demonstrations and encouraging exercise, among other things. "H-E-B is the only retailer in Texas offering nutrition consultations by our registered dietitians covered by most major insurance plans, including Medicare and Medicaid," the company reports. In addition, many stores offer tips on cardiovascular health, weight management, diabetes prevention and management, and the services available from H-E-B pharmacists at in-store "Solutions Centers."

To drive home the message, H-E-B has created a 10-person regional team of nutritionists, dietitians and certified diabetes educators who oversee nutritional efforts and food offerings, promote healthier eating and dispense advice to customers via online and in-store counseling. The team also includes a physician, Marc Gillinov, M.D. Gillinov, who is surgical director of the Center for Atrial Fibrillation at Cleveland Clinic, provides online educational articles on heart health, vaccinations and other topics.



Pharmacists are also enlisted in the campaign for improved health among H-E-B's customers beyond the pharmacy counter, in part through their frequent involvement with shoppers in the aisles of the "Keeping Texans Healthy" department of the stores near the pharmacy department.

That storewide integration on behalf of healthier H-E-B shoppers "is ongoing," Norman said. And it's spurred in part by the nagging health challenges endemic to Texas, where the incidence of conditions like diabetes and hyperlipidemia are high.

H-E-B has built a strong health image with programs like "Second Saturday," an ongoing program that provides free screenings for glucose, blood pressure and cholesterol on the second Saturday of every month. Its pharmacies also conduct quarterly A1C testing for diabetics to help them manage their conditions long-term, and a complete cholesterol blood test measuring HDL and LDL levels.

Community outreach efforts also remain embedded in the company's culture, with education improvements and literacy high

H-E-B

HQ: San Antonio
2016 sales: \$23.8 billion
% change vs. 2015: 3.5%
No. of stores: 384*
No. of stores with Rx: 261
Avg. store size: 68,000 sq. ft.
Rx sales: \$1.8 billion
% of sales from Rx: 7.4%
Sales per store: \$62 million

*Including Central Market, Mi Tienda and Joe V's Smart Shop stores in Texas and 56 H-E-B/Supermercados Internacionales stores in Mexico
 Source: Company reports, *DSN* estimates

on its to-do list. H-E-B awards more than \$600,000 a year in cash prizes to outstanding educators, and joined with the Houston Public Library last September to fund the launch of a new, electronically enabled MY Link Library Card. The card gives users free and easy access to more than 6 million books, e-books, CDs, DVDs, databases and other downloadable resources.

Meanwhile, expansion and chainwide modernization efforts continue with a number of new store openings, remodels and relocations on tap for 2017.

Expanding its health efforts

Hy-Vee is well-known for its health-and-wellness commitment, and the supermarket chain has been taking efforts up a few notches recently with new and expanded programs.

The Iowa-based company, which operates food stores in eight Midwestern states, has been growing programs for immunizations and in-store health clinics, while promoting in-store healthy foods' departments and dietitians to support customer needs.

"The company prides itself on its dedication to health and wellness," Kristin Williams, SVP and chief health officer, told *DSN*.

She said the retailer "offers customers the convenience of easily seeking healthcare services for a variety of medical conditions or guidance for how to achieve their personal health goals in our very own stores."

The company has been partnering with local healthcare providers to open in-store retail health clinics. In the most recent fiscal year, Hy-Vee worked with local healthcare providers to open 29 new clinics. As of March, Hy-Vee operated 55 clinics across its market areas, and more are slated to open in 2017 and beyond.

"It's a natural fit for local healthcare providers and Hy-Vee employees to work together," Williams said. "From the provider's nurse practitioners and doctors to Hy-Vee's in-store dietitians, chefs, health concierges and pharmacists, our overall goal is to help our customers get and stay healthy."

Hy-Vee operates 250 pharmacies, which include Hy-Vee Drugstores and satellite locations. Amber Pharmacy, Hy-Vee's specialty pharmacy, operates in seven locations.

Hy-Vee recently expanded the range of vaccines it provides at its retail pharmacies. That move followed recognition that a growing number of customers were getting flu shots at the retailer's pharmacies.

The company drew recent recognition on its specialty pharmacy side. Two recent quarterly surveys by Zitter Health Insights revealed that Hy-Vee's Amber Pharmacy drew the highest ratings for patient satisfaction for its pharmacists, technicians, nurses and customer service representatives, as well as the highest patient loyalty score of all specialty pharmacies surveyed in the United States.



Hy-Vee has been just as active on the food side of its operation, where more than 200 dietitians play leading roles.

"Hy-Vee dietitians help customers focus on health and wellness by providing biometric screenings, one-on-one counseling, cooking classes, grocery store tours, culinary demonstrations and nutrition programs," Williams said.

These dietitians offer a wide range of classes to customers, including the company's Begin program, which focuses on managing weight loss, and the new Simple Fix program that enables shoppers to prepare healthy, convenient meals they can take home and easily serve.

Hy-Vee also is launching two new programs: Begin 4 Kids and Begin for Diabetes. The kids' program is a four-week effort that emphasizes food groups, activity and healthy eating, while the diabetes initiative is a 10-week healthy lifestyle and weight management program for people with diabetes. In the near future, the chain's dietitians will unveil a new program to help prediabetic individuals lead healthier lives, Williams said.

Hy-Vee

HQ: West Des Moines, Iowa
2016 sales: \$9.8 billion
% change vs. 2015: 5.1%
No. of stores: 244
No. of stores with Rx: 250*
Avg. store size: 10,500 sq. ft.
Rx sales: \$1.2 billion
% of sales from Rx: 12%
Sales per store: NA

Note: Hy-Vee fiscal year runs from Oct. 1 through Sept. 30.
 *Number includes Hy-Vee stores w/pharmacies, Hy-Vee Drugstores and satellite locations. In addition, Amber Pharmacy, Hy-Vee, Inc.'s specialty pharmacy, has seven locations.
 Source: Company reports, *DSN* estimates

Recently Hy-Vee announced an exclusive arrangement to carry actor and producer Mark Wahlberg's new sports nutrition line, called Performance Inspired.

Also on the food side, Hy-Vee now operates 179 HealthMarket departments, which cater to customers seeking organic, natural, gluten-free and allergy-friendly foods.

Hy-Vee also launched a new in-store magazine, *Hy-Vee Balance*, focusing on health, personal care, fitness, food and cooking.

Integrated model improves adherence

Genoa CEO John Figueroa has been in the business for 26 years, but he told *Drug Store News* that the pharmacy chain's business model is "the most exciting model I've ever been a part of." Genoa's integrated care model — which centers on pharmacies on-site at community mental health centers — has him excited for several reasons, among them the company's growth in the past year and the interest that payers have begun to show in the adherence boost exhibited by patients served by Genoa pharmacies.

Last year, Genoa saw 25% revenue growth — a number Figueroa said has been consistent for the past five years — and by the end of March 2017 had 357 locations in 42 states, with eight locations opening in the first two months of the year. In the past 12 months, it has entered at least five new states, opening its first New York pharmacy in the fall and acquiring 50 locations across Mississippi, Arkansas, Tennessee, and South Carolina in January through its acquisition of the Mississippi-based Advanced Pharmacy Solutions. It also grew its Michigan presence with the acquisition of Advanced Care's behavioral health and residential care services division.

Besides Genoa's massive acquisition activity, Figueroa said the company also has enjoyed solid organic growth in its existing operations, with pharmacies open more than five years up 8% to 10% a year. That said, Figueroa is even more optimistic about the opportunities to grow the business further.

"There are roughly 5,000 community mental health centers in the country, and as fast as we're growing, there's an opportunity to expand and grow even faster every year," he said.

Helping guide that success is Genoa's integrated care model, which allows its pharmacists to work more closely with the doctors and patients at the mental health centers in which they work. In addition, Genoa also offers telepsychiatry services from its network of more than 180 doctors to about 85 clinics that are short-staffed.

Those relationships are helping Genoa improve patient adherence among a "very special population," Figueroa explained. "And when they're on the right meds and they stay on them, ... the economic benefit and the quality of life for this patient population is substantial."



According to an August 2016 study in the *Journal of Managed Care Pharmacy*, adherence rates among Genoa pharmacy patients averaged 96% versus 81% among patients who received their medications elsewhere.

Important, insurance providers have begun to take notice, Figueroa said. "As we talk to the payers — and payers [say] this is one of their [most costly] disease states [to manage] — and we can demonstrate the value of adherence with integrated care, they get very excited. Several organizations have begun to discuss custom programs around enhanced medication therapy management and other clinical opportunities. If you can make an impact in cost and quality, the payers are all ears, and they want to do these unique programs."

Looking to the future, Figueroa expects its partnerships to grow with the business.

"We're having these incredible conversations with payers, and I believe it's going to impact our overall model even more from a financial standpoint," Figueroa said. "But the best part is from a patient

Genoa

HQ: Tukwila, Wash.
2016 sales: \$1.2 billion
% change vs. 2015: 25%
No. of stores: 357
No. of stores with Rx: 357
Avg. store size: NA
Rx sales: \$1.19 billion
% of sales from Rx: 99%
Sales per store: \$3.5 million

Source: Company reports

standpoint. Things are better for them as well." Indeed, the company's integrated care model is catching the attention of the business community. In March, Genoa was named one of 18 companies honored by *Seattle Business Magazine's* 2017 Leaders, earning the silver award for Innovation in Health Care Delivery.

"Our focus has always been on providing solutions to our partner mental health centers and their [patients]," noted Genoa chief commercial officer Mark Peterson. "We are inspired by the individuals ... we are privileged to care for, who often are forgotten or cast aside in our society."

Amid struggles, pharmacy remains bright spot

Kmart parent Sears Holdings made headlines in March when it announced, “Our historical operating results indicate substantial doubt exists related to the company’s ability to continue as a going concern.”

In response, the company announced in its 2016 10-K filing, it will transition into a “customer-centric” company. “The retail industry is changing rapidly. The progression of the Internet, mobile technology, social networking and social media is fundamentally reshaping the way we interact with our core customers and members. As a result, we are transitioning to a member-centric company. Our focus continues to be on our core customers, our members and finding ways to provide them value and convenience through Integrated Retail and our Shop Your Way membership platform. We have invested significantly in our online e-commerce platforms, our membership program and the technology needed to support these initiatives.”

It is too early to tell exactly if and how this move will affect Sears Holdings’ 735 Kmart stores, but it is fair to expect changes will be made. In terms of store count, Sears made significant changes to Kmart’s business in 2016, closing 206 stores. In late April, the company announced it would close 92 more Kmart stores.

Fiscal 2016 was indeed a challenging year for Kmart, with a 5.3% year-over-year decrease in comparable-store sales to show for it.

Pharmacy success

Despite ongoing concerns, Kmart’s pharmacy operations — located in 451 of its stores — was perhaps its shining star, based upon one important metric: customer satisfaction. The retailer saw the consumer-satisfaction rating for its pharmacy rise dramatically over the past year, according to the American Customer Satisfaction Index released on Feb. 28. The company posted an 11% year-over-year satisfaction level increasing to score an 84, and beating out several traditional pharmacy-first brands, with ACSI noting Kmart customers remain truly “loyal” to the company.

In addition, three Kmart Pharmacy locations in 2016 were awarded MTM honors by OutcomesMTM, a Cardinal Health company that designs, delivers and administers Medication Therapy Management programs.



The stores are located in Medford, Wis., Rapid City, S.D., and Hagerstown, Md. OutcomesMTM recognizes pharmacies and pharmacy chain organizations with exceptional performance in delivering MTM services to eligible patients.

The company also achieved several more key achievements in its pharmacy business, Kmart leaders told *Drug Store News*, including, becoming a preferred pharmacy for most top Medicare Part D plans.

“Kmart Pharmacy is central to Sears Holdings’ health-and-wellness strategy, which expands beyond prescription services to provide both treatment and preventive care,” said Phil Keough, president of Kmart Pharmacy. “We are thrilled to offer the added benefit of being a preferred pharmacy, and the ability to offer low copays to customers enrolled in Medicare Part D plans that offer preferred cost sharing.”

Other important pharmacy news from

Kmart*

HQ: Hoffman Estates, Ill.
2016 sales: \$8.7 billion
% change vs. 2015: -15.1%
No. of stores: 735**
No. of stores with Rx: 451**
Avg. store size: 95,000 sq. ft.
Rx sales: \$1.1 billion
% of sales from Rx: 12.4%
Sales per store: \$111.7 million

*Kmart only
 **As of fiscal-year end on Jan. 28
 Source: Company reports, DSN estimates

2016 for Kmart included:

- A new partnership with eHealth to create a tool to help seniors choose an appropriate Medicare Plan;
- Enrolling 600,000 members in the company’s Pharmacy Rewards loyalty program;
- Offering free flu shots through most insurance plans; and
- A partnership with the Alzheimer’s Association to provide free memory screenings during the month of November in Kmart pharmacies.

On the cusp of a transformation

If Fred's CEO Mike Bloom has his way, the Fred's Pharmacy of today won't be the Fred's of tomorrow.

The retailer — currently operator of 601 discount general merchandise stores with 350 store and pharmacy locations — announced in December 2016 that it will acquire a minimum of 865 divested Rite Aid stores should the U.S. Federal Trade Commission approve the proposed Walgreens Boots Alliance-Rite Aid merger. (The transaction had not been approved as of press time.) If approved, Fred's would become the third-largest drug store retailer.

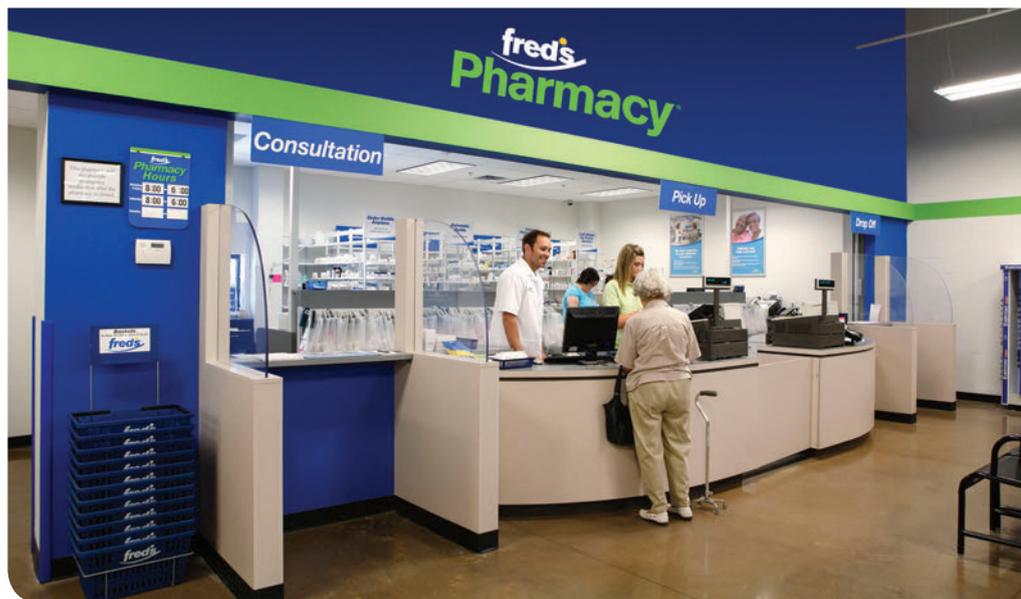
Bloom outlined four reasons why acquiring divested Rite Aid stores would be a strategic win for the company. "First, we are a strong strategic fit. Retail pharmacy is our core competency. This deal accelerates our growth plan and builds on existing scale and infrastructure. Second, we have a very experienced leadership team that has a long history of successful pharmacy mergers and acquisitions. The leadership team is made up of many former executives from Walgreens and CVS. Third, this deal creates a true competitor with scale, and there is no meaningful overlap in the divested store markets. This deal truly maintains and enhances competition in all markets where Fred's Pharmacy is or will be competing and provides us with the opportunity to match our vision for growth and further scale in all markets. Last, this deal is good for consumers and payers. Payers and their pharmacy networks will benefit from the presence of a growth-oriented and aggressive competitor in the divestiture markets."

Executing the plan

Fred's top goal has been transforming itself from a discount retailer with a pharmacy into a bona fide retail healthcare/pharmacy organization. And according to Bloom, that plan remains on target even if quite a bit of work remains.

"We know we have work ahead of us. Fred's has lacked investment and process improvement for a very long time. That said, we are pleased with the progress we are making against our strategic plan and are focused on doing what needs to be done to have our financial results match our operational successes," he said.

Looking ahead, Bloom explained that the company is focused on pharmacy growth, improving trends in front store, strong cash flow and reducing inventory and expenses throughout the business. "Fred's Pharmacy is on the right path, and we will continue to execute our healthcare strategy and drive value for our team members, customers and



shareholders. We are now consistently seeing favorable sequential growth in retail pharmacy, adjusted script comps, along with sequential progress in sales trends in our specialty pharmacy business, continuing our quarter-over-quarter growth trend. We expect this sequential improvement to continue throughout 2017."

Fred's specialty pharmacy efforts — which the company enhanced in 2015 with the acquisition of EntrustRx — have begun to pay off. "Specialty sales grew double digits in the second half of 2016 versus the first half of 2016, demonstrating the momentum in our strategic shift to focus on health care," said Bloom. "Looking ahead to 2017, we are confident it will be a year of sales growth through the expansion of therapies, new additions to the sales force, and the expansion into 340B programs for specialty pharmacy."

No matter how many stores Fred's operates in the future, beauty could be an avenue for growth in the front store. Bloom's resume includes a stint as the category manager for cosmetics and fragrances at CVS, and the Fred's chief executive also was a main force in developing CVS'

Fred's

HQ: Memphis, Tenn.
2016 sales: \$2.1 billion*
% change vs. 2015: -1.2%
No. of stores: 601
No. of stores with Rx: 350
Avg. store size: 15,000 sq. ft.
Rx sales: \$1 billion
% of sales from Rx: 50%
Sales per store: \$3.5 million

*Fiscal year 2016 ended Jan. 28, 2017
 Source: DSN estimates

former Beauty360 concept stores.

"With the growth of Ulta and Sephora that are just doing a great job in this segment, it confirms in my mind that beauty is an extremely important business in brick-and-mortar stores," Bloom said. "Clearly, beauty is a growth opportunity at Fred's."

To that end, Fred's recently added former CVS DMM for beauty and personal care Mary Lou Gardner to the company's leadership team as chief merchandising and marketing officer — another signal that beauty could be a key part of Fred's future.

Targeting next generation with ‘Healthy Lifestyle’

Southeastern Grocers — the Jacksonville, Fla.-based parent company of retailers Bi-Lo, Harveys, Winn-Dixie and Fresco y Más — has raised its health-and-wellness profile with a string of new initiatives.

The company, which operates 730 grocery stores and 500 in-store pharmacies throughout the Southeast, also announced a major leadership change in pharmacy.

Last year, John Fegan, VP pharmacy and a 43-year veteran of the industry, retired from the company. In January, Gayle Shields was named the new VP of pharmacy. Shields previously held that title at Ahold USA, and during her career served in roles at companies including Allied Health, Maxor National Pharmacy Services Corp., Save Mart, Albertsons and Discover Health.

“I am delighted that Gayle has joined Southeastern Grocers given her wealth of experience within the pharmacy and grocery industries,” Southeastern Grocers COO Anthony Hucker said.

The company’s new healthy lifestyles initiative, announced last August, is nothing if not ambitious. Called SEG Sports, the company refers to it as “a long-term commitment to celebrate healthy lifestyles and athletes of all ages and abilities across the Southeast.” It includes investments in 10 collegiate, professional and semi-professional teams in its operating region.

The retailer said it will support youth camps and clinics through its professional, semi-professional and college sports partnerships with the Clemson University Tigers, Florida State University Seminoles, Greenville Drive, Jacksonville Armada, Jacksonville Suns, New Orleans Saints, Pensacola Blue Wahoos, University of Alabama Crimson Tide, University of Florida Gators and University of South Carolina Gamecocks.



The company’s website hosts a series of videos that spotlight the various partnerships and provide guidance to the “next generation of athletes” on how to pursue healthy lifestyles with diet and activity.

On the food side of its business, the company has embraced a sustainability commitment in the seafood aisle, and unveiled a new local sourcing policy for produce last year.

One of Southeastern Grocers’ latest moves was to announce a transformation of its private-label program. The company outlined in February a sweeping initiative impacting some 3,000 items across categories and store banners. The effort will include the launch of three new private brands, with new items rolling out over the next year.

Southeastern Grocers also deepened its commitment to hunger relief late last year through a new effort with Feeding America, the nation’s largest organization committed to that mission.

In this new program, the retailer makes a donation to the hunger relief organization for

Southeastern Grocers

HQ: Jacksonville, Fla.
2016 sales: \$11.1 billion
% change vs. 2015: -1.9%
No. of stores: 730
No. of stores with Rx: 504
Avg. store size: 46,000 sq. ft.
Rx sales: \$1.0 billion
% of sales from Rx: 9%
Sales per store: \$15.2 million

Source: DSN estimates

each customer purchase of a loaf of Southeastern Grocers brand sandwich bread.

“One-in-eight people struggle with hunger in America; many food insecure people fall within our footprint, which is why we are committed to fighting hunger hand-in-hand with Feeding America,” said Ian McLeod, president and CEO of Southeastern Grocers. “Together with [more than] 8,000 food bank partner agencies and food rescue programs across seven states, we are now increasingly committed to supporting people who may not have access to a healthy meal with this new fundraising bread program.”



Tech upgrades, central fill help grow scripts

Giant Eagle in the past year has invested significantly in automation and software upgrades across its pharmacy base, the company reported in its latest Corporate Social Responsibility statement. “With central fill and workflow in place, our pharmacists now have more time to spend with their patients, which produces even better health outcomes,” wrote Laura Karet, Giant Eagle’s CEO. “Annually, Giant Eagle Pharmacy serves more than 1.8 million customers and dispenses 25 million prescriptions at nearly 220 pharmacy locations,” she said.

Prescriptions filled were up by 20% through the company’s central fill operation, which includes such new technology as enhanced computer software, scan technology and robotics.

In addition, Giant Eagle administers as many as 100,000 vaccinations annually. In 2016, vaccinations increased by 23%, the company reported.

Another focus for Giant Eagle Pharmacy in the past year has been its specialty pharmacy operations. In August, Giant Eagle received full Specialty Pharmacy Accreditation from URAC, a Washington, D.C.-based independent, non-profit healthcare accrediting organization that assesses quality standards for the healthcare industry. And the grocer serves as the exclusive specialty pharmacy for select Highmark members. “Our specialty pharmacy services are designed to decrease the time our patients spend on paperwork and increase the time that they spend face-to-face with pharmacists,” Karet wrote. “We also fully support our patients’ administrative and advocacy needs.

Giant Eagle Specialty Pharmacy offers patients personal support as they manage such complex medical conditions as hepatitis C, cancer, rheumatoid arthritis, psoriasis, Crohn’s disease, multiple sclerosis, HIV, human growth hormone deficiency and osteoporosis. Patients can choose to have their specialty medications delivered directly to their home, or they can pick up their medications from one of more than 200 Giant Eagle Pharmacy locations, where they can receive such face-to-face support as injection training and medication counseling.

Giant Eagle augmented its in-store blood pressure kiosk offering in partnership with PharmaSmart International. PharmaSmart deployed its clinically validated blood-pressure Kiosk and cloud-based Health IT platform across 217 Giant Eagle Supermarkets throughout Pennsylvania, Ohio, Maryland and West Virginia.



Giant Eagle intends to leverage PharmaSmart’s clinical-grade program to drive Medicare Star Ratings objectives, the company stated. “For us, this is more than just deploying new kiosks. With the PharmaSmart program, Giant Eagle now offers our patients a clinically valid solution for blood-pressure management, including full integration into our Rx software and consumer website. PharmaSmart’s software allows us to easily intervene in cases where blood-pressure control is not achieved, and we have the data to demonstrate our impact on blood-pressure control rates over a managed population,” the company said.

In the past year, Giant Eagle also has been working toward building its brand as a healthcare resource through outreach to its community base and through philanthropy. For example, in October 2016, Giant Eagle employees and their family and friends participated in the American Heart Association’s Heart Walk and helped raise more than \$80,000 to support the Heart Healthy Matters Campaign.

Also last year, Giant Eagle supported the

Giant Eagle

HQ: Pittsburgh
2016 sales: \$9.3 billion
% change vs. 2015: -2.1%
No. of stores: 218
No. of stores with Rx: 216
Avg. store size: 75,000 sq ft.
Rx sales: \$930 million
% of sales from Rx: 10%
Sales per store: \$42.7 million

Source: Company reports, *DSN* estimates

American Heart Association with \$220,000 in support of the AHA Golf Event and \$100,000 in corporate donations.

And, for the first time ever, Giant Eagle supported the Bridge to Wellness Expo in the Pittsburgh market with the American Diabetes Association.

This past year also was a record-breaking year for Giant Eagle’s partnership with the Central Blood Bank. Those who participated in Giant Eagle’s sponsored blood drives collectively donated 970 units of blood, which helped save the lives of 2,910 patients, the company noted.

Pharmacy advances as footprint expands

Meijer has been accelerating its pharmacy efforts as it makes new investments to grow the store footprint and home-delivery capabilities in a six-state marketing area.

The Grand Rapids, Mich.-based retailer, which operates more than 230 supercenters and grocery stores, recently advanced on a number of wellness fronts, including in-store clinics, specialty pharmacy, a free prescription program and a partnership with the University of Michigan Health System.

At the start of this year, the executive driving the company's growth, president Rick Keyes, became CEO. That role traditionally had gone to a Meijer family member.

"We have witnessed Rick's deep understanding and appreciation of our culture and his passion for the people who make Meijer a great company," said former CEO Hank Meijer, who became executive chairman of Meijer's board.

With new leadership in place, Meijer will look to grow its store base and home-shopping capabilities.

The retailer is investing more than \$375 million in initiatives that include seven new supercenters and 22 remodels. By the end of this year, the company will have remodeled and upgraded close to 90 stores, and opened more than 50 new stores since 2010. The latest moves will bring Meijer stores to Michigan's upper peninsula for the first time.

In addition, Meijer announced a high-profile expansion of its home-delivery program with Shipt, which will eventually extend the effort across the retailer's six-state marketing area. The move follows a successful launch in the Detroit area last year. The current expansion starts in Grand Rapids, Fort Wayne and Indianapolis, and will then roll out to other markets.

On the pharmacy front, Meijer hit a milestone early this year when savings, since 2006, from the retailer's free prescription program passed the \$500 million mark, representing close to 40 million prescriptions.

Among other efforts, Meijer actively has partnered with health organizations. A recent prime example is last year's collaboration with The University of Michigan Health Sys-



tem to provide hypertension-management services for adults. Thanks to this partnership, U-M patients can receive a blood-pressure check and assessment at participating Meijer pharmacies. The program enables pharmacists to communicate directly with U-M as needed for patients, and the results of the visit are recorded in a patient's electronic medical record so that U-M providers are fully informed.

"This partnership is allowing us to provide our patients with clinical pharmacist services in the community," said Hae Mi Choe, director and associate dean of pharmacy innovations and partnerships at U-M. "Our patients will have more access to an effective and safe hypertension treatment and monitoring program right in their neighborhood."

Meijer's efforts in specialty pharmacy were boosted last year when the retailer received Specialty Pharmacy at Retail accreditation from the Accreditation Commission for Specialty Healthcare. The announcement came less than a year after Meijer's acquisition of specialty pharmacy and healthcare company

Meijer

HQ: Grand Rapids, Mich.
2016 sales: \$17.9 billion
% change vs. 2015: 1.7%
No. of stores: 238
No. of stores with Rx: 238
Avg. store size: 225,000 sq. ft.
Rx sales: \$895 million*
% of sales from Rx: 5%
Sales per store: \$75.2 million

*In the 2016 DSN PowerRx 50 Report, Meijer's pharmacy sales were listed as \$769.3 million. The actual number was \$880 million. DSN regrets this error.
 Source: DSN estimates

Aureus Health Services.

Also last year, Meijer made progress on the retail clinics front by opening its first clinic as part of its Sparrow Health System partnership.

"Meijer is committed to expanding convenient access to healthcare providers," said Jacquelyn DeBruler, Meijer's health-and-wellness director. "These partnerships give us an opportunity to connect local providers and patients, ultimately meeting people where they are."

Supermarket trendsetter reaches south

A supermarket and combo store trendsetter is on the move.

At a deliberate pace, Wegmans is branching out. The 92-store supermarket and pharmacy chain — long considered an industry standout for its high-concept stores, innovative one-stop merchandising and fiercely loyal customer base — is expanding slowly within and beyond its market base in the Northeast and mid-Atlantic region.

For the first time, Wegman's is reaching into North Carolina, with stores planned for the cities of Chapel Hill, Raleigh, Cary, N.C. — an upscale bedroom community just west of Raleigh — and nearby West Cary.

Wegmans' move into the Tar Heel State marks its first incursion south of Virginia, where it operates 10 stores, and the continuation of an unhurried expansion that will include the opening of three new units this year — in Haver Township, N.J., in July; Montvale, N.J., in September; and Medford, Mass., in the fall.

In the works for 2018 are new openings in Chantilly, Va.; Lancaster, Penn.; and Natick, Mass. Longer-term, Wegmans is eyeing additional store sites in Brooklyn, N.Y., near the Brooklyn Navy Yard; Harrison, N.Y.; Tysons Corner and Virginia Beach, Va., as well North Carolina.

In keeping with its one-stop approach, all new units are expected to include pharmacies.

A century after its founding — the chain celebrated its 100th anniversary in 2016 — Wegman's continues to innovate. The chain operates its own organic farm and carries some 3,000 organic items. It offers a far larger assortment overall — some 50,000 to 70,000 SKUs per store, versus an industry average that the Food Marketing Institute pegs at more than 40,000 items per store.

Pharmacies offer free home shipping, automated refills, pet prescriptions and a variety of in-store and online health-and-wellness services. Among them are the recent installation of high self-testing stations in all stores, and a rapidly expanding immunization program, which provided more than 75,000 flu vaccinations in the most recent flu season. Wegmans pharmacists also immunize against hepatitis A and B, chicken pox, shingles, HPV, meningitis and other diseases.

"We're ... improving immunization rates in the communi-



ties we serve," said Katie Niles, pharmacy clinical wellness services manager.

Wegmans also offers onsite flu clinics for employers through its Pharmacy Business Partnership Program. The initiative "makes it easy for employers to host an on-site flu clinic with online scheduling for employees ... and the ability to bill individual plan sponsors or billing direct to employers," Niles said.

Besides a pharmacy, stores also feature in-store dining at Market Café or Burger Bar restaurants, fresh-made sushi, a Buzz Coffee Shop, pizza shop and organic salad bar.

Retail industry experts routinely put Wegmans at or near the top of supermarket industry performers, and its customers agree. Among its recent praise:

- Dubbed "America's Favorite Supermarket" in a 2016 consumer study by Market Force Information;
- Ranked second among all U.S. supermarket chains, just behind Publix, in J.D. Power's most recent survey of supermarket pharmacy customers;
- Ranked No. 4 on Fortune magazine's

Wegmans

HQ: Rochester, N.Y.
2016 sales: \$8.3 billion
% change vs. 2015: 5.1%
No. of stores: 92
No. of stores with Rx: 92
Avg. store size: 75,000 sq. ft. to 140,000 sq. ft.
Rx sales: \$807 million
% of sales from Rx: 9.7%
Sales per store: \$90.2 million

Source: Company reports and DSN estimates

2016 list of the 100 Best Companies to Work For, and fifth on Forbes' list of America's Best Employers last year; and

- Scored second place in the 2017 Harris Poll Reputation Quotient study of the "100 most visible companies."

The most telling recognition for Wegman's style of retailing may be coming from its own customers. As many as 2,000 people show up for grand openings of new stores, and those new stores open to a ready audience. According to a company report, "in 2016, more than 7,800 people contacted Wegmans asking for a store in their community."

Efforts address range of customer needs

Wakefern Food Corp. continued to advance its health-and-wellness efforts over the past year, driven by a deep understanding of the needs of specific customer segments.

One of those segments targeted by the operator of ShopRite supermarkets across six states are younger consumers.

“Millennials will face challenges from a healthcare standpoint,” said Chris Skyers, who was recently named VP of corporate merchandising following a stint as VP of health and beauty care. He spoke in January at the Food Marketing Institute’s Midwinter Executive Conference in Scottsdale, Ariz.

“Millennials will be more interested in self-care. The grocery industry has an opportunity to take care of these shoppers. We have the food in our stores and the dietitians. So if you truly understand the customers, you’ll realize a great opportunity,” he said.

Wakefern’s dietitians support customers on a number of levels, he added.

“Our dietitians provide services in store, and also prepare our associates for customer questions, such as about gluten-free. They provide education on nutrition for the community with free in-store consultations.”

In January the retailer-owned organization debuted a range of free services for shoppers, including support groups, dietitian services and health screenings.

“Our programs are designed to educate, inform and inspire our shoppers to live their best lives,” said Natalie Menza-Crowe, director of ShopRite’s health and wellness department. “We’ve brought together our team of in-store dietitians, chefs and pharmacists to create a comprehensive assortment of health-and-wellness services, and we’re proud to offer them to our customers.”

Among the offerings are weight-management classes, in-store dietitian services, culinary workshop classes, diabetes classes — held in partnership with ShopRite Pharmacy — and cholesterol and diabetes screenings.

Wakefern is known for its progressive diabetes programs, including a partnership effort with Johnson & Johnson that was spotlighted last year in a best practices report from Global Market Development Center.



In the program, the retailer and supplier created an in-store display format to address the needs of this group.

“We have found that diabetes patients have so many health issues that, if there’s one place in the store they can go to and find testing supplies, wound care, skin care, oral health and nutritional products, it is a huge benefit to them,” says Chris Jobes director of health and wellness at Johnson & Johnson Consumer. “What we did was bring together all the primary items that deliver solutions. The results have been incredibly positive.”

The collaborative partnership to address the needs of diabetics was central to the program’s success, said Skyers. “Our stores are community stores, but we need manufacturer partners, and Johnson & Johnson has the insights, the people and talent to help us serve those communities better,” he said.

ShopRite’s website underscores health and wellness with a dedicated section. It features information on kids’ health, meal ideas, health events listings, dietitian services and cooking classes, and features a blog that

Wakefern Food

HQ: Keasbey, N.J.
2016 sales: \$16 billion
% change vs. 2015: 4.2%
No. of stores: 345
No. of stores with Rx: 229
Avg. store size: 65,000 sq. ft.
Rx sales: \$768 million
% of sales from Rx: 4.8%
Sales per store: \$46.4 million

Source: Company reports, *DSN* estimates

addresses recipes and health trends.

In one blog post, Girlene Coughlin, a registered dietitian at the ShopRite in Kearny, N.J., offered a “Wellness Wednesday” tip. “Did you know that children who help their parents prepare healthy meals are more prone to try more foods and subsequently like a larger variety of fruits and vegetables?” she wrote.

Wakefern’s private-label efforts also are embracing wellness, including the launch of a line called “Wholesome Pantry,” which is free of some 110 ingredients, ranging from artificial colors to preservatives.

Providing personal service

Shopko Pharmacy had an excellent 2016, led by total prescription growth and increased days of supply, with continued growth in 90-day fills as a percent of prescription fills.

“A key driver of our growth was our passion for providing personalized service in all of our pharmacies, with short wait times, expert medication advice and chronic disease counseling,” Darren Singer, Shopko’s SVP, health and wellness, told *Drug Store News*. “With Shopko focused on delivering five-star quality care, medication adherence is critical. We focus on CMS quality measures centered on MTM/CMR completion rates, high [generic dispensing rates/generic efficiency rates], statins, diabetes and more in every store.”

Immunizations also enjoyed strong growth — up in the double digits in the past two years, Singer noted — driven by a strong flu campaign despite a comparatively low flu incidence level in many markets during the season.

“Our teams used state immunization registries and patient health records to ensure our patients and community are protected by trained and caring Shopko pharmacists,” Singer said. “Shopko Pharmacy was also active in opening new pharmacies, primarily in Shopko Hometown stores, which are smaller format stores in rural, under-served communities. These Shopko Hometown pharmacies offer greater access to quality care, right in their local community, helping providers and payers serve patients and members in an effective way.”

Forward thinking

Shopko, which primarily operates in rural locations, added nine stores since *DSN* ran its last report one year ago, with total sales and sales per store both growing in 2016 versus the prior year. The Green Bay, Wis.-based company now has 381 locations, 270 of which house a pharmacy.

As the pharmacy industry continues to evolve and explore new and better ways to serve patients, Shopko increasingly is partnering with its wholesaler and manufacturer partners to expand assortment, reduce costs and ensure peak service levels in each of its pharmacies. One area in which company executives believe they may have an advantage over other pharmacy retailers is by leveraging the range of healthcare solutions



it has in its box.

“Shopko pharmacists’ goal of providing solutions for all patient needs extends to counseling on OTC categories, leveraging the expertise of the most accessible and trusted healthcare provider,” Singer said. “Our OTC assortment [is] adjacent to our pharmacies, helping pharmacists get out from the behind the counter to help patients make the right choices. Shopko also has the unique advantage of having 140 Optical Centers across our enterprise, which, when combined with pharmacy, OTC, diabetes care and [durable medical equipment], create a destination for health and wellness.”

One good example of how the chain is trying to create a “one-stop destination” is in diabetes care, which Shopko has expanded to a comprehensive 12-ft. planogram in all stores. Another change has been the refresh of its DME assortment both in store and online, where customers can order products for ship-to-home or ship-to-store.

Shopko also completed the installation of high screening kiosks in all of its pharmacy

Shopko

HQ: Green Bay, Wis.
2016 sales: \$3.4 billion
% change vs. 2015: 6%
No. of stores: 381
No. of stores with Rx: 270
Avg. store size: Shopko Hometown: 20,000 sq. ft., Shopko Big Box: 75,000 sq. ft.
Rx sales: \$660 million
% of sales from Rx: 19.5%
Sales per store: \$8.8 million

Source: *DSN* estimates

stores in late 2016. Using data collected from the high kiosks, which screen patients’ weight, BMI, blood pressure and heart rate, Shopko this year plans to offer challenges and incentives for its customers to get to know their numbers, take control of their health and work with their doctors and Shopko pharmacists to help improve their health. The technology may be new, but for Shopko it’s part of the company’s 50-year tradition of improving the quality of life for its patients, Singer said. “Shopko Pharmacy continues to innovate and expand services to help our patients achieve their health-and-wellness goals,” he said.

‘Intimate’ patient relationships drive care

CARE Pharmacies last year grew its presence into 82 locations across 17 states, with sales up 20%. CEO Michael Wysong attributes CARE’s growth not just to the growth in specialty pharmacy, which forms a large part of its members’ business, but also to its pharmacists’ ability to deliver on patient care — Wysong likes to use the term “intimate” to describe the sort of relationships patients have with their CARE pharmacists — while staying competitive, leveraging what it does well and retaining access to patients and necessary medications.

“I think people want to go into a brick-and-mortar store; they want to get their prescriptions from someone they know and trust [who] can really counsel them in a meaningful way,” Wysong said. “And if you can do all of those things and you’re not disadvantaged because you have the size and scope of a drug chain — or the ability to source with some other drug chains — then you have both the size and scale that you need and you have the clinical quality that’s required.”

Wysong credits its ongoing partnerships with the Buyers Consortium and the Buying Alliance as key in the ability for CARE’s pharmacists to maintain the close patient relationships for which independents are known, while having the resources and buying power of a chain. Both organizations leverage the collective size of regional chains to keep them competitive, and Wysong said these partnerships were particularly important in facilitating CARE Pharmacies’ drug sourcing and procurement opportunities, as well as helping offset the effects of both margin erosion and declining reimbursements.

“Last year, we really focused in on a lot of sourcing initiatives, we focused on trying to make sure we could offset some of the margin and reimbursement issues,” Wysong said. “And if you look at the new administration coming in, I think there’s going to continue to be a focus on the fee-for-service to fee-



for-value transition. Our challenge is going to be making sure we can integrate all of the new locations and all of that footprint given its complexity and continue to find new ways to drive quality.”

A desire to provide quality patient care is something that, more than anything else, defined the locations that join CARE Pharmacies, Wysong said. “[Our membership] isn’t really in any one particular marketplace or geography. It’s less geographically focused than it is customer-specific and whether we’re set up to serve that customer well,” he said.

The company’s push for quality patient care across geography and marketplace tends to have the end result of being a push for access to patients and limited-distribution specialty medications. One of the company’s recent efforts has been focused on building up prescriber relationships to retain access to patients and show results. Last year the company launched a proprietary specialty pharmacy prescriber network, CARE Connect, as a starting point for this effort, and though Wysong said he plans to rebrand the effort this year, the reason for its creation is a driving force in the company’s growth

CARE Pharmacies

HQ: Linthicum, Md.
2016 sales: \$689 million
% change vs. 2015: 20%
No. of stores: 82
No. of stores with Rx: 82
Avg. store size: 3,500 sq. ft.
Rx sales: \$654.6 million
% of sales from Rx: 95%
Sales per store: \$8.4 million

Source: Company reports

initiatives, and access, coupled with results, will garner the attention of manufacturers — bringing about better access to medications.

“The premise of the CARE Connect model is absolutely the right premise — trying to make sure you can cater to the needs of the prescribers in the communities that you serve and you don’t lose the ability to retain access to your patients,” Wysong said. “If you look at the results of the organization, you can begin to see that there’s a demand, especially at the manufacturer level, for a specialty-at-retail solution — and I think people are starting to realize we may be that solution.”

“People want to get their prescriptions from someone they know and trust [who] can really counsel them in a meaningful way.”

Mike Wysong, CEO, CARE Pharmacies

Tackling adherence head-on

Positioning itself along the front lines of health care, Kinney Drugs is tackling poor medication adherence head-on and striving to enhance the patient, provider and pharmacist interaction. Such efforts are critical as the U.S. healthcare system continues to work to improve access, quality, cost and efficiency in care.

One of the more recent examples is Kinney Drugs' partnership with HealthConnections, a Syracuse-based regional health information organization. The partnership, announced in June 2016, links medication prescribed with medications picked up at more than 70 New York Kinney Drugs stores.

"Pharmacists play an essential role in the treatment and prevention of chronic and acute illnesses. By partnering with HealthConnections, our pharmacists will be more integrated within the healthcare system, which will allow them to better collaborate with other providers to help improve patient health outcomes," said Jim Spencer, president of Kinney Drug stores. "[More than] \$290 billion is wasted annually due to the medical costs associated with poor medication adherence, and our pharmacists are best positioned to help address this issue. Kinney Drugs is excited to offer this service to our patients as a meaningful way to more effectively communicate prescription information to their providers, as we strive to deliver the highest level of care and make it easier for our patients to lead healthier lives."

For patients, particularly those with multiple and chronic illnesses, sharing their medical information through HealthConnections' health information exchange can help reduce the time spent filling out paperwork, briefing providers on their medical history and tracking prescriptions across patient caregivers. The partnership provides physicians with access to prescription and medical information that may not otherwise be available, which is especially important for urgent care or emergency room visits occurring late at night or on weekends.

Circle of care

To further assist pharmacy patients, Kinney Drugs is promoting its Circle of Care pharmacy services. The Circle of Care is designed to help patients save time and money, and consists of such services as 24/7 refill requests, prescription transfers, automatic refills, free prescription delivery, medication synchronization, hearing loss services and an online home health store.



Created in partnership with Franciscan Cos., the Online Home Health Store enables patients to shop online for a wide selection of home medical and respiratory equipment, and have it delivered right to their door.

"At Kinney Drugs, we make it easier to stay healthy and live well. That's why we proudly offer Kinney Drugs Circle of Care Pharmacy Services. Circle of Care Pharmacy Services can help you save time and money, assist in managing ongoing health conditions, deliver effective prevention so you stay healthy and keep you informed on everything from insurance to medication," the company stated on its website.

Meanwhile, it was reported in February that the company is piloting in-store clinics to screen patients for strep throat and the flu at 10 locations in the Syracuse, N.Y., area.

According to a local news report by WSYR-TV, pharmacists can perform rapid diagnostic tests in a consultation room for patients who are experiencing strep

Kinney Drugs

HQ: Gouverneur, N.Y.
2016 sales: \$719 million
% change vs. 2015: 1%
No. of stores: 98
No. of stores with Rx: 98
Avg. store size: 10,500 sq. ft.
Rx sales: \$519 million
% of sales from Rx: 72%
Sales per store: \$7.3 million

Source: DSN estimates

throat and flu-like symptoms.

Pharmacists have been specially trained to offer the tests, and can obtain and share results with patients within minutes, according to the report. If a patient tests positive and their doctor isn't available to approve a prescription, the pharmacist can arrange an online consultation via MDLive, a telehealth provider of online and on-demand healthcare delivery services.

The in-store clinical services are available to patients ages 13 years and older, and no appointment is necessary.

Undergoing a business transformation

Supervalu — operator of supermarkets under the Cub Food, Farm Fresh, Hornbachers, Shop 'n Save and Shoppers Food & Pharmacy banners in the Midwest and Mid-Atlantic states — is in the midst of a transition phase.

“As we expected, the transformation of our business continues to take time, but I am optimistic about our ability to grow our wholesale business by adding new customers, securing long-term supply agreements with existing customers and expanding overall product sales to all customers,” president and CEO Mark Gross said in October.

As the company continues its transformation, it continues to face serious challenges in its retail business. Same-store sales, which fell 2.5% during the company’s fiscal year 2016, continued to decline in fiscal 2017 — down 4.5% during the first quarter, down 5.9% in the second quarter and down 5.7% in the third quarter — with customer counts and average baskets also down 3.8% and 1.9, respectively, in the third quarter.

Supervalu’s transition included a major move in October, when the company, which had first considered spinning off its Save-A-Lot division, announced it would instead sell it to an affiliate of Toronto-based private equity firm Onex for \$1.365 billion in cash, a move executives said they believe will make it a stronger operator.

Leadership changes

As Supervalu looks to move past its transition period, clearly it will need to figure out how to reverse the negative trend in its stores, polish up its merchandising strate-



gy and become more relevant to customers. “Our focus remains on how best to market and merchandise to different demographic groups, and better understand what items are most appropriate for each of our stores,” Gross told analysts during a January earnings call.

Helping to lead that charge is Anne Dament — previously SVP and president of merchandising at Target — who rejoined Supervalu in January as SVP of retail, merchandising and marketing and will likely play a large role. In her new role, Dament will lead the company’s retail banner operations and oversee retail merchandising and marketing functions, reporting directly to Gross.

Her No. 1 goal will be improving Supervalu’s retail store performance, Gross said. “Anne’s experience across varied retail and merchandising disciplines should prove extremely beneficial. Anne is a dynamic, collaborative leader with great

Supervalu

HQ: Eden Prairie, Minn.
2016 sales: \$17.53 billion*
% change vs. 2015: -1%
No. of stores: 217
No. of stores with Rx: 200
Avg. store size: 50,000 sq. ft.
Rx sales: \$514 million*
% of sales from Rx: 10.7%
Sales per store: \$22 million

*Fiscal year 2016 ended Feb. 27, includes retail sales of \$4.8 billion, wholesale sales of \$7.9 billion and Save-A-Lot sales of \$4.6 billion
 Source: Company reports, DSN estimates

experience building and leading high-performing teams through transformation and change.”

Meanwhile, the company also saw leadership changes within its Cub Foods banner. Cub Foods president Eric Hymas stepped down in February and was replaced by Supervalu VP of marketing and consumer insights Chad Ferguson on an interim basis.

“Our focus remains on how best to market and merchandise to different demographic groups, and better understand what items are most appropriate for each of our stores.”

Mark Gross, president and CEO, Supervalu

Putting engagement, outreach at center

Thrifty White Pharmacy has been around in one form or another since the 1880s, but you wouldn't know its age by the Plymouth, Minn.-based chain's efforts at bringing its engagement-focused patient care to as many patients as possible.

At the start of this year, the company — which *Drug Store News* named its Pharmacy Innovator of the Year in 2016 — unveiled its new Healthy Outcomes Diabetes Support Program, through which it partners with employers and providers in the communities its stores serve to help maximize health outcomes among diabetic patients.

“What we are seeing is we're continuing to grow our synchronization program at the same time because it is incorporated into this diabetic program,” Thrifty White VP pharmacy Tim Weippert told *DSN*, noting that enrollment for its medication synchronization program — which it debuted about eight years ago — had hit 68,000 this year. In November, enrollment was 65,000.

The diabetes support program shares a moniker with Thrifty White's Healthy Outcomes store format, which it has implemented in many of its stores, with roughly 40 stores in the past two years being remodeled or relocated with its new format. Central to the store format and the diabetes program is an increased level of patient-pharmacist engagement — the diabetes program can bring about an extra 24 touchpoints with a pharmacist, and the new stores contain two additional clinical suites for patient consultations.

“It's really about keeping it face to face, keeping it within the brick-and-mortar stores we operate,” Weippert said. “That's what patients are looking for, to engage and for us to engage with them.”

Thrifty White's close and deep relationships to the communities it serves also has helped the chain grow its specialty pharmacy business, which demands a high-touch level of patient care. In fall 2016, the company added some important accreditations from URAC and CPPA for its specialty pharmacy business. Thrifty White's specialty pharmacy business saw double-digit growth last year, Weippert told *DSN*, adding that the trend has continued into 2017, with specialty script growth up more than 30% in the first months of the year. According to Weippert, the accreditations also have given the company better access to more treatments and networks.



“They've allowed us to gain access to more networks, access to more medications and increasing the disease states that we're working with,” Weippert said. “We certainly have the interest because of the brick-and-mortar stores and our relationships with providers, employers and organizations within our communities.”

As central as Thrifty White's pharmacist-patient engagement is to its business model, equally central is the employee-owned company's outreach efforts, which facilitate the building of partnerships within their communities.

“When you are doing a good job you need to demonstrate [it], to show the tools you have in the marketplace, so people can utilize them,” Thrifty White president and CEO Bob Narveson said. “And through our outreach, we're finding employer groups and people throughout the communities that see a benefit to that. It's just a matter of working with them to try to coordinate an outcome and a plan that can be successful for everybody.”

Another aspect of the business that relies

Thrifty White

HQ: Plymouth, Minn.
2016 sales: \$413 million
% change vs. 2015: -0.2%
No. of stores: 94
No. of stores with Rx: 93
Avg. store size: 3,500 sq. ft.
Rx sales: \$390 million
% of sales from Rx: 94.5%
Sales per store: \$4.2 million

Source: Company reports

on Thrifty White's deep community relationships is the company's long-term care pharmacy business, which it said has seen double-digit growth recently. It currently serves 24,000 patients, which has driven it to open new central-fill sites to accommodate the growth.

“Access is going to revolve all the time around what programs you're allowed to participate in ... and how you're given the opportunity to improve the health care of the patients that so desperately need it,” Narveson said. “It's just a matter of having the opportunity ... to partner with plans to demonstrate results.”

Ohio-based chain is on a growth trajectory

For Medina, Ohio-based Discount Drug Mart, you could definitely say, “slow and steady wins the race.” The powerful, Northeast Ohio regional chain continues to plot its growth against a pace that works for Discount Drug Mart. There is no pressure to deliver any number of new stores in a given year, executives told *Drug Store News*. When the company sees a location it likes, they build there.

While the expansion of its store base moves at a more modest pace, inside its pharmacies, Discount Drug Mart is working hard to grow its clinical offerings and become increasingly relevant to local patients and payers. And that strategy is having a significant impact on sales.

According to Discount Drug Mart’s SVP of pharmacy Pete Ratycz, one area, in which that commitment to expanded pharmacy services is paying off is medication therapy management. “We have substantial gain in revenue in this area. There are quite a few payers in Northeast Ohio who compensate us for MTM,” Ratycz said.

Immunizations are another key area of focus for Discount Drug Mart, which has yielded strong results. According to Ratycz, the retailer had a very good 2016-17 flu season in terms of flu shots administered, and is also making progress in the expansion of nonseasonal immunizations.

“We had a very good year with [nonseasonal immunizations],” he said. “We’ve done that by integrating opportunities within our pharmacy workflow. ... For us, it’s about having our pharmacists provide the right immunizations with the right patient at the right time. Tdap, pneumonia, shingles and hepatitis vaccinations have especially seen significant growth.”

Health screenings also are growing thanks to targeting specific employer groups and payer groups. Discount Drug Mart provides a variety of assessments, including weight, height, BMI, blood-glucose, blood pressure and cholesterol. “Even sleep apnea is a growing area for us,” Ratycz said.

Meanwhile, its four in-store clinics — operated in partnership with MetroHealth — “have brought in a lot of foot traffic,” CFO Mike Eby told *DSN*. “[The] clinics have done very well,” he said, adding that the company plans to open four more clinics over the next 12 months and sev-



eral more in the years ahead, he added.

Looking ahead, Discount Drug Mart also sees opportunity to grow in the home health care market, and plans to cash in on its 2014 acquisition of North Canton, Ohio-based Hastings Professional Medical Equipment for an undisclosed amount. “If a customer walks into any of [our] 73 locations throughout Ohio searching for [such] items as a hospital bed or oxygen, we can take care of that customer,” Eby said. He said the integration has been challenging in a good way, adding, “we implemented a new software system that’s working well for us, and we’ve really strengthened the inventory control procedures, as well as collections of accounts receivables.”

Expansion game plan

After a period focused more broadly on store upgrades in its older stores, Discount Drug Mart has moved back into store expansion mode, Ratycz explained, “and now we’re targeting future sites.”

Expect at least two more new stores to open during the next fiscal year with sev-

Discount Drug Mart

HQ: Medina, Ohio
2016 sales: \$686 million**
% change vs. 2015: 3%
No. of stores: 73
No. of stores with Rx: 73
Avg. store size: 25,000 sq. ft.
Rx sales: \$314 million†
% of sales from Rx: 46%
Sales per store: \$9.4 million

* Includes Discount Drug Mart and subsidiaries
 † Projected figure for fiscal year ended March 31
 Source: Company reports

eral more on the drawing board for the coming years, Eby added. But there is no rush. “If we have a site we like, we will absolutely take advantage of that. But we don’t feel compelled that we need to add X number of stores per year,” he said.

Discount Drug Mart has an excellent track record when it comes to store openings, Eby concluded. “The last four stores we have opened have all been home runs. Look for us to continue our plan of well planned, well thought-out growth.”

Refocused on retail, targeting digital

It was 1928 when 24-year-old Wood T. Brookshire opened a 25 ft.-by-100-ft. grocery store on Spring Avenue in Tyler, Texas. He would spend the rest of his life building a regional chain of food stores based on values that still guide the company nearly 90 years later.

Today, the company has grown to include more than 175 stores operating under several banners, including Brookshire's, Super 1 Foods and FRESH by Brookshire's.

In August, Brookshire added the Spring Market banner to its portfolio following the acquisition of 25 former Walmart Express stores. According to the company, the name honors the original store on Spring Avenue, and the rose in the Spring Market logo symbolizes the City of Tyler, often referred to as the Rose Capital of the World for having launched the commercial rose industry.

The stores are designed to offer hometown convenience in an easy-to-shop format with an assortment of competitively priced products.

"Our Spring Market stores will stand for friendly service, quality products, affordable convenience and a pleasant shopping environment," said chairman and CEO Brad Brookshire in making the announcement.

In other banner news, the grocer is working to convert its four Brookshire's stores in Pine Bluff, Ark., to Super 1 Foods stores later this year, according to a local news report.

"I can't wait for everyone to see our Super 1 Foods stores fully completed, and I truly believe customers will be blown away. Our Super 1 Foods stores have been extremely popular since the day our first location opened 32 years ago. Our new and renovated stores are truly spectacular, and I'm confident customers here are going to love them," Brookshire reportedly said in a company statement.

Meanwhile, the company continues to work on personalizing the shopping experience for its customers and modernizing its stores. As part of a multi-phase project to digitally transform its business, the grocer is utilizing SAP technology, to try to create an omnichannel customer experience. The grocer's full digital transformation is anticipated to be complete in late 2017.

The company also continues to sharpen the focus on its



core retail business, having shed its ice cream, dairy and water plants in Tyler, Texas. Farmer-owned Hiland Dairy's acquired the manufacturing assets in February for an undisclosed amount.

"Our main business focus has always been on our retail stores, which our manufacturing plants supported. But with an abundant offering of quality products now available through the supplier community, we were certainly interested when Hiland approached us about buying these plants," Brookshire noted in a statement announcing the deal.

On the healthcare side of the business, Brookshire, which operates 119 stores with pharmacies, offers a number of conveniences for its pharmacy customers to try to stay competitive, including an automated refill program for chronic medications, a discount generics program (priced at \$3.99, \$6.99 and \$9.99, respectively, for 30-, 60- and 90-day supplies) and a pharmacy app for iPhone and Android devices that enables users to scan in refills, choose pickup time, check status for multiple prescriptions,

Brookshire Grocery

HQ: Tyler, Texas
2016 sales: \$2.5 billion
% change vs. 2015: Flat
No. of stores: 177
No. of stores with Rx: 119
Avg. store size: 40,000 sq. ft., Super 1 Foods: average 80,000 sq. ft.
Rx sales: \$312.5 million
% of sales from Rx: 12.5%
Sales per store: \$15.5 million

Source: DSN estimates

receive refill reminders and special notifications, confirm co-pay information, track prescription history and browse for health and drug information.

The commitment to health and wellness also extends beyond the pharmacy counter, with NuVal shelf labels throughout the food aisles to help its customers more easily identify healthier choices. In addition, the company also produces several healthy living-inspired electronic newsletters for its customers, including diabetes and gluten-free editions, as well as one with a broad health focus.

New initiatives enhance total-store wellness

Total-store wellness is a concept that dates back to 1971 at Raley's, when founder Thomas P. Raley opened his first food-and-drug combo "superstore."

In the 46 years since, the West Sacramento, Calif.-based supermarket operator has never veered from that mission as it continues to enhance its wellness offerings with a strong focus on the local communities it serves. The privately owned company operates 121 supermarkets under five different banners — a sixth is slated to open this year — in Northern California and Nevada.

Raley's pharmacy operations, which have received national recognition for the services they provide, play an important role in the health-and-wellness positioning at the company, according to Dave Fluitt, director of pharmacy operations.

"The day-to-day efforts of our store pharmacy teams are vital as we carry out our wellness strategy as part of our vision to infuse life with health and happiness," he told *Drug Store News*. "As such, our pharmacists can recommend various foods and products within the store that can enhance a customer's personal wellness journey and help with conditions that they visit the pharmacy to address."

In 2016, Raley's introduced a program, called "Let's Begin," that encourages customers to take small steps toward leading a healthier lifestyle. The program is anchored by information provided in stores and on the Raleys.com website designed to assist customers in selecting food and other products that support their goals around health and wellness. It includes background about where Raley's food products come from, advice about incorporating specific types of foods in one's diet and tips for eating healthy on a budget.

Raley's also implemented several food-merchandising initiatives in the past year that support its mission around total-store wellness.

For one, Raley's began providing free fruit to children in stores while their parents shop.

"Making a nutritious snack option such as fresh fruit to youth — who are so early on in their personal food journeys — can help instill better dietary choices/practices later in life," Fluitt said.

Raley's also added "Better for You" checkout lanes throughout its stores. This included removing all artificially sweet-



ened sodas from check-stand cold cases, expanding certain snack options, such as granola bars and nutrition bars, and improving the quality of some candy options.

The company also unveiled a decision to eliminate certain private-label sodas, including all flavors containing high-fructose corn syrup and artificial colors and flavors.

"Essentially, we want to make it easier for our customers to make better choices for their life," Fluitt said.

Changes also are underway to better meet customers' health needs in the pharmacy, he said.

Raley's in June transitioned to the McKesson EnterpriseRx platform "with a very specific goal in mind — on-time drug delivery," Fluitt said.

"Our customers come see us for personalized service," he said. "Convenience is key for them. Additionally, the efficiencies we intend to see from this platform will free up the pharmacists to allow for the innovative pharmacy care initiatives available in

Raley's

HQ: West Sacramento, Calif.
2016 sales: \$3.2 billion
% change vs. 2015: 6%
No. of stores: 120
No. of stores with Rx: 96
Avg. store size: 42,000 sq. ft.
Rx sales: \$298 million
% of sales from Rx: 9.3%
Sales per store: \$26.4 million

Source: DSW estimates

our region, such as nicotine replacement therapy, travel health immunizations and hormonal contraceptive therapy."

Fluitt said tapping into the McKesson platform "... will help us focus our attention where it needs to be — our customer, both loyal and new."

Last year Raley's also partnered with Breathe California to test free asthma screening in 10 stores with pharmacies. Those stores also offered free smoking-cessation "Quit Kits" to customers looking to quit smoking. The moves followed Raley's removal in 2015 of tobacco products from its stores.

Experiencing exponential growth

Weis Markets experienced significant growth in 2016 behind the acquisition of 44 stores over a three-month period and breaking the \$3 billion mark in annual sales for the first time on 9% growth. The lion's share of that growth came through its acquisition of 38 Food Lion supermarket locations operating in Maryland, Virginia and Delaware. That move essentially doubled its presence in Maryland with the addition of 21 locations, and extended its reach into Virginia and Delaware.

All told, Weis Markets increased the company's number of operations by 25% with 204 stores and 138 pharmacies in seven states — Pennsylvania, Maryland, Virginia, New York, New Jersey, Delaware and West Virginia.

"We are pleased with the timeline and conversion process that took place over the past three months to bring these 44 units on line as Weis Markets stores — all of which are now open and proudly serving their local communities," said Weis Markets' chairman and CEO Jonathan Weis. "This was a tremendous undertaking for our organization."

Weis Markets is growing organically, too, opening its latest flagship location — a "community market" prototype — in central Pennsylvania in March. That store features the company's second drive-through pharmacy, a dedicated dietitian and a consultation room adjacent to the pharmacy.

That's reflective of the company's investments in health. For 2016, Weis Markets realized a boost in its pharmacy operations with a same-store sales increase of 8.4%. Weis Markets only added a net four pharmacies in the past year, so much of that growth was organically generated by an increase in prescriptions filled through such efforts as medication synchronization. "We continued to roll out our med-sync program," Rick Seipp, VP pharmacy, told *Drug Store News*. "It's been very strong for us, [and] it's a win-win for everybody," he said.

Not only does med sync improve both adherence and the underlying pharmacy financials, but also it provides more significant counseling opportunities. In the past year, Weis Markets has successfully trained its pharmacists on all levels of comprehensive medication therapy management and targeted interventions in an effort to better facilitate these opportunities.



Weis Markets also is focused on building a health-and-wellness offering around its in-store dietitians. Today, Weis' new prototype store, along with one other store, employs a dedicated dietitian who serves those stores and the surrounding local market. However, Weis Markets hopes to hire as many as four full-time dietitians to serve across its store base this year.

Working together, the company's dietitians and pharmacists may one day represent a critical pairing in helping to boost metrics across the Five-Star Quality Rating System created by the Centers for Medicare and Medicaid Services. Already, Weis Markets' dietitian in the Lewisburg, Pa., area is working with local healthcare providers on diabetic workshops. And Weis Markets dietitians currently conduct "Weis Mystery Tours" for students in the second, third and fourth grades to help educate children on proper nutrition.

Weis' new prototype also showcases the latest shelf labels, featuring Weis Markets' "NutriFacts" program, which rep-

Weis Markets

HQ: Sunbury, Pa.
2016 sales: \$3.1 billion
% change vs. 2015: 9%
No. of stores: 204
No. of stores with Rx: 138
Avg. store size: 48,000 sq. ft.
Rx sales: \$298 million
% of sales from Rx: 9.5%
Sales per store: \$15.4 million

Source: Company reports

resents a guide to healthier eating with labels identifying heart-healthy foods or gluten-free options. All told, there are 13 NutriFacts icons based on FDA and USDA guidelines.

The store also features a newly launched "Nourish Your Gut" program, which identifies foods that can boost gut health, such as whole wheat breads that serve as a good source for probiotics. These probiotic options also are merchandised prominently in the pharmacy area, with shelf-stable options adjacent to a unit containing refrigerated probiotic products.

Honoring local Northwest roots

Bartell Drugs has more than 60 stores sprinkled throughout the Puget Sound region, with each location featuring its own distinct neighborhood vibe and products. It's a chain with an eye on growth and innovation, and a string of initiatives in the works, yet it never loses sight of its deep Northwest roots.

Its extensive selection of locally derived products is unparalleled and also is one of the noted hallmarks of its brand, the company said. These and other factors provide wide recognition of Bartells throughout the region, according to company executives. The retailer's commitment to the local region is not only evidenced by the more than 150 local products available to shoppers, but also through such in-store initiatives and special vendor sampling during events as "Loving Local," which takes place in February, and "Shop Local," which takes place in November.

Family-owned since 1890, Bartell Drugs has a long-standing reputation of focusing on local and providing personalized customer service, but in today's highly competitive market, such efforts are becoming increasingly vital. In fact, the stakes got even higher last year when CVS Health announced the opening of some 30 CVS Pharmacy locations in Target stores on Bartell's home turf. The openings were in addition to the seven free-standing CVS Pharmacy locations already operating within the state.

Fresh food focus

Despite its strong foothold in the region, company executives are not resting on their laurels.

At the front of the store, for example, Bartell Drugs is placing an emphasis on fresh foods. Consumers are demanding fresher options for grab-and-go foods, as well as healthier ingredients and local producers. Its Fresh Food Fast is delivering on this with 12 locations, featuring fresh, locally made sandwiches and salads, as well as easy-to-find spots in stores with convenience items, including nuts, protein bars and other packaged on-the-go foods, said company executives.

The company plans to expand the program as it opens new stores and looks for opportunities within stores slated for remodeling.

Furthermore, Bartell was the first drug store to launch on Amazon Prime Now in November and has since expanded the one-hour online ordering and delivery service. The



service allows Prime members in Seattle to easily shop thousands of health, beauty, grocery, snacks, local products and more from Bartell Drugs and have those items delivered right to their door for free in two hours. The expansion, announced at the end of January, provides even larger service coverage into additional Seattle and eastside neighborhoods.

In pharmacy, Bartell is taking part in an initiative to increase pharmacy-based immunizations. Launched by the National Association of Chain Drug Stores — in collaboration with the University of Washington School of Pharmacy, Bartell Drugs and QFC Pharmacy — the demonstration project will examine innovative healthcare collaborations designed to demonstrate increased rates of pharmacy-based immunizations. It also focuses on improving pandemic planning among pharmacies and state health departments, and improving access to HPV vaccine resources and education for pharmacists.

Project VACCINATE, funded through the Centers for Disease Control and Prevention and NACDS grants, began implemen-

Bartell Drugs

HQ: Seattle
2016 sales: \$502.6 million
% change vs. 2015: 7%
No. of stores: 65
No. of stores with Rx: 65
Avg. store size: 15,000 sq. ft.
Rx sales: \$281 million
% of sales from Rx: 56%
Sales per store: \$7.7 million

Source: Company reports, *DSN* estimates

tation in 40 stores in September 2016 to enable proactive immunization forecasting, patient outreach and documentation in the state immunization information system. After preliminary work, a pilot of the payment model began in stores in March 2017, with pandemic influenza exercises planned with demonstration pharmacies this spring, noted company executives.

Meanwhile, the company is looking to expand its CareClinic footprint. Through a collaboration with Group Health, which was recently acquired by Kaiser Permanente, Bartell operates 10 CareClinics, with five new clinics scheduled to open this year.

Bringing patient health into the whole store

When Schnucks Markets says it is a third-generation, family-owned supermarket and pharmacy chain that is “committed to nourishing people’s lives,” it would be easy to dismiss it as typical marketing spin. But through its pharmacy offerings and its efforts to expand the patient’s wellness journey beyond just the pharmacy counter, Schnucks is indeed living up to its mission statement.

In November, Schnucks opened a pharmacy at a new location in Peoria, Ill. It also opened a new specialty pharmacy location, bringing its roster of specialty pharmacy stores to eight — including Schnucks’ specialty care center in Food Outreach, a St. Louis nonprofit working to fight hunger among low-income patients with HIV/AIDS.

Schnucks’ specialty pharmacy services have grown to include coordinated care management, disease state management and compounding, and the company has been able to dispense such limited-distribution drugs as Novartis’ Cosentyx. While its specialty offerings have grown, so too have headwinds facing certain segments of the specialty business. As a result, Schnucks has had to curtail infusion services as part of its specialty offerings. Juergensmeyer told *DSN* that the company would be exiting its Schnucks Infusion Services business — which it started in 2013 — this year.

“Schnucks began providing home infusion and infusion suite services [more than] three years ago,” VP pharmacy Mike Juergensmeyer told *Drug Store News*. “Infusion therapy is a highly specialized offering that has received increased regulatory oversight and reimbursement complexity in recent years. This increased complexity has driven costs much higher for infusion services and has made it less viable for



Schnucks to continue providing these non-core services.”

Even as it exits the infusion services business, Schnucks has built out its focus on health beyond simply offering prescriptions. On the pharmacy side, the company offers pet medications, as well as a growing selection of vaccinations.

Outside of the pharmacy department, Schnucks is creating other specialized wellness programs that are helping connect the patient journey back to other areas of the store that can help improve the patient’s overall health and well-being — one area in which being a supermarket pharmacy offers a decided advantage.

At the Schnucks location in Des Peres, Mo., the company is demonstrating how the different segments of its stores can work together toward a healthier patient. The location has a dietitian staffing a kiosk

Schnuck’s Markets

HQ: St. Louis
2016 sales: \$2.7 billion
% change vs. 2015: 10%
No. of stores: 100
No. of stores with Rx: 95*
Avg. store size: 60,000 sq. ft.
Rx sales: \$245 million
% of sales from Rx: 9%
Sales per store: \$127 million

* Does not include Schnucks’ seven specialty pharmacies (two in-store and five stand-alone)
 Source: Company reports, *DSN* estimates

within the store’s gluten-free department. The dietitian, Katie Mueller, offers store tours and individual consultations with patients. A celiac expert, she also leads the monthly Schnucks Celiac Support Group, and through a partnership with the on-site Schnucks Cooking School, offers a series of sessions on healthy cooking.

In March, the store hosted a class on how to cook with diabetes, as well as a course on mindful eating.



Leveraging relationship to health system parent

Wisconsin-area healthcare provider Aurora Health Care serves patients through its integrated healthcare system of hospitals, clinics, home care and physicians, as well as pharmacies. According to the company, its fully integrated approach to care helps it treat the whole person — never just the patient.

Its pharmacies are located in neighborhoods, clinics and hospitals in Milwaukee, Racine, Burlington and throughout eastern Wisconsin. Every Aurora Pharmacy is integrated into the Aurora system of 15 hospitals and more than 150 clinics, which means they are directly connected to the providers, services and facilities.

Aurora Pharmacy promotes an array of services and products to help its customers save money, enjoy convenience and live a healthier life. One prime example is its focus on medication therapy management.

As part of its MTM program, pharmacists will spend 30 to 45 minutes talking with patients about all of the medications they take, including any over-the-counter medications and supplements. After each MTM visit, the pharmacist will consult the patient's physician(s) to discuss medication therapy and suggest improvements or changes when possible.

As noted by the company, MTM is ideal for those taking more than one medication or are being treated for more than one chronic condition, those who are concerned about the potential for drug interactions or those interested in lowering medication costs.

Given the robust growth in specialty, it comes as no surprise that specialty pharmacy also is a significant focus for Aurora Pharmacy. In fact, a report issued in 2016 by IMS Institute for Healthcare Informatics revealed that spending on specialty medicines has nearly doubled in the past five years, contributing more than two-thirds of overall medicine spending growth between 2010 and 2015.

Aurora's specialty pharmacy, which has gained full URAC accreditation, strives to provide care to patients using specialty pharmaceuticals through an individualized, high-touch, evidence-based approach designed to achieve optimal treatment outcomes.

Aurora's specialty pharmacy team includes registered



pharmacists and technicians with expertise in managing the special care needs of specialty pharmacy patients, as well as a financial counseling team to help patients navigate the often-complex process of obtaining coverage for the high-cost medications.

Aurora Pharmacy also offers a transitional care program called DischargeRx. Because Aurora Pharmacies are located in most Aurora medical centers, patients can easily pick up prescriptions before they leave the hospital.

Pharmacists have easy access to a patient's inpatient medical team and medical record, and can talk with the patient about all their medications, including any that may have been added, discontinued or changed since they first entered the hospital. Patients can then obtain refills at an Aurora Pharmacy closer to their home, or sign up for the Automatic Refill Program to have them mailed directly to their home.

Aurora Pharmacy also helps patients

Aurora Pharmacy

HQ: Elm Grove, Wis.
2016 sales: \$256 million
% change vs. 2015: 1.9%
No. of stores: 71
No. of stores with Rx: 71
Avg. store size: 3,500 sq. ft. (freestanding)
Rx sales: \$243 million
% of sales from Rx: 95%
Sales per store: \$3.5 million

Source: DSW estimates

save money through its Aurora Discount Prescription Program and Prescription Savings Club. For patients who either do not have prescription drug coverage or whose insurance does not cover all of their prescription needs, the Aurora Discount Prescription Program can help patients save up to 70% on generic medications and 30% on name brand medications. Through its Prescription Savings Club Card, hundreds of generic medications are available at \$9.99 for a 90-day supply and \$3.99 for a 30-day supply.

Celebrating a silver anniversary of pharmacy

Rooted in traditions that date back to 1921, Brookshire Brothers continues to innovate and, according to the company, run its business with a focus on customers, quality goods and services, along with a steadfast belief in family and community.

In fact, providing in-store solutions for customers has become the company's hallmark, which led to the opening of its first pharmacy in 1992, 25 years ago. Today, there are more than 70 pharmacy locations.

As health care evolves, its pharmacists spend more time counseling customers and educating them in all aspects of wellness and medication therapy. To help pharmacy patients remain adherent to their medications, the company offers the Time My Meds Medication Synchronization Program, which coordinates prescriptions for patients on multiple medications to be ready for pickup on the same day each month.

Such efforts are critical, as research has shown that patients benefit from pharmacy-provided medication synchronization programs. Data from the National Community Pharmacists Association shows that U.S. patients, who rely on medication synchronization programs at their community pharmacy, are 30% more likely to take their medication as prescribed. Furthermore, first-fill abandonment — prescriptions that are initially filled and never refilled despite having refills remaining — was reduced more than 90% for patients enrolled in a medication synchronization program.

Specialty pharma focus

Addressing the robust growth in specialty medications, the company is offering specialty pharmacy services.

Brookshire Brothers Specialty Pharmacy Services patient care coordinators provide one-on-one ongoing specialized care to help patients manage their condition and ensure therapy is optimized to achieve healthy outcomes. They also are skilled in claims submission to insurance companies, and in accessing available copay assistance opportunities to reduce out-of-pocket costs for patients.

A report issued in 2016 by IMS Institute for Healthcare Informatics revealed that spending on specialty medicines has nearly doubled in the past five years, contributing more than two-thirds of overall medicine spending growth between 2010 and 2015.

Meanwhile, the company has ramped up growth with the



recent openings of new stores in rural markets, beginning with the opening of a Brookshire Brothers Express format in Grapeland, Texas, in October. This location features a pharmacy.

“We believe that our core competency of operating diverse formats, ranging from traditional supermarket, convenience and pharmacy to hybrids, such as our express banner and next generation supermarkets, ideally positions us to fully capitalize on future growth opportunities in a variety of markets,” said John Alston, COO.

The company has since opened additional express formats in Wells, Texas, and Hudson, Texas.

The express format blends the best of a traditional supermarket with a convenience store, and allows maximum flexibility in tailoring the store to the community. Most express stores offer hot delis, produce and fresh baked goods. Some loca-

Brookshire Bros.

HQ: Lufkin, Texas
2016 sales: \$1.2 billion
% change vs. 2015: -7.7%
No. of stores: 115*
No. of stores with Rx: 74
Avg. store size: 14,250 sq. ft.**
Rx sales: \$240 million
% of sales from Rx: 20%
Sales per store: \$10.4 million

*Retail outlets incorporating grocery stores, convenience stores, as well as free-standing pharmacy, tobacco and petro locations

**Standard supermarket concept
 Source: Company reports, DSN estimates

tions also have pharmacies.

In separate news, the company has announced that Jerry Johnson will step down as president and CEO at the end of April. He will continue as a member of the board of directors.

Alston, a 35-year veteran of the company, will succeed Johnson as president and CEO.

Celebrating a diamond anniversary

This year marks the 75th anniversary for Lewis Drug and, if you ask president and CEO Mark Griffin, the challenges facing the industry and the competitive landscape have, in many ways, never been greater.

“We’ve competed with great competitors over the years, but then we started having to compete with the government and government programs and PBMs, and now we have a new challenge, which is the Internet and how retail affects the Internet in our industry,” Griffin said. “I think that is something that is a huge priority going forward.”

Further fueling the fire is the uncertainty surrounding the Trump administration and what it will mean for the future of health care.

Determined to meet the needs of its customers and remain competitive in today’s evolving marketplace, Lewis Drug is embarking on a string of initiatives both within pharmacy and the front of the store.

One of the more recent developments within pharmacy is the integration of the iMedicare decision-automation platform into Lewis’ pharmacy locations. The affiliation between the two companies will provide Lewis Drug customers with the software service for finding and switching Medicare plans, helping to reduce patients’ out-of-pocket costs, and also help Lewis Drug improve its Star ratings program. The iMedicare software integrates into the pharmacy’s workflow by automating and simplifying the plan finding process, benefiting both pharmacies and patients.

The company also continues to expand its clinical offerings, Griffin told *DSN*.

“We’re working with our hospital system partners, and we are actually communicating with hospital systems from the pharmacy real time — live with a hospitalist — and that’s worked out well. It is just the tip of the iceberg. We are just starting on that,” Griffin said. “We also have full-blown clinics adjacent to our stores. We developed real estate to accommodate that and that’s been a great partnership, too.”

As of April, five of its stores were located adjacent to a clinic, which range between 30,000 and 40,000 sq. ft.

Back to the future

Meanwhile, the 53-store regional chain is looking to open three new stores this year, including one that had been slat-



ed to open this spring in downtown Sioux Falls, S.D, which is where the company began in 1942. Featuring a retro look and feel, the downtown store will take shoppers “back to the future” and will feature convenience items to appeal to customers living and working downtown. Griffin said the company is in the process of negotiating a clinic location at the site.

He noted the company is slightly reducing the footprint of its larger format stores to about 25,000 sq. ft. in an effort to become more convenient.

And in the OTC/grocery area, the company has implemented, in a handful of stores, a 16-ft. section including better-for-you products like natural and organic items. The initiative launched in late 2016 and remains in the test phase.

“We think this is a change due to change in the marketplace. I like to say we have a new marketplace we’re dealing with and the Internet is [a big part of it],” Griffin said. “If you aren’t in the Internet business, totally, then you’d better be damn convenient. We are making ourselves as conve-

Lewis Drug

HQ: Sioux Falls, S.D.
2016 sales: \$225 million
% change vs. 2014: 4%
No. of stores: 53
No. of stores with Rx: 51
Avg. store size: 4,000 sq. ft. and 40,000 sq. ft*
Rx sales: \$170 million
% of sales from Rx: 60% for larger formats, 95% for smaller formats
Sales per store: \$12 million for larger format, \$3 million for smaller format

*Operates two formats
 Source: Company reports

nient as possible, in all aspects.”

While it was too early to provide details, Griffin said the company is working to determine ways to ramp up its online presence and online services. “We’re meeting now to see how we can improve our online business and [better] compete in that arena,” Griffin said.

Meanwhile, as part of its diamond anniversary celebration, the company will launch quarterly events and promotions geared toward the number 75.

Growing store base, resources for franchisees

Through its mixture of acquisitions, new organic store openings and franchisees, Benzer Pharmacy grew its store base throughout 2016, entering new markets where president Alpesh Patel believes the company is poised for growth.

In 2016, the company — which as of April numbered 71 stores in 14 states — continued to grow its presence in the nine states in which it already operated, opened its first location in Arkansas in October and in February entered California through an acquisition. California, company executives told *Drug Store News*, will become a major growth market for Benzer, with roughly five more locations expected in the Golden State by June 2018.

Through its franchisee model, Benzer has entered three other states that Patel expects also will play a key role in the chain's growth — Colorado, Texas and Oklahoma. In terms of the potential to grow the three dominant areas of its business, Patel is perhaps most optimistic about Benzer's franchise business.

“Our goal is to see how we can build a brand for independent pharmacy to help them grow,” Patel said. “Small independent pharmacies don't have the recognition of their name — people go to CVS and Walgreens because of the name — and we are looking to build that name for independent pharmacies so they can use that name to bring more traffic into their stores.”

Toward that end, Benzer spent most of 2016 building up its product offerings for customers and franchisees alike. One key advantage Benzer offers franchisees is increased buying power through its membership to the American Pharmacy Purchasing Alliance.

The company also partnered with Bliss Healthcare to start a 340B program, bringing discounted drugs from regis-



tered hospitals and nonprofits to Benzer — another key resource that is helping Benzer win the attention of a growing number of franchisees.

“Many independent pharmacies don't know what 340B is and how to get into it, how to do the contract, ... do the negotiation and be compliant with the program to make sure it's done right,” Patel said. “That's the benefit for franchisees to join Benzer. Our 340B team can help them set up the program right — starting from selling to negotiation to operation — and make sure they follow the compliance guidelines.”

Other important resources Benzer offers its franchisees include administrative and marketing support, staff training and HR services.

“By joining Benzer, they can tap into the resources we have on the backend — the lawyers, specialty [pharmacy], ... anything we have in the office, they can utilize to grow their business.”

Benzer received full URAC specialty pharmacy accreditation last July and was among a select group of pharmacies that

Benzer Pharmacy

HQ: Tampa, Fla.
2016 sales: \$168 million
% change vs. 2015: 34.4%
No. of stores: 71
No. of stores with Rx: 71
Avg. store size: 1,800 sq. ft.
Rx sales: \$168 million
% of sales from Rx: 100%
Sales per store: \$2.4 million

Source: Company reports

can dispense Novartis' limited-distribution plaque psoriasis Cosentyx, which also is indicated for the treatment of ankylosing spondylitis treatment.

As it looks toward the balance of 2017, Patel said Benzer's focus would be on adding stores — a mix of new locations, acquired pharmacies and new franchisees. And if all goes according to plan, the company expects to double its footprint this year.

“We are looking to acquire and grow the business organically and through franchisees,” he said. “Between those three, we're looking to add about 70 stores this year.”

“Small independent pharmacies don't have the recognition of their name, ... and we are looking to build that ... so they can ... bring more traffic into their stores.”

Alpesh Patel, president, Benzer Pharmacy

Market 32 stores emphasize health, wellness

Price Chopper parent Golub, based in Schenectady, N.Y., is modernizing its chain of supermarkets with a new format that includes a strong focus on health and wellness.

The Market 32 concept, which debuted in 2014 and now includes 12 locations, features a separate entrance for the pharmacy/health-and-wellness area, and offers drive-through pharmacies wherever possible.

“We have changed some things in Market 32 to make it a complete health-and-wellness destination,” said Kathy Bryant, VP of pharmacy at Price Chopper.

Other features of the pharmacy/health-and-wellness area of the new format include a private consultation room, which pharmacists can use for medication therapy management or to administer vaccinations, for example.

Also part of the Market 32 pharmacy area are new blood-pressure kiosks from PharmaSmart that allow patients to access their blood pressure and body mass index readings online at PriceChopper.com, or have them emailed to their doctor.

Price Chopper operates 136 supermarkets, including 86 that have pharmacies, in New York, Pennsylvania, Connecticut, Massachusetts, Vermont and New Hampshire. The Market 32 conversion is the second transformation in the retail chain’s 85-year history, after converting from its previous Central Market format in 1972-1973. It opened its first pharmacy in Glens Falls, N.Y., in 1986.

Overall, the Market 32 concept — in honor of the company being founded in 1932 — includes a more modern décor package, with an emphasis on fresh, local and prepared foods, and high levels of customer service, in addition to its revamped pharmacy/health-and-wellness areas.

As a supermarket operator, Price Chopper has long recognized the links between food, nutrition, pharmacy and health and wellness. It offers an ongoing schedule of promotional activities centered around the wellness calendar, such as recent tie-ins related to Heart Health Month in February. The storewide event included healthy recipes in the meat and seafood departments, blood-pressure monitoring in the pharmacy area and cross merchandising of omega-3 supplements.

“We really try to tie the whole store together with health-



and-wellness initiatives,” Bryant said.

Other annual promotional activities include those centered around National Diabetes Month and Men’s Health Month, for example.

Pharmacy services that help set Price Chopper and Market 32 stores apart in the market include specialty pharmacy, MTM and immunizations for flu, pneumonia and shingles, which all pharmacists in the company are certified to administer.

This past fall, the company launched a pharmacy mobile app to augment the services it provides to patients. The app, which had about 9,000 downloads as of March, allows patients to order refills, receive reminders and notifications, and access their full prescription history, which Bryant said makes it easy for patients to share their prescription information with their doctors.

Other signature offerings at Price Chopper and Market 32 include the Diabetes AdvantEdge program, which provides free diabetes medication, equipment and glu-

Price Chopper

HQ: Schenectady, N.Y.
2016 sales: \$3.8 billion
% change vs. 2015: 2%
No. of stores: 136
No. of stores with Rx: 86
Avg. store size: 40,000 sq. ft.
Rx sales: \$152 million
% of sales from Rx: 4%
Sales per store: \$28 million

Source: Company reports, *DSN* estimates

cose monitoring systems to patients using their RxAdvantEdge loyalty cards.

Last January, the company launched a telemedicine pilot in five locations through Doctor On Demand, which allowed patients to videoconference with physicians to diagnose, advise, treat symptoms and prescribe medications for a range of non-emergency conditions.

The pilot was discontinued after four months, however, due to a low level of use by patients. Bryant attributed the lack of interest in part to the fact that the service did not accept local health insurances.

A holistic approach to health and wellness

Tops Friendly Markets was recently recognized for the high level of health-and-wellness services it offers its employees, and it has a history of doing the same for its customers.

The Williamsville, N.Y.-based chain, which operates 56 pharmacies in its network of 172 supermarket locations, received the 2016 Healthiest Employer in New York State award from Healthiest Employers, a company that researches and evaluates corporate wellness programs.

Tops also ranked 41st nationally among 6,000 companies as a Healthiest 100 Workplaces award winner.

“At Tops, we take great pride in ensuring a healthy working environment for all of our employees,” said Gail Marchese, manager of benefits and wellness at Tops Friendly Markets. “We encourage involvement in company-wide fitness challenges [and] health screenings, and provide numerous resources for our associates so that they can actively take charge of their health and well-being.”

The supermarket chain was recognized for its WELL wellness program, which Tops said was designed to engage employees and their spouses in personal health-and-wellness activities. The WELL program includes programs that screen for medical conditions, encourage healthy behaviors and offer employees help with their weight-loss and nutrition goals. Tops also seeks to drive participation in national events, such as Walk at Lunch Day and Wear Red Day, and in local events, such as the Chase Corporate Challenges, Ride for Roswell and the Tops 5K run.

In a blog post about the award, Tops said the initiative has helped employees reduce their use of tobacco products, and has led to a drop in employee high blood-pressure and cholesterol.

“Tops associates and covered spouses are more engaged in preventive health screening measures, as participation rates in physical exams, cholesterol checks and colorectal cancer screenings are all up since 2014,” the company said.

Although Tops in 2015 sold its pharmacy assets at 27 locations, resulting in a reduction of \$33.3 million in sales that year, it continues to provide a range of pharmacy and health-and-wellness offerings for its customers.

In March, for example, Tops marked Colon Cancer



Awareness Month by partnering with the Cancer Services Program of New York State to provide customers ages 50 years or older with a “FIT Kit,” a take-home test used as an early detection aid for colon cancer.

Other services include free flu shots at pharmacies — with no appointment necessary — and free monthly blood-pressure screenings at certain stores, in partnership with the Noyes Hospital Clinic Program.

Tops pharmacies also provide other auxiliary services, such as vision screenings required by the Department of Motor Vehicles to obtain or renew a drivers’ license.

As a promotional retailer, Tops also focuses on ways its customers can save money in the pharmacy. It offers competitive prescription-price matching and a membership program called the \$3.99+ Plan that allows patients to earn discounts on thousands of medications, in addition to allowing customers to earn discounts on fuel by purchasing certain prescriptions using the BonusPlus loyalty card.

Tops

HQ: Williamsville, N.Y.
2016 sales: \$2.5 billion
% change vs. 2015: -0.6%
No. of stores: 172
No. of stores with Rx: 56
Avg. store size: 45,000 sq. ft.
Rx sales: \$151.7 million
% of sales from Rx: 6.2%
Sales per store: \$15 million

Source: Company reports, DSN estimates

The company, which positions itself as “Your Better Health Store,” offers information on its website about lactose intolerance, living with diabetes and nutrition.

In 2016, Tops also expanded its retail footprint into new markets with the acquisition of six new stores from Ahold Delhaize. The four Stop & Shop locations and two Hannaford Bros. stores are located in eastern New York and central Massachusetts. Most of the stores have been remodeled and are being converted to Top’s promotional pricing program. The company said it plans to acquire one additional store this year.

Building up offerings around patient needs

Fruth Pharmacy, which ended 2016 with 30 stores, is driving growth from within its communities. In its 65th year in operation, Fruth, which services West Virginia and Ohio, has continued to succeed by nurturing the close relationships between its pharmacies and their communities, while adapting its business model and offerings to best meet customer needs through expanded services and patient engagement.

One area in which Fruth has expanded its clinical offerings is through the addition of retail clinics, now in seven of its stores. The clinics are operated and staffed through partnerships with four regional hospitals. In some areas, Fruth's clinics are the only place patients can access primary care services, truly positioning Fruth as the local source for health care in the community. For its hospital partners, the clinics are helping to expand their patient networks.

"We want to be a partner with the local healthcare providers," Fruth Pharmacy president Lynne Fruth told *Drug Store News*. "It's a very inexpensive entry point for getting a provider into an area. Hospitals have recognized this as a great point of entry for someone who maybe doesn't have a primary care physician."

Fruth also is finding growth opportunities through cross-channel partnerships. It now has three pharmacies located inside local grocery chains. Fruth also recently took over the on-site pharmacy at a Huntington, W. Va.-based outpatient mental health clinic when the previous operator decided to pull out.

Indeed, behavioral health is one area in which Fruth is looking to expand its clinical offerings. It is one of several disease states for which Fruth is screening through its pharmacogenetic testing program — MD Lab's Rxight — which the chain introduced in November 2016.

"In recent months, there have been more Medicare plans and insurance companies saying they'll pay for it with certain disease states, primarily now around cardiac and behavioral health," Fruth said, as incidents of patients having tried "five different drugs to find the right medication" are more prevalent than most would think, she added.

Another area in which the company has expanded its clinical offerings has been in the growth of its special-



ty pharmacy program, which launched two years ago through a partnership with KloudScript, which provides back-end administrative support and frees up Fruth pharmacists to handle more patient counseling. Keeping these complex specialty drugs available in its stores is benefiting both Fruth, of course, and its customers.

"Being able to get the prescription locally from [a] pharmacist you know and trust has really resonated both with the patients and the physicians," Fruth said. Because of high levels of diagnoses in the communities it serves, hepatitis C treatments have been a major focus for Fruth specialty pharmacy.

In an effort to better engage the community, Fruth recently worked with the National Association of Chain Drug Stores to offer free clinics, where patients could get tested for hepatitis C and HIV in their local pharmacies. It also has initiated education efforts for older patients, born between 1945 and 1965, who could have contracted the disease through blood transfusions.

Fruth Pharmacy

HQ: Point Pleasant, W. Va.
2016 sales: \$125 million
% change vs. 2015: 2%
No. of stores: 30
No. of stores with Rx: 30
Avg. store size: 8,000 sq. ft.
Rx sales: \$107 million
% of sales from Rx: 85%
Sales per store: \$4.3 million

Source: Company reports

Most new cases of hepatitis, though, are the result of injected drug use, and Fruth, operating within the epicenter of the opioid epidemic, has been on the front lines of the fight against prescription drug abuse. The chain began offering naloxone in 2016, and was an early partner to needle exchanges in Huntington and Charleston.

Moving forward, Fruth said she wants the company to expand its support for recently rehabilitated patients by providing scholarships, continuing to explore new formats, building new partnerships for clinics and keeping an eye out for strategic acquisitions.

Health care/hardware mix stands apart

Started during the heyday of the neighborhood drug store industry, Hi-School Pharmacy has grown into something that is so much more than just another neighborhood drug store for shoppers in and around Vancouver, Wash.

With roots that date back to 1925, the company operates 35 stores — 30 with pharmacies — that range from just more than 600 sq. ft. to as much as 40,000 sq. ft. Unlike other community pharmacy operators, Hi-School has stayed competitive by stressing what are seemingly two very different product areas — health care and hardware.

“We have found that in stores where we have been able to incorporate hardware sales into our mix, our gross margins are 5% to 7% better than our traditional pharmacies,” president Jack Holt told *Drug Store News*.

In many of the smaller communities where it operates its combination stores, Hi-School particularly has been successful because its stores are the only retailer in town. In addition, Holt said, pharmacy patients and hardware shoppers share some very similar characteristics. “We benefit from increased foot traffic because both pharmacy and hardware tend to lend themselves towards the more frequent shopper,” he said.

“Most of our customers like our smaller store format, where they feel welcome and are not of a ‘cookie cutter’ format,” Holt said. “Many still say, ‘If Hi-School Pharmacy does not carry it, then I do not need it.’”

Still, he said, Hi-School has not been immune to the increasingly challenging nature of operating community pharmacies in the nation’s evolving healthcare system. “We are dealing with ever-increasing pressures on our margins,” Holt said. “Whether it be due to reduced reimbursement, or the effect of DIR [Direct and Indirect Remuneration] fees, which have been very detrimental after the fact, we are continually trying to find ways to reduce costs in order to remain profitable.”

Along those lines, the company actively has been expanding the role its pharmacists play in patient care. Hi-School currently is rolling out a travel vaccine program in 15 of its stores to help complement an immunization program that has been highly successful in helping it attract patients into its pharmacies.

And despite its size, Hi-School also has been a leader



at the local, state and national levels in the efforts to promote pro-pharmacy/pro-patient access policy initiatives.

“We are fortunate to be in two fairly progressive states [Washington and Oregon], which have passed pharmacists-as-provider status legislation, and are working through how that will eventually change how we practice pharmacy,” Holt said. “I believe that with the shortage of physicians already occurring, our pharmacists’ role in diagnosing and treating acute conditions will increase.”

For instance, the chain has seen a steady rise in the number of patients in Oregon who are turning to Hi-School pharmacists to prescribe contraceptive medications.

Being a relatively small chain with all of its stores located in close proximity to one another has given Hi-School a flexibility not enjoyed by many of its competitors, allowing it to quickly react to changing customer needs.

Over the past few years, that ability to adapt has seen the company try a number

Hi-School

HQ: Vancouver, Wash.
2016 sales: \$150 million
% change vs. 2015: 5%
No. of stores: 35
No. of stores with Rx: 30
Avg. store size: 25,000 sq. ft.
Rx sales: \$105 million
% of sales from Rx: 70%
Sales per store: \$4.3 million

Source: Company reports, *DSN* estimates

of other things to help it stand apart, including offering free prescription delivery in most of the markets it serves; allowing its customers to order products it does not have in stock and pick them up the next day; putting a major emphasis on medication therapy management; and increasing the size of its prescription labels by a third, making them easier to read.

In addition, customer reaction was so positive to a trial program last fall in four of its stores for i-Medicare — which helps retail pharmacies better manage their Medicare business — that Hi-School has since added the service into all of its stores.

Hometown chain hones its wellness chops

Part of the local retailing scene for the past 85 years, few companies have the kind of name recognition in the state of Arizona that Bashas' has.

And, just as Arizona has grown — soaring from a population of just more than 425,000 when Bashas' first opened its doors in 1932 to more than 6.6 million residents today — so too has the company expanded its presence there. Over the last decade alone, Bashas' has doubled its size and now operates 68 stores under four different banners, each aimed at a specific group of consumers.

The oldest of those banners — Bashas' — are traditional supermarkets, while the company's newer store concepts target specific demographic groups. For instance, its AJ's Fine Foods stores are gourmet/specialty stores; its Food City outlets are geared toward the area's large Hispanic community; and Bashas' Diné Markets are located on Arizona's Navajo nation and specialize in products traditional to that culture.

Despite its reputation as Arizona's hometown chain, that advantage can only take the company so far — both in grocery and health and wellness, explained director of pharmacy Mike McKinley. If it can't provide its customers with a level of service and personal attention superior to what they can receive from other — often larger — chains, the loyalty Bashas' has enjoyed for so long will quickly evaporate, he said.

Market statistics bear that out. According to recent data, in the Phoenix area, where Bashas' operates the majority of its stores, there are more supermarkets per capita than almost any other region of the country. Coupling that with the area's soaring population and the relatively low cost of building a new store in the market has led national and regional chains to flood the Greater Phoenix area with new stores, creating ever more choices for shoppers.

"We have a long history of dedication and commitment to our local community, and that continually helps to attract customers," McKinley said, noting that a growing number of shoppers are opting for retailers that offer a one-stop-shopping experience. As it attempts to meet this demand, Bashas' has increasingly combined pharmacy offers into its weekly grocery promotions.

The company has pharmacies in 40 of its 68 stores, and



has continually expanded its healthcare offerings with a host of patient care and shopper loyalty programs. While many of those same programs can be found at many other community pharmacies, McKinley said that few have been able to combine them with pharmacy staffs that go the extra mile for their patients.

For instance, Bashas' was the first supermarket operator in Arizona to offer a comprehensive nutrition education program when it debuted the Eat Smart program eight years ago. The Eat Smart program features color-coded nutritional shelf labels, nutrition information cards and more. Similarly, the company's HealthStyles program offers a nine-month series of in-store clinics and a newsletter that provides customers with health tips and information on healthier living.

To help remain competitive, Bashas' also offers a discount generic medication program, offering patients dozens of medications for \$3.99 for a 30-day supply and \$9.99 for a 90-day supply. A prenatal vitamins program gives expecting mothers

Bashas'

HQ: Chandler, Ariz.
2016 sales: \$1.7 billion
% change vs. 2015: 1%
No. of stores: 120
No. of stores with Rx: 44
Avg. store size: 40,500 sq. ft.
Rx sales: \$99 million
% of sales from Rx: 5.8%
Sales per store: \$14.1 million

Source: Company reports, *DSN* estimates

a free supply of prescription prenatal vitamins every 30 days for a year.

As the supermarket industry continues to evolve to meet shifting consumer demands, Bashas' aggressively has been remodeling its store base and changing many of the ways it merchandises its outlets. At the end of 2016, nearly half of the company's stores had either been expanded or remodeled. Patient wellness has been a centerpiece of this effort with the revamped stores offering an expanded mix of organic and healthy products.

Pioneering ‘vintage’ pharmacy care

Ritzman Pharmacy recently celebrated the one-year anniversary of its partnership with Northeast Ohio Medical University, known locally as NEOMED, which promotes community-oriented, whole-person health by providing access to services that promote better overall health outcomes.

The pharmacist is front and center at Ritzman Pharmacy at NEOMED, contributing to a more engaged and impactful patient-centered experience. That customer focus is reminiscent of a bygone era in retail pharmacy, George Glatcz, president and COO Ritzman Pharmacy, told *Drug Store News*. Armed with today’s communication tools, Ritzman aims to couple that historic neighborhood pharmacy appeal with the kind of technologically driven adherence tools that will establish the “pharmacy of tomorrow” today. “Our business plan was all about pioneering vintage care, bringing the legacy of what pharmacy was 50 years ago ... to the forefront with more modern technologies. Reinventing what the pharmacy experience should be,” he said.

The last year has reinforced the vision behind the concept. “We’ve had great reaction from the public,” Glatcz said. “The pharmacy is on a college campus and contained in an ecosystem that has a primary care physician, a physical therapy location [and] a wellness center with a gym. ... It also serves the community of Rootstown, [Ohio].”

The Ritzman Pharmacy at NEOMED occupies a 4,500 sq.-ft. space, one third of which is allocated to educational initiatives, Glatcz said.

The practice enables the pharmacist to better engage the community, connecting to local employers and community groups around such wellness programs as medication therapy management and immunization drives. “One of the primary roles of our pharmacist is for her to actually get out into the community and [educate] customers about our business,” Glatcz said. “Now the fruits of those labors are coming to fruition.”

In March, that pharmacy-of-the-future concept was expanded by the College of Pharmacy at Northeast Ohio Medical University, which launched the college’s first Transitions in Care program through its affiliate, Pharmacy Innovations, in partnership with Ritzman Pharmacy at NEOMED and Summa Rehab Hospital.



Services through the program, which officially began in January, include concierge service, medication education and discharge counseling — all at no additional charge to the patient. The process is fluid and begins as patients are admitted to the Summa Rehab Hospital, a 60-bed facility. Upon admission, patients are automatically enrolled in the Transitions in Care Program, and 24 hours prior to discharge medication orders are sent to Ritzman Pharmacy at NEOMED for preparation.

“It makes sense for pharmacists to play a role before discharge,” Glatcz said. “Usually a patient is sent home with a prescription, no medication education and no medication. It is no wonder that 3-out-of-4 Americans do not take their medication as directed.”

Transitions in Care programs are on the rise, Glatcz added. With health care facing an increased shortage of primary care physicians, medication adherence hovering around 50% and providers striving to reduce readmissions, patients, physicians and providers would all benefit from pharmacists as part of the care team, he said.

Ritzman Pharmacy

HQ: Wadsworth, Ohio
2016 sales: \$82 million
% change vs. 2015: n/a
No. of stores: 21*
No. of stores with Rx: 21
Avg. store size: 3,000 sq. ft. (500-sq.-ft grocery locations)
Rx sales: \$80 million
% of sales from Rx: 97.6%
Sales per store: \$3.8 million

* Includes eight supermarket pharmacies
 Source: *DSN* estimates

Continuing to innovate, Ritzman is gearing up for the launch of a comprehensive wellness program that incorporates lab testing to help determine optimal nutrition levels in the blood, and an owned-brand supplement line that will address the complete array of nutritional deficiencies. The blood test will analyze as many as 30 biomarkers, Glatcz said, as part of a \$279 offering that includes three months of supplementation and professional health consultations with the Ritzman pharmacist. “Our pharmacists [will] become coaches to help guide people through whatever their wellness goals are,” he said.

Transformative health concept stands apart

Pharmaca continues to be a transformative pharmacy concept. Successfully coupling a traditional health practice with a bustling health-and-wellness business helps the chain stand apart from both traditional pharmacy boxes and natural-food centers/apothecaries.

And the concept is working, judging from the company's robust sales growth.

"No other chain is offering our mix of products and service," Richard Willis, Pharmaca president and CEO, told *Drug Store News*. "We drive customer engagement with our service model of practitioners and pharmacists, our unique product offering of traditional and natural health and beauty care and the Feel Better Rewards program that encourages customer loyalty."

Besides pharmacists, Pharmaca features several licensed practitioners, including naturopathic doctors, herbalists, nutritionists and estheticians who offer personalized health advice free of charge.

While Pharmaca has a strong retail facing of natural health supplements and boutique beauty offerings, the core of the company's business is still pharmacy. Pharmaca recently opened a centralized compounding center and will be expanding into specialty medications, Willis said, "allowing us to effectively serve a broader range of customers."

In order to be compliant with USP regulations, Pharmaca recently reconfigured its compounding operations in a centralized center in Southern California, "outfitted with state-of-the-art equipment that allows us to compound each medication to the prescriber's exact specifications," Willis said.

"Customers will still drop off their prescriptions at their local Pharmaca, and receive them by mail within just a few days," Willis said.

For specialty pharmacy, Pharmaca will partner with Oakbrook Terrace, Ill.-based Kloudscripts, a specialty pharmacy that specializes in working with independent retail pharmacies. "That means our pharmacies have access to hard-to-find medications, and help patients secure prior authorizations for coverage of their specialty medications," Willis said. "Patients also have access to a [Kloudscript] patient care coordinator and a specialty pharmacist, who provide follow-up with both patient and doctor."



To educate doctors about Pharmaca's new offering, the company will be dispatching three sales specialists into the field.

Pharmaca also is very much focused on improving performance at the front-end of its stores, too, and recently completed the rationalization of its selection of natural products. "We did a deep dive into our product selection across categories to ensure we are carrying the best natural health and beauty products that are most relevant to our customers," Willis said. "While we eliminated some of the slowest-moving SKUs, we are hard at work finding new products and lines that represent the latest research in nutrients and ingredients," he added. Pharmaca plans to continue the category reviews in 2017.

Customer experience

Pharmaca's front-end merchandising strategy is very experiential, where the retailer is constantly innovating with new concepts. For example, to educate customers about different health and beauty items, Pharmaca in one store replaced an endcap with shelves featuring a rotating selection of trending supplements,

Pharmaca

HQ: Boulder, Colo.
2016 sales: \$140 million
% change vs. 2015: 15%
No. of stores: 29
No. of stores with Rx: 26
Avg. store size: 4,200 sq. ft.
Rx sales: \$72.8 million
% of sales from Rx: 52%
Sales per store: \$4.8 million

Source: *DSN* estimates

including Kavinace, turmeric, magnesium and others, along with signage describing their use and benefits. In another store, the company merchandises popular skin care items according to skin type — so customers need only walk up to the display to see which products several different Pharmaca practitioners have recommended for their type.

"We will continue to stay on top of the natural, green beauty trend, showcasing the latest indie brands and helping educate customers about the importance of natural ingredients in your skin care," Willis added.