

## Filling a Void

**How a progressive regional chain in the upper Midwest uses telepharmacy to provide service to a community in need.**

by John Becker

In a recent *ComputerTalk* article, telepharmacy was defined as “a pharmaceutical care system in which pharmacists in a central location use telecommunication technology to oversee pharmacy operations and provide patient services, including prescription dispensing and counseling, to a remote pharmacy location.”

Tim Gallagher, vice president of operations for Austin, Minn.-based Astrup Drug, prefers to think of it, though, as perhaps the best strategy for enabling small towns in rural areas that have lost their pharmacies to continue providing local pharmacy services to their residents.

Such was the case in Adrian, a southwestern Minnesota farming community of 1,200 about 10 miles from the Iowa border. In the summer of 2008, the owner of the town’s lone pharmacy announced he was shuttering his small community drugstore — originally opened in 1878 — and was going to work for a regional chain in another city. What in many towns might have been the unnoticed disappearance of yet another independent pharmacy became front-page news and radio talk show fodder in that part of the world.

When Adrian’s city administrator contacted the state pharmacy board to discuss the dilemma, they suggested he look into a telepharmacy operation. In a true case of small-world coincidence, the city administrator’s son wrestles on the same team with the son of the manager of Astrup’s Worthington store (Worthington is 17 miles east of Adrian), so a call was made to see if the nine-store chain would be interested in getting involved.

Gallagher was familiar with telepharmacy. He knew of another regional chain that had been doing it for a while at a few locations, and he’d personally kept abreast of the state board’s telepharmacy regulations. He didn’t see an application for it at Astrup, though, until the call from Adrian.

“First they asked if we’d be willing to put in a full-blown pharmacy,” Gallagher says. “With the economy beginning to struggle as it was, and the shortage of pharmacists in Minnesota, it just wasn’t the right time to open a new store.”



*Tim Gallagher, left, VP of operations at Astrup Drug, with remote site technician Karen Erpestad and Bruce Heitkamp, Adrian city manager.*

When the administrator asked if Astrup would consider putting a telepharmacy in Adrian, Gallagher thought about declining — but hesitated.

There are plenty of towns the size of Adrian in southwestern Minnesota, he thought, that are — or soon could be — in the same boat in terms of losing their local pharmacy. He knew most of the cost of implementing telepharmacy comes from setting up the host and initial remote location (a single host can support multiple remote sites). If we can make it work in Adrian, he thought, why couldn’t we take the concept to other locations and make it work there, too, but for less cost?

Gallagher had to address two concerns before pulling the trigger. First, he had to be sure there’d be enough prescription volume to allow him to make a reasonable profit. Second, he wanted to be sure the community was committed to the arrangement and “had some skin in the game.”

The city stepped up by offering financial incentives including a discounted lease for the pharmacy in a newly built city office complex and help purchasing the needed telepharmacy equipment. Throw in some grant money aimed at technology and economic development, and Gallagher had a deal he felt Astrup could live with.

“We felt the city would be motivated to make sure as many residents as possible used the pharmacy and that would bring the volume,” he says. “It also meant that, if

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the whole thing went south on us, we wouldn't be looking at a financial disaster."

Gallagher initially considered putting the host at the chain's headquarters in Austin (about 150 miles from Adrian), but because of a state board requirement that a pharmacist physically visit and inspect the remote site at least once each week, he decided to locate it in the nearby Worthington store.

### Finding a Vendor

At the time, Gallagher had seen telepharmacy technology in action from two providers, but hadn't been impressed. One provided unacceptably poor imaging and the other didn't keep a permanent record of what the host pharmacist had verified. Those systems — along with a few from vendors whose pharmacy management systems Gallagher didn't think much of — were quickly crossed off the list.

Astrup was already using robotics from ScriptPro in a central-fill operation it runs. Although he'd tried robotics from other vendors, Gallagher always came back to ScriptPro because of "the high level of product and service quality they provide."

"We didn't spend a lot of time looking at competitive systems," Gallagher says. "Since we already had a positive relationship with ScriptPro, we decided to go down and look at what they had, and we were really impressed."

Gallagher especially liked ScriptPro's data storage capabilities that he says allow retention of pill, prescription hard copy, and other images for an unlimited amount of time. The server's large hard disks are "hot swappable" (they can be removed from the system at any time, even while it's up and running), allowing quick retrieval of off-line data.

"With Medicare Part D we could face an audit 10 years down the road," Gallagher says. "With this system we'll be able to quickly and easily review what was done."

Gallagher says he doesn't regret the decision to go with ScriptPro.

### Getting Approval

Not surprisingly, Gallagher says you can't just open a telepharmacy in Minnesota. In addition to normal licensing, a variance has to be obtained from the state board waiving the requirement that a pharmacist be physically onsite during business hours. Gallagher's variance request included floor plans, policies and procedures, and other documentation, and went first to the board's variance committee, then to the full board for consideration.

Gallagher says a main board concern is that the telepharmacy not be in a location where it competes directly with other community-based retail pharmacies. He's aware of variance requests that have been denied on this basis.

"It's a valid concern and one we were very sensitive to," Gallagher says. "We weren't interested in putting anyone out of business by opening this pharmacy."

Another board concern, according to Gallagher, is workload on the host site pharmacist who's responsible for processing prescriptions at two locations. Gallagher says in Minnesota the board suggests eight is the maximum number of remote prescriptions a single pharmacist should handle in an hour.

"Sixty-four prescriptions a day is pretty light volume," Gallagher says, "but that seems to be the current standard."

Gallagher says he'll address this concern by setting the remote pharmacy up to place calls to multiple host sites in order to access a pharmacist for verification or counseling. If the pharmacist at the primary host isn't available, an alternate site — one equipped with the same telepharmacy technology as the primary site — is contacted.

"I'd only make that investment, though, if I end up adding multiple remote sites and the volume demands it," Gallagher says.

Not one to leave a base uncovered, Gallagher used a planned, coordinated approach in making his pitch to the board.

"In addition to myself," he says, "I had my pharmacy manager from Worthington, my central-fill manager from Austin (he had the most experience with ScriptPro equipment), the city administrator from Adrian, and even ScriptPro's CEO Mike Coughlin."

Gallagher's preparation paid off as he walked out after a few hours with an approved variance.

### The Equipment and the Process

Both locations needed robust servers, which Gallagher says were costly and require considerable space. Each location also needed one or more operator displays, along with mounted cameras and audio equipment (handset or headset) so the two sites can communicate.

ScriptPro offers two flavors of telepharmacy display: One has a fixed base, while the other swivels 190 degrees in either direction, enabling the display to be turned toward a customer for pharmacist counseling (if used as a checkout station, as is the case in Adrian). This is particularly useful in states like Minnesota where pharmacists are required to offer counseling on all prescriptions, new and refill. Both displays feature relatively small footprints.

Astrup has a second display — this one fixed-base — in the remote pharmacy's dispensary where the technician actually fills the prescription after processing it through the HCC pharmacy management system. The technician uses a digital camera attached to the display to record images of the written prescription, the printed label, the stock bottle used, and the pill itself. The system can even record an image of the product *inside the vial* — a feature Gallagher likes and Astrup uses.

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“It’s not enough just to say the label’s right or the correct stock bottle was used,” says Gallagher. “We want to know that the right product made it into the customer’s vial. This system really lets you close the loop as far as quality assurance goes.”

When filling is complete, the technician touches a telephone icon on the telepharmacy display screen and the system connects with the host in Worthington, where an available pharmacist uses the same technology on that end to verify the prescription. The same process is used from the check-out station when the patient arrives so the pharmacist can provide counseling.

At the host site in Worthington, Gallagher uses a workstation identical to the one used in Adrian.

Gallagher says adding the remote location has had minimal impact on workflow at the host.

“We have good staff and good technology,” he says. “Pharmacists spend their time verifying prescriptions and talking to patients — not stuck behind a computer. Being called to counsel a patient via telepharmacy is really no different than doing the same thing in the store.”

Staff-wise, Gallagher had to find the right person — technician Karen Erpestad — to handle the myriad tasks that have to be done in Adrian.

“The person has to answer the phone, ring sales through the cash register, do data entry, manage the imaging process, count out the tablets, label the vial, manage inventory. You name it, she does it — and she does it well,” Gallagher says.

Gallagher points out that the display’s camera can actually do double duty as a security system. When not being used for technician-to-pharmacist communication, the camera can remain active relaying real-time images of the remote pharmacy to the host system.

“You have to be able to place a high degree of trust in the technicians running the telepharmacy because they’re responsible for so many important tasks,” says Gallagher. “At the same time, control is key, so it’s nice that the workstation camera can serve as my eyes inside the remote pharmacy if there’s ever a need.”

### Connectivity: A Critical Factor

Anyone who’s used tin cans and a string to talk between two points knows the caliber of string used can greatly impact the quality of the conversation. Gallagher says the same concept applies to telepharmacy.

Digital images require lots of file space, and multiple images can be associated with each transaction. A high-bandwidth connection is best at efficiently moving this data back and forth, which can be problematic in rural areas where telecom options are limited — sometimes to a single provider.

This usually means choosing — in ascending order of preference — between DSL, cable, or a T1 line.

Astrup initially chose DSL from the phone company because the local cable provider didn’t have a line run to the building where the pharmacy was to be located. Throughput on a DSL connection, though, can vary greatly depending on the number of users sharing the connection and the distance you are from a network hub. Gallagher found out the hard way he wasn’t doing well on either count.

*Karen Erpestad, the technician in charge of the remote pharmacy in Adrian, Minn., uses the telepharmacy terminal to interact with the host site pharmacist, Jill Leusink, in Worthington, Minn. “It’s not unusual for us to do 40 or more prescriptions per day now,” says Tim Gallagher.*



“From day one, we knew we had a problem,” Gallagher says. “It was like when you see someone overseas being interviewed on TV and there are noticeable delays. The problem wasn’t apparent to our customers, but the delays were aggravating for staff and really impacted workflow and productivity.”

After working unsuccessfully with the phone company to improve the speed, Gallagher bit the bullet and leased a high-speed — but expensive — T1 line. He hopes the cost will come down over time but he knew it was his only choice in order to get the performance he needed.

“This was our first attempt at telepharmacy,” he says, “and if we’re going to do it, we want to do it right.”

Gallagher’s T1 line was installed in late August, and he says there was “immediate throughput improvement.”

### Implementation

Gallagher has a one-person IT department, so it was important to him that he get as much help with implementation as possible.

“It was a fairly technical process to put it all together,” he

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says. “The phone company was involved; Net-Rx, who manages our network; our IVR vendor, HCC, was there — everyone doing their part. And, of course, we had phenomenal on-site assistance from ScriptPro.”

Gallagher says the staff at his Worthington store played a key role in making sure the system was implemented properly.

“I can’t say enough about the contributions of our Worthington store manager Bryan Hagen and staff pharmacists Jill Leusink and Joe Anderson in getting things up and running,” he says.

After a few weeks of set-up activities, Gallagher took the telepharmacy live in mid-May. He was pleased when they filled 26 prescriptions the first day, but when the volume didn’t grow as much as he expected in the days that followed, Gallagher’s concern grew.

Gallagher says part of the problem is the year that passed between the time the previous pharmacy closed and his opened.

“Anytime a pharmacy closes,” he says, “the longer you give someone to find someplace new to shop, the less likely you are to get them back.”

He also acknowledges that part of the problem is they’ve done little to promote the new pharmacy.

“In a town of 1,200,” he says, “if you buy a new car everyone knows, so I didn’t think we’d need to do much promotion.”

There’s also a bit of a chicken-and-egg thing going on. Gallagher was reluctant to advertise and bring in more customers until they got their TI line installed and had their bandwidth issues addressed.

“I don’t want people’s first experience to be negative in any way,” he says, “but I do need to get them into the store.”

With his communication problems solved, Gallagher plans to actively promote the new pharmacy in Adrian and the surrounding community, using newspaper and radio advertising and direct mail to reach out to potential customers.

And the store’s already seen prescription volume growth since the TI line was installed.

“It’s not unusual for us to do 40 or more prescriptions per day now,” Gallagher says.

### Recovering the Investment

Gallagher won’t say how much the chain spent on its telepharmacy system. He did say the investment was “significant, but less than what we’d have spent putting a live pharmacist in Adrian for a few years.”

He adds that the overall cost to set up the telepharmacy was about half what he spent recently to open up a new “traditional” Astrup pharmacy in a grocery store.

When asked when he thought he’d recoup his initial investment, Gallagher says he originally hoped to do it in three years but now thinks it’ll be closer to five. He says it’s hard to know for sure at this point, since prescription volume isn’t fully ramped up.

“We took a bit of a hit — right around the time we opened — when the only physician in town announced he couldn’t come to terms with his health system and was leaving,” Gallagher says. “We’d met with him early on and thought he was committed, but as soon as we opened our doors, he quit.”

A nurse practitioner who used to work in the area is returning to set up practice, though, so Gallagher remains confident and isn’t second-guessing his decision to open the telepharmacy.

“I’m confident the volume to sustain the pharmacy will come,” he says.

The upside, to Gallagher, is the possibility of leveraging his initial investment by adding more remote sites to his now-established network.

“I can think of three or four communities of similar size,” he says, “that have lost their pharmacies, and I’ve actually been contacted by administrators from two other communities who are eager to have us consider telepharmacies for their towns.”

Gallagher waxes philosophical when he considers what he and Astrup are doing.

“The reality is,” he says, “at least in Minnesota, the number of independent community pharmacies going out of business is twice what it was before Medicare Part D. These are small, rural communities made up largely of elderly people. These folks are losing their pharmacies and, when that happens, medical providers are often the next to go.”

“It’s a domino effect and a very unsettling trend,” Gallagher says. “We have to find a solution and, in my mind, it isn’t mail order. For our money, telepharmacy is the best available option for continuing to provide service in small communities that can’t continue to maintain a traditional pharmacy.” **CT**



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