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Rural Pharmacies Struggle to Survive

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by Candi Helseth

While many rural pharmacies in the United States are struggling to survive, some independent pharmacists are opening new businesses and using technology to meet needs in rural areas.

Pharmacist Kathy Nelson, of Casselton, N.D., helps customers both in-house and through telepharmacy.

In North Dakota, pharmacist Kathy Nelson, who has owned Casselton Drug for five years, is widening the reach of her services. Nelson opened a second pharmacy site three years ago in the Arthur grocery store 16 miles from Casselton. Six months after opening, Nelson said Arthur's nursing home asked her to handle all their patients because they appreciated the individualized service.

Nelson employs telepharmacy technician Jennifer Joyce to work full-time at Arthur. Joyce fills and dispenses prescriptions under Nelson's watchful eye. Using video conferencing equipment, Nelson checks and approves all of Joyce's work. When patients arrive to pick up their medication, Joyce directs them to a private consultation room for a face-to-face, real-time consultation with Nelson.

For Joyce, it's the job of her dreams. "I absolutely love my job, I wouldn't trade it for anything. People here are so appreciative after not having had a pharmacy in Arthur for the last 15 years. I get to know patients personally and help them. If I need assistance, Kathy is right there for me."

North Dakota was the first state to approve legislation, in 2001, allowing retail pharmacies to operate in remote areas without requiring a pharmacist's presence; since then, 16 additional states have approved telepharmacy legislation. In the decade prior to the creation of the North Dakota Telepharmacy Project, the state had lost 26 pharmacies. Now 40,000 North Dakota rural residents have had pharmacy services restored, retained or established, according to Ann Rathke, Telepharmacy Coordinator.

North Dakota's telepharmacy sites are full-service pharmacies with complete drug inventories, drug utilization review, verification and patient counseling, Rathke said. Telepharmacy technicians like

Joyce must complete more college educational requirements than those required for a pharmacy technician.

“Our research has shown that telepharmacy hasn’t compromised patient safety and access has definitely improved,” Rathke said. “When the pharmacist is left out, as is the case with Internet and mail-order pharmacies, safety is more likely to be compromised.”

Seventy-two pharmacies now provide coverage for 34 North Dakota counties and two Minnesota counties, resulting in approximately $12 million in rural economic development, Rathke said.

Medicare and Chain Stores Create New Challenges

The net loss of more than 500 independent pharmacies nationwide coincided with the implementation of two major policies related to prescription medication payments: Medicare prescription drug discount cards and the Medicare Part D prescription drug benefit. Passed to make drugs more accessible and affordable for senior citizens, the plans also created competition among providers, which independent pharmacists say has been unfair to them.

“Under Medicare D, beneficiaries are covered by private plans that negotiate and contract their fee schedules with pharmacies, basically a take it or leave it approach,” explained Keith Mueller, director of the Rural Policy Research Institute (RUPRI) Center for Rural Health Policy Analysis. “Independent pharmacists operate on a much smaller profit margin and can’t get the same discounted rates as large retailers who buy in volume. So rural pharmacies saw a sharp drop in prescription drug revenues for Medicare patients whose plans switched them to another source of payment.”

Medicare plans require a lot of administrative time too, which is tough for minimally staffed independent operations. In most circumstances, pharmacists receive payment only for prescriptions they fill, and not for other patient services, said Rebecca Slifkin, director of the North Carolina Rural Health Research and Policy Analysis Center.

“Medicare D improved access for senior citizens, but there’s so much hoopla to go through with authorizations, and they need help with the paperwork,” Nelson said. “Then I have some patients whose plans require them to get their prescriptions by mail order. These pharmacies don't take care of the problems they create. Medications don't arrive on time or the patients have side effects, and there is no one to answer their questions. The patients come to me. I've always helped them, but it is frustrating to see how those mail order pharmacy health care providers ‘treat’ their patients.”

Large chain drug stores, which already have the advantage of higher volumes and lower economies of scale, are “in cahoots” with insurance companies to pressure patients into using chain stores to fill prescriptions, said Paul Moore, 2008 president of the National Rural Health Association and owner of an independent pharmacy in Wilburton, Okla. “The big guys like Walgreens and Walmart are already buying their drugs at much lower prices than we can. Anti-trust laws prevent us independent pharmacists from doing what they’re doing.”

Big providers offer incentives or rebates to direct patients away from local providers. Moore said his parents, whose local pharmacy is in Denison, Texas, can only get a 30-day supply of their medications at Denison. If they go through their insurer’s mail order source, they get a 90-day supply with only one co-pay.

"We've done a whole series of studies on rural pharmacies, and even before Medicare Part D passed, we were looking at shifts to mail order and other providers," Slifkin said. "We could see it was going to be tough on rural pharmacies."

Rural Communities Need Pharmacists

Independent pharmacists are important contributors to rural communities and their loss is deeply felt, Mueller and Slifkin said.

Moore, for instance, has served as the hospital administrator in Atoka, Okla., and as Atoka County Health Authority CEO, where he was responsible for emergency medical services, a home health agency, a rural physician clinic and the first critical access hospital in a six-state region. He also provides remote pharmacy services to small, rural hospitals (see Remote Pharmacy Services Offer Quality Assurance). Most importantly, he says, he knows his patients and their medical needs personally.

"If someone is having problems with a med, they come up to me at church, a ball game, wherever I am in the community," Moore said. "I help them regardless of where they're buying their meds."

In Casselton, Nelson said she's the only health care provider in town "a good share of the time." She and Joyce spend a lot of uncompensated time conferring with social workers and community agencies to help patients with medication needs. Community members also appreciate being able to shop locally at Casselton Drug for options such as health and beauty items, giftware and Hallmark cards. Nelson recently hired two florists and added a floral department.

While diversification is working for Nelson, it's not a viable option in many rural settings, Mueller said. Their research indicates rural pharmacies will continue to close unless health care reform changes the current picture, Slifkin added.

"As health reform continues to be debated, the issue of local pharmacy services needs to be part of the ongoing discussion," Mueller asserted. "We need to have pharmacy services in that reform and redesign health care mix. The local, independent pharmacist in remote areas is a model that's likely no longer sustainable."

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