



The *voice* of the  
community  
pharmacist.

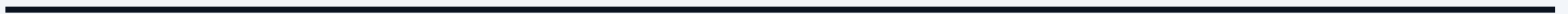
# **The Road to Pharmacy Ownership**

Hashim Zaibak, PharmD

Hayat Pharmacy

# Learning Objectives

- 01.** Describe one pharmacist's challenges to pharmacy ownership and steps to overcome them
- 02.** Outline three key strategies to assist with moving from pharmacy management into pharmacy ownership
- 03.** Discuss how expansion into niche services can increase financial success of a new pharmacy



# Failures

---



- Zaibak PRN Staffing
- Vytamine
- Pet Compounding



# Life Before Pharmacy



- 
- Born in Gaza, Palestine
  - Parents are Palestinian refugees
  - Moved to Chicago in 1992 for pharmacy school



# — The Beginning —



Education



Graduated in 1999 from University of Illinois at Chicago

Career



Worked at CVS from 1999-2011

Hayat Pharmacy



Opened first Hayat in 2011

Workshop



Attended NCPA's Ownership Workshop in 2011

# First Hayat Pharmacy

## Location

- Inside a health clinic in Milwaukee

## Funding

- Initial investment came from selling CVS stocks
- Initial inventory financed through wholesaler line of credit at 0% interest for 12 months

## Expenses

- Fixtures
- Software/hardware
- Rent deposit
- Supplies
- Technician salary
- Licenses, fees, etc.
- Inventory

# Growing

---



- 2012 - second location opened
- 2013 - opportunity to rent out entire first floor
  - 1,200 sq ft -> 4,800 sq ft
  - Remodeling cost





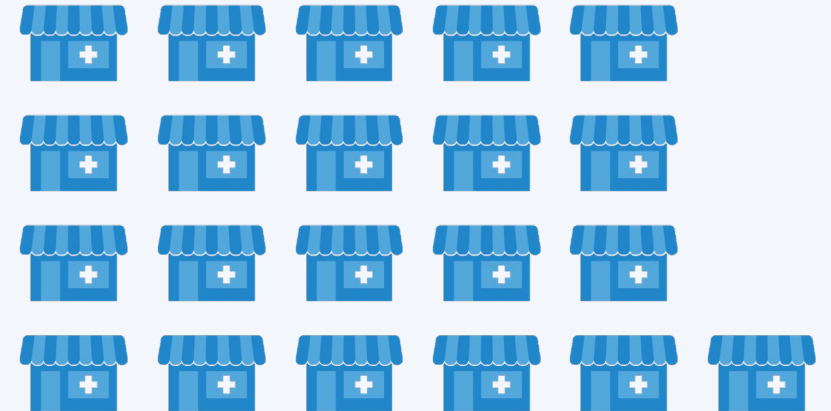
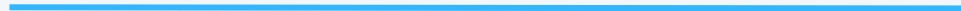
# Growing



- Today - total of 21 in-clinic pharmacies, stand alone pharmacies, and telepharmacies

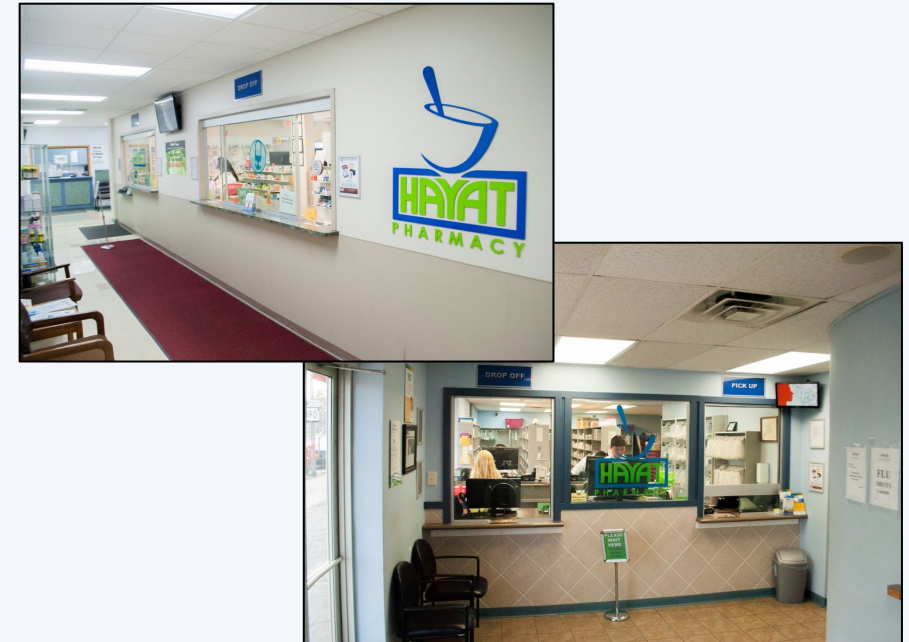
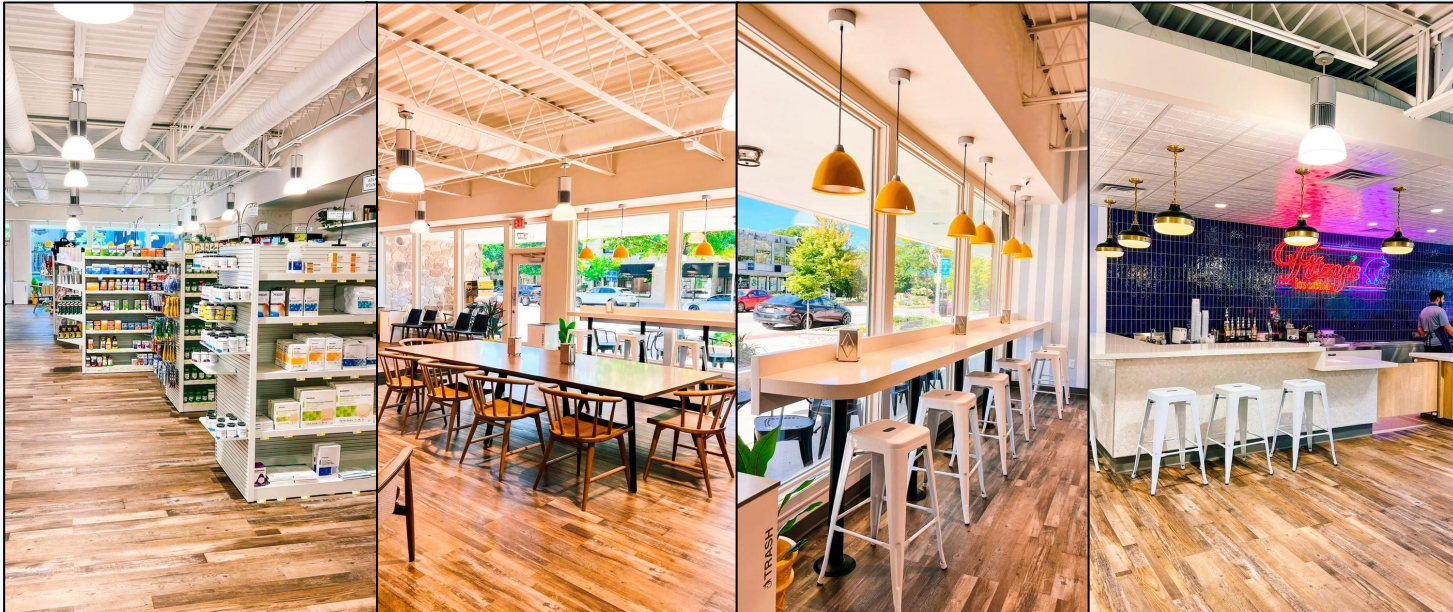


2011



2024

# Pharmacies





---

**“Success happens when  
preparation meets opportunity”**

— Roman philosopher Seneca

**Be ready for opportunities that may come your way!**

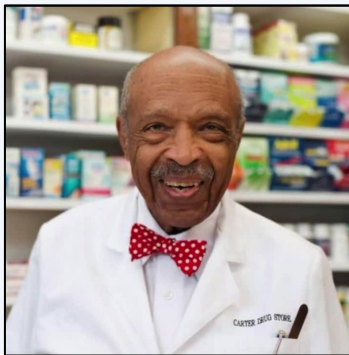
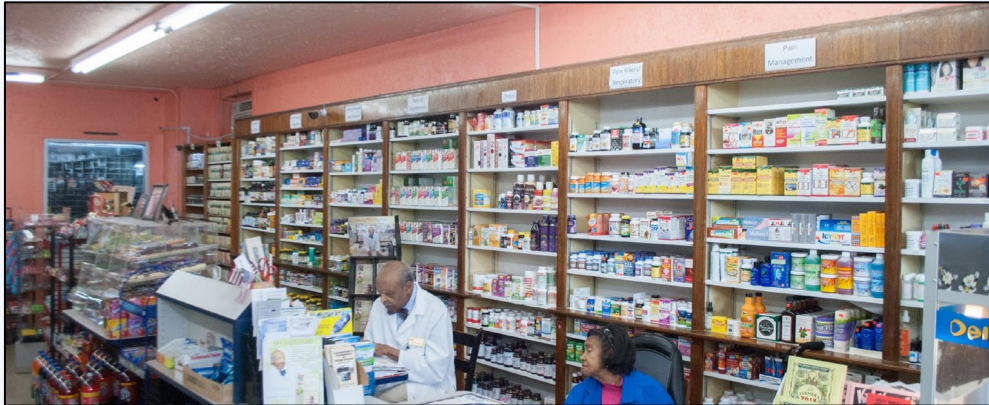
# Laab's Pharmacy

---



- Acquired in late 2012
- Originally opened in the late 1800s
- Well-known in the community for excellent customer service

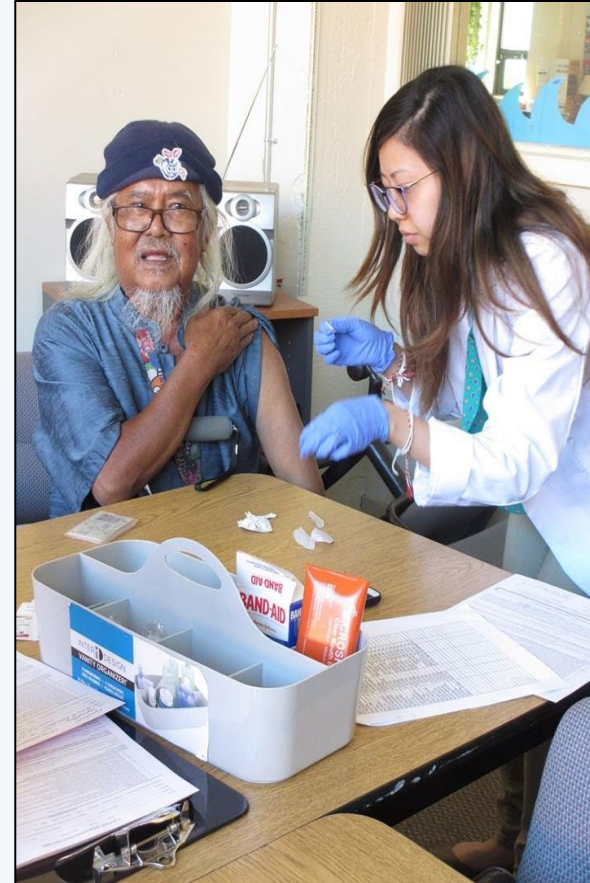
# Carter's Drug Store



- 
- Acquired in 2014
  - Herbal medications and remedies
  - Local community-wide known pharmacy since 1968

# Niche Services

- Compounding
- Medication Disposal
  - All locations
  - first drop box in Milwaukee in 2017
- Immunizations
  - Covid19 and flu
  - International travel
  - Immigration vaccines



# Niche Services

- Medication therapy management
  - Personal consult with a pharmacist
- Simplify My Meds
  - Medication synchronization
- Free Prescription Delivery
- LTC
- Point of Care testing



# Hayat Giving Back to the Community



- Relationship with free clinic
- Community health presentations - Hayat Cares
- Free immunizations
- Training international pharmacy interns who are now fully registered pharmacists





# Challenges to Ownership

- People will try to dissuade you
  - Negative comments
  - Realize you may encounter naysayers
- Mindset
  - Switch from employee to owner mentality
- Work-life balance

# Challenges to Ownership

- Legal liability
- Partnerships
  - Be selective
  - Possibility of falling out
- Hiring
  - Who? How many? Which role?
- Finances
  - cashflow, accounting, taxes, etc.



# Success Strategies

- Get to know yourself
  - Ownership requires long hours, little pay, and many hats
- Network
  - Continue to go to conferences and networking events
- Pay it forward



# NCPA Engagement

- NCPA Vice President
- Hayat Pharmacy has been an active NCPA pharmacy since 2011
- NCPA annual convention

# Accomplishments

- First pharmacy to become the national Health Mart Pharmacy of the Year twice!
- Over 100,000 COVID vaccines during the pandemic
- Over 170 employees

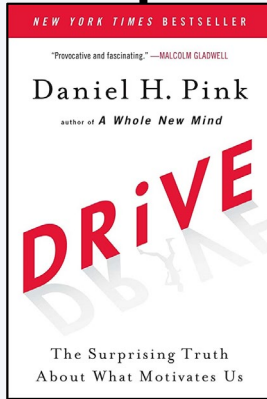


---

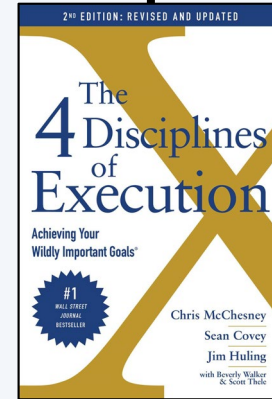
**Know your why.**



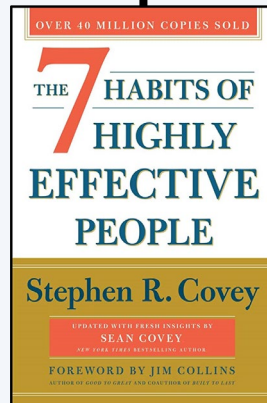
# Recommended Books



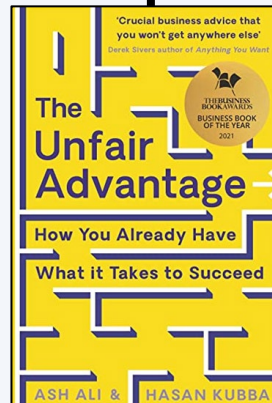
“Drive” by Daniel Pink



“The 4 Disciplines of Execution” by Chris McChesney, Jim Huling, and Sean Covey



“7 Habits of Highly Effective People” by Stephen Covey



“The Unfair Advantage” by Ash Ali and Hassan Kuba

---



# Hashim Zaibak, Pharm D

[hzaibak@hayatrix.com](mailto:hzaibak@hayatrix.com)



---





---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media





—  
The *voice* of the  
community  
pharmacist.

---

# Community Pharmacy Valuation

J. Scott Weaver, R.Ph.  
VP of Pharmacy, PRS Pharmacy Services



# How to Determine an Equitable Selling / Purchase Price for a Retail Pharmacy

## Introduction

- Valuation Process
- Formulas Used to Determine Fair Market Value
- Case Study
- Elements that Influence Selling Price
- Buyer Considerations



# Pharmacists Are Health Care Professionals Not Buyers / Sellers

- One of the Most Important Professional Transactions
- Set Unrealistically High Sale Value
  - Emotion
  - Misinformation
- Buyers Want to Make an Educated Decision
  - Don't assume asking price is fair
  - Due diligence



# Valuation Process

- Not an exact science, it is subjective
- Financial data to determine a Fair Market Value
  - 3 year tax statements
  - 3 year balance sheets
  - 3 year income statements
- Pharmacy Valuation Formulas to Determine Fair Market Value
- Raises Negotiations from Level of Personal Opinion to Rational Analysis
- Results in a Price Range



# EBITDA

## Earnings Before Interest, Taxes, Depreciation and Amortization

- Net Income of Business from Income Statement
- Add Back
  - Interest
  - Taxes
  - Depreciation
  - Amortization Expenses



# Normalizing EBITDA

- Seller's Salary
- Other Salaries
- Rent
- Personal Expenses





# Case Study – Main Street Apothecary

Financial Data	
Sales	\$5,800,000
Costs of Goods Sold	\$4,410,000
Gross Profit	\$1,390,000
Unadjusted Net Profit	\$119,250
Inventory	\$545,000
Owners' Salary	\$235,000 (63 hours per week)
Staff Pharmacist Salary	\$28,300 (10 hours per week)
Furniture/Fixtures/Equipment	\$10,000



# Case Study – Main Street Apothecary

Financial Data (cont.)	
Depreciation	\$14,300
Interest	\$11,125
Taxes	\$26,700



# Normalizing Net Profit

• Unadjusted Net Profit	+	\$119,250
• Salary Adjustment *	+	\$33,770
• Owner Pension Plan	+	\$7,000
• Owner Life Insurance Premium	+	\$1,650
• Family Member Wage	+	\$24,255
• Depreciation	+	\$14,300
• Interest	+	\$11,125
• Taxes	+	\$26,700
• Rent Adjustment	+	\$24,000
• \$4,000 / month		
• \$2,000 / month area average		
“Normalized” Net Profit		\$262,050 (4.5%)



# Normalizing Net Profit (cont.)

## Salary Adjustment

Open 73 hours / week

Owner's salary - \$235,000 (63 hours / week)

Staff RPh salary - \$28,300 (10 hours / week)

Total: \$263,300

2021 Benchmarks

Owner's salary - \$130,000 (40 hours / week)

Staff RPh salary - \$99,530 (33 hours / week \* \$58 / hour)

Total: \$229,530

$\$263,300 - \$229,530 = \$33,770$



# Formulas

- General in Nature
- No Single, All Purpose Formula
  - Results in a price range
- Guide
- Assessment of Value



# Formulas

## Do Not Include

- Cash
- Accounts Receivable
- Accounts Payable
- Building, Land and Automobiles
- All Liabilities



# Formulas For Valuation

1. Percentage of Sales (20%) Approach  
 $(.20) (\$5,800,000) = \$1,160,000$



# Formulas For Valuation (cont.)

2. Return (Net Profit) on Investment (Purchase Price) and Net Profit Approach

Using 20% ROI =  $\$267,200 / .20 = \$1,336,000$

Using 5 (Net Profit) =  $5 \times \$267,200 = \$1,336,000$





# Formulas For Valuation (cont.)

## 3. Direct Assessment (Tangible + Intangible Assets)

	Tangible Assets
Inventory	\$545,000
FFE	\$10,000
Total	\$555,000

---



# Formulas For Valuation (cont.)

## Direct Assessment (cont.)

$$\text{Intangible Assets} = (\text{Extra Earning Power}) \times (\text{Years of Profit Factor})$$

## Extra Earning Power

Earning Power (10%)	\$55,500
Salary if PIC Elsewhere	<u>\$120,000</u>
Total	\$175,500



# Formulas For Valuation (cont.)

## Direct Assessment Intangible Assets (cont.)

### Extra Earning Power

Net Profit of Business	\$267,200
New Owner Salary	\$130,000
Total	<u>\$397,200</u>



# Formulas For Valuation (cont.)

## Direct Assessment Intangible Assets (cont.)

Extra Earning Power

\$397,200

\$175,500

\$221,700



# Formulas For Valuation (cont.)

Direct Assessment (cont.)

Years of Profit Factor

$$(\$221,700) \times (4) = \$886,800$$



# Formulas For Valuation (cont.)

## Direct Assessment (cont.)

Tangible Assets	\$555,000
Intangible Assets	\$886,800
Purchase Price	\$1,441,800



# Formulas For Valuation (cont.)

Percentage of Sales (12%) Plus Inventory + FFE

$$(.12) (\$5,800,000) + \$545,000 + \$10,000 = \\ \$1,251,000$$



# Formulas For Valuation (cont.)

Net Profit Approach

3 (Net Profit) + Inventory + FFE

$$(3) (\$267,200) + \$545,000 + \$10,000 = \\ \$1,356,000$$





# Summary of Valuations

Percentage of Sales	\$1,160,000
ROI / Net Profit	\$1,336,000
Direct Assessment	\$1,441,000
Percentage of Sales + INV + FFE	\$1,251,000
Net Profit Multiple Approach	\$1,356,000

Range: \$1,160,000 - \$1,441,000

Average: \$1,308,000



# Summary of Valuations (cont.)

- Amounts Represents a Fair Market Value for Main Street Apothecary
- Actual Selling Price Can Be Adjusted Upward or Downward Through Negotiation
- Subjective Values



# Elements That Influence Selling Price

- Cash Flow
- Economic Trends
- Physical Appearance and Condition of Pharmacy
- Competition
- Inventory Composition and Condition
- Lease Terms



# Elements That Influence Selling Price (cont.)

- Location
- Pharmacy Image
- Terms of Sale
- Number of Interested Buyers
- How Badly Seller Wants to Sell
- How Badly Buyer Wants to Buy



# Buyer's Considerations

- Acquisition Price + Working Capital + Closing Costs
- Pay for Historical Financial Performance
  - NOT POTENTIAL
- Cash Flow Must Support Debt, Expenses, Salary and/or Return to Buyer
- Acquisition Is Not the Same Price to All Buyers
  - Associate of Pharmacy
  - Current Pharmacy Owner

---

J. Scott Weaver, R.Ph.  
VP of Pharmacy, PRS Pharmacy Services

scottw@prsrx.com  
800-338-3688



---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media





---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media





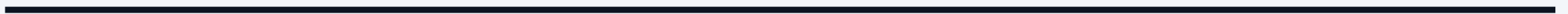
# **Technology to Improve Your Workflow**

Hashim Zaibak, PharmD

Hayat Pharmacy

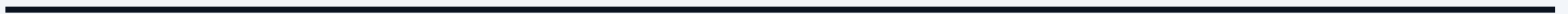
# Disclosure

Hashim Zaibak, PharmD is the owner of Hayat Pharmacy. There are no relevant financial relationships with ACCME-defined commercial interests for anyone who was in control of the content of the activity.



# Learning Objectives

- 01.** Discuss the different areas where pharmacy technology can improve efficiency of pharmacy operations
- 02.** Outline budgeting needs for the incorporation of pharmacy technology systems into your business plans
- 03.** Discuss how to phase in technology as the business grows



# Before Opening

---



- Pharmacy management system
- Point of sale
- Phone system
- Security cameras and alarms
- Accounting software with cloud backup



# Optional

- Pill counters
- Prescription dispensing systems
- Parata
- ScriptPro
- RxSafe



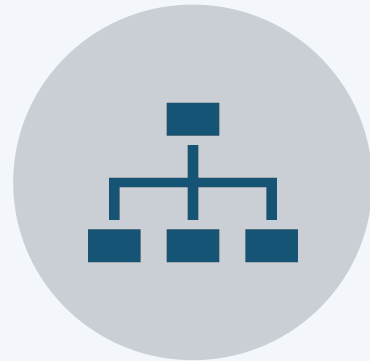
# Medication Synchronization



- 
- Why?
    - Increases workflow efficiency
    - Better inventory control
    - Improves adherence
  - Pick pharmacy management system with good synchronization module

# Employee Communication

---



**Project Management**



**Chat App**

# Project Management

---

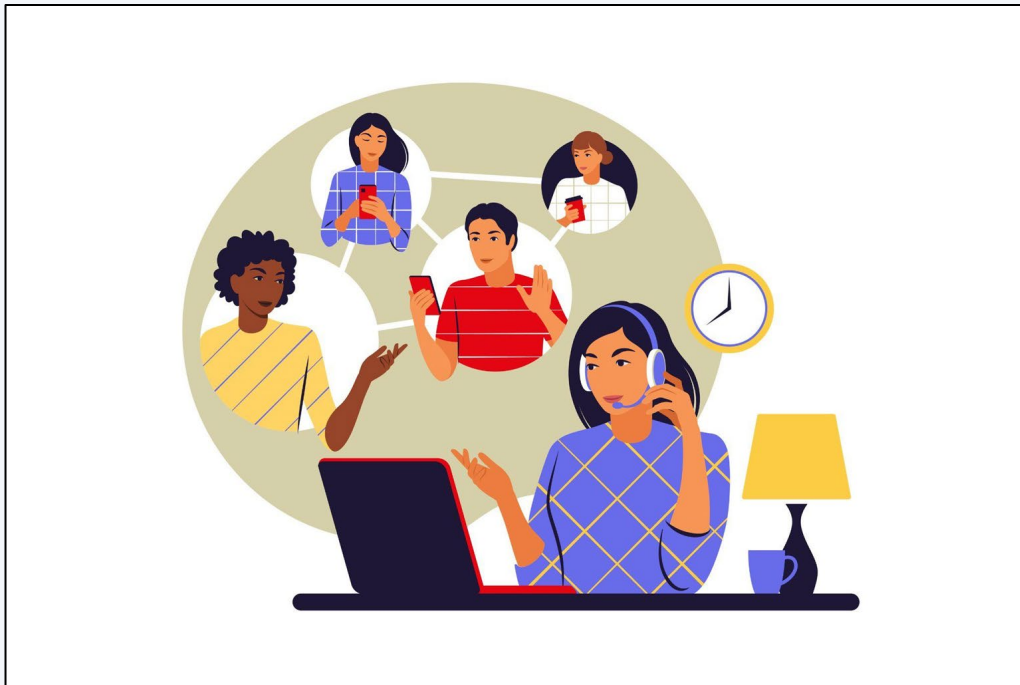


- Delegate tasks to teams and individuals
- Members can comment on tasks
- Tracking deadlines
- Mobile and desktop friendly



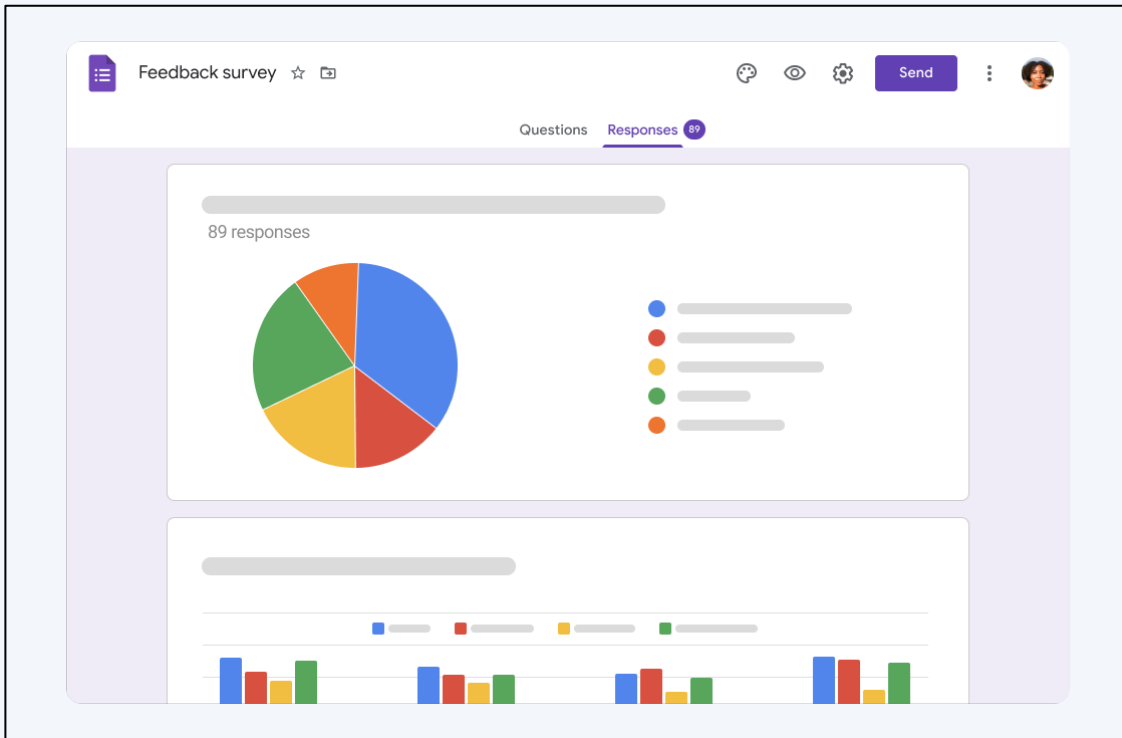
# Chat App

---



- Can communicate with teams or individuals
- Mobile and desktop friendly
- HIPPA compliant

# Google Form



- Tracks responses
- Ability to transfer data for charts and graphs
- Mobile and desktop friendly
- Free!

# Mobile Apps

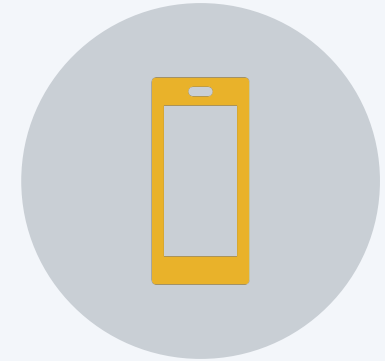
---



**Patient  
Education**



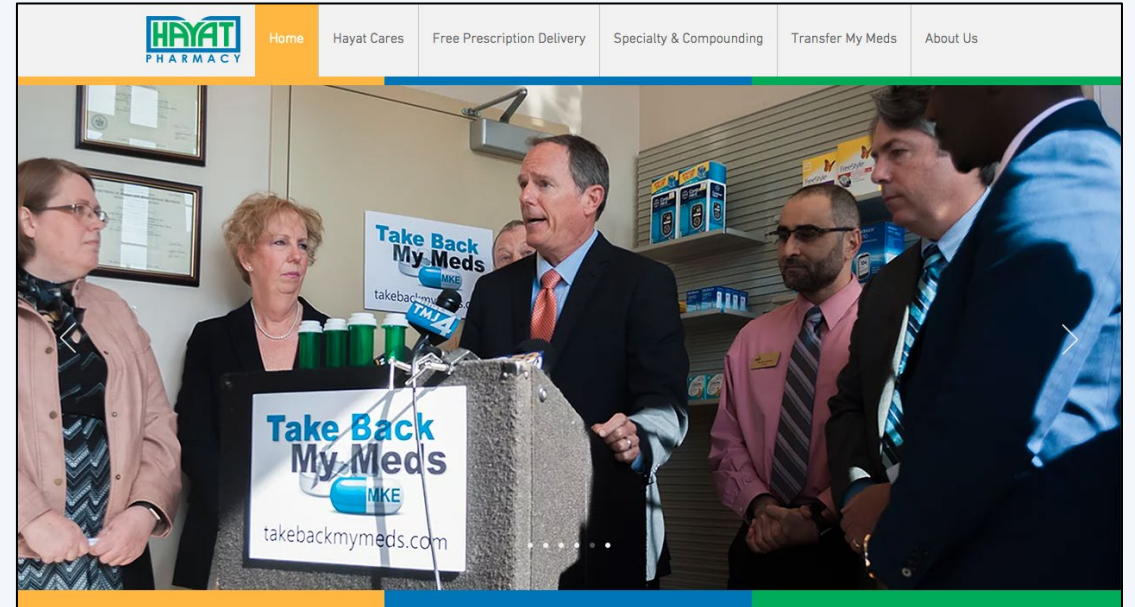
**Patient Rx  
Refill**



**Delivery  
(Internal)**

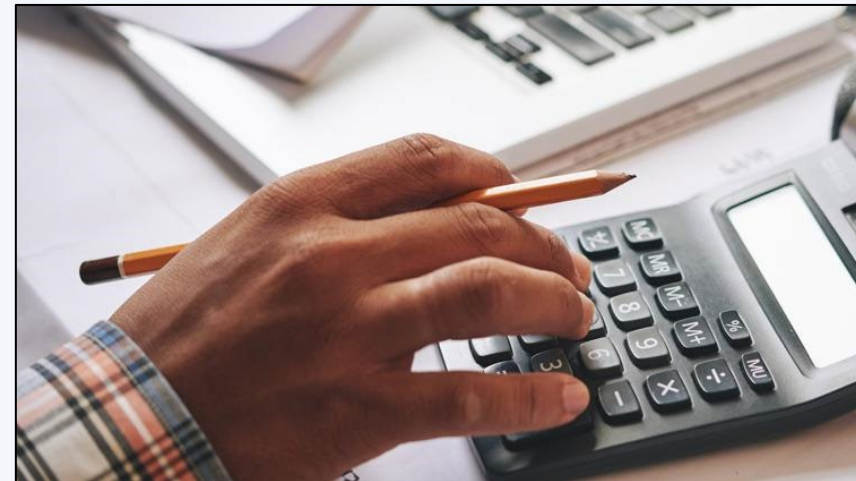
# Marketing

- Website
- Social Media
- Google business profile



# Budgeting for Technology

- Cash is king
- Many vendors provide lease options
- Ask about maintenance fees
- Check in with accountant before finalizing a deal
- Read the fine print

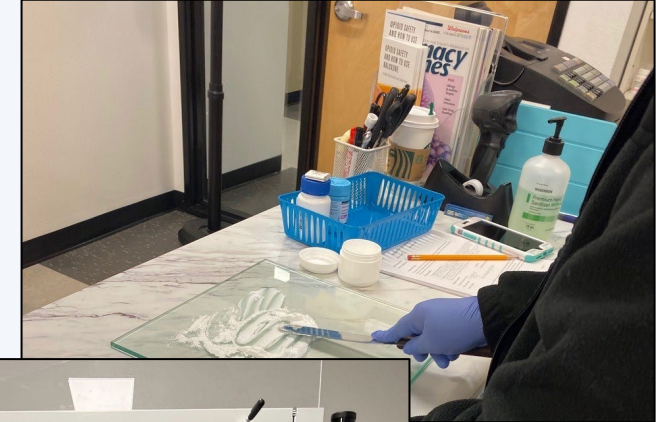


# Other Technologies

---



- Adherence packing machines
- LTC technologies
  - eMAR
  - EHR
  - Online charting
- Compounding technologies
- Additional niche service technologies
  - Remote patient monitoring, etc.



**One more thing....**



---

**“In business you don’t get what  
you deserve, you get what you  
negotiate”**

Excerpt from *Crucial Conversations* by Kerry Patterson, Joseph  
Grenny, Ron McMillan, and Al Switzler




---



# Hashim Zaibak, Pharm D

[hzaibak@hayatrix.com](mailto:hzaibak@hayatrix.com)



---



---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media





—  
The *voice* of the  
community  
pharmacist.

---

# The How To's of Financing Your Pharmacy Deal

**Schwanda Flowers, PharmD**  
**Managing Director/ Loan Officer**  
**First Financial Bank**



# Objectives

- Explain the different types of financing available to pharmacies.
- Discuss borrower eligibility for SBA loans.
- Describe the SBA loan process from application to funding.
- Describe cash flow of the business including a review of its impact on valuations.



# What do banks offer?

Financing for:

- Acquisition and Real Estate
- Equipment financing
- Expansion & remodeling
- Business refinancing
- Start-up loans
- Working capital



# Sources of Funding

- Conventional loans
- SBA loans – 7a and 504
- Private Equity Investor
- Family and Friends
- Seller financing
- Grants



# SBA Guaranteed Loan Programs

## Debt Financing

- SBA does not directly lend money
- SBA sets the guidelines for loans; the banks lend the money
- SBA partners with lenders to guarantee repayment of the loan
- The loan is a commercial loan structured according to SBA requirements with an SBA guaranty
- PLP – Preferred Lender Participant – Some lenders are preferred lender participants





# SBA Size Standards

- Is your business considered to be “Small” by the Small Business Administration?
- You must be defined as a small business when submitting a proposal for SBA financing.
- SBA uses the North American Industry Classification System (NAICS) as the basis for its size standards.
- Usually, the number of employees or average annual receipts.
- For Pharmacies and Drug Stores (NAICS code 446110), the size standard is based on average annual gross income.
- The size standard for Pharmacies and Drug Stores totals \$30mm.



# Planning to Buy?

- Where are you willing to acquire
- Target pharmacy requirements
  - Size, staffing, specialized markets/services
- Who is on your team
  - Attorney, CPA, Wholesaler, Business Partners, Banker

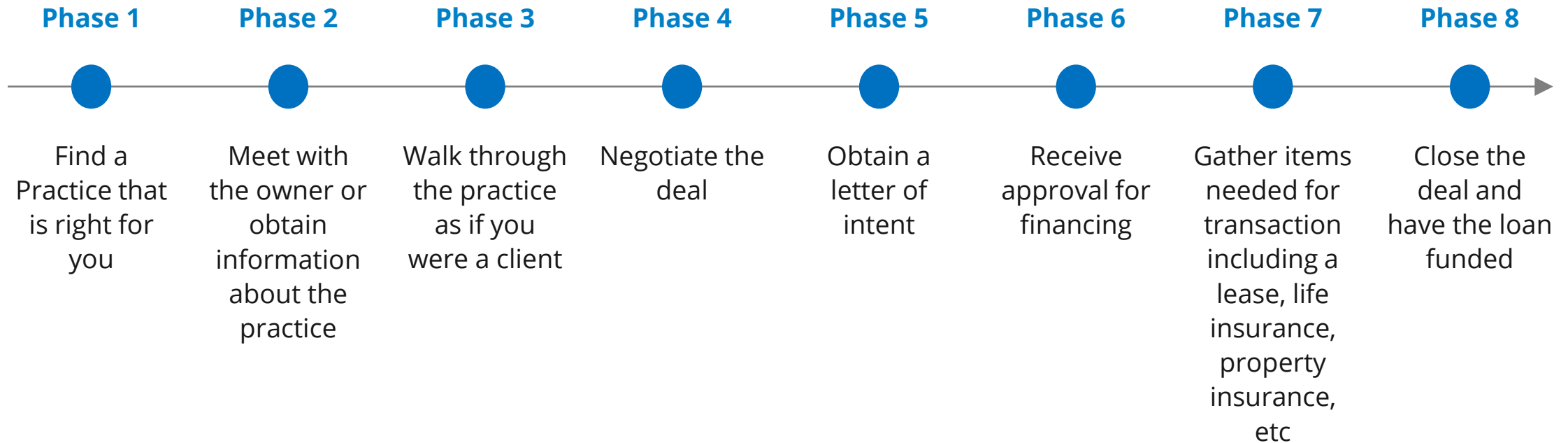


# Buyers Must Have a Plan

- Good credit
- Valid Pharmacist License (or access to one)
- Passion & Desire to Own a Business
- Have a Great Mentor
- Cash Available for Equity
- Understanding of Financial Performance & Benchmarking
- Find the right pharmacy
- Understand the opportunity
  - Due diligence, valuation, business trends
- Negotiate
  - Term sheet/LOI, real estate, seller carry, bank, cash injection
  - Timeline for the above can take 3-12 months



# The process start to finish...





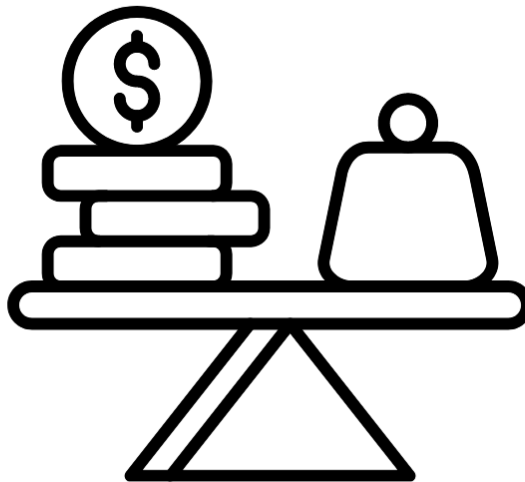
# Debt Service Coverage Ratio

**Debt Service Coverage Ratio (DSCR):** DSCR shows how healthy a company's cash flow is and can determine how likely a business is to qualify for a loan. The DSCR is calculated by dividing the operating income available for debt service by the total amount of debt service due.

**What Lenders Look For:** The minimum DSCR to secure SBA 7(a) financing is 1.15. However, most lenders want a borrower to have a DSCR of 1.3 or more.



A DSCR of 1 or higher indicates that an entity has a greater ability to service its debts.



A DSCR of less than 1 denotes a negative cash flow, and the borrower may be unable to cover or pay current debt obligations.





# Cash Flow Simplified

- Cash flow = net operating income (NOI) of the business
  - The net operating income will tell us how much debt the business can afford
- The business debt service coverage ratio (DSCR) and the personal global debt service margin must be sufficient to support the loan request

$$\text{DSCR} = \frac{\text{Net Income}}{\text{Debt Payment}}$$



# Performing a Valuation

What does a buyer, accountant, and lender need to review?

1

**YTD Profit and Loss  
Statement and Balance  
Sheet**

2

**Pharmacy Prescription & Profitability Reports**

- ✓ Rx Sales Report (Scripts & Payers by plan Code)
- ✓ Top 100 Drugs Dispensed
- ✓ Generic vs. Brand / New vs. Refill
- ✓ Seller's cost of goods, Gross Margin logs
- ✓ Rebates, % Medicaid, 3<sup>rd</sup> party
- ✓ Ability to recast/normalize financial statements accordingly for a new customer

3

**Three Years of Tax  
Returns**



# What is the Pharmacy Worth

What price a seller is willing to accept for the business?

What a buyer is willing to pay

What a lender is willing to invest

**\*\*All dependent upon the buyers' ability to generate a future ROI. Business evaluations need to be done.**



## The Pharmacy must...

- ✓ Enable a buyer to earn market compensation
- ✓ Allow for debt repayment on total project cost
- ✓ Appraise - lenders like a debt service margin of 1.3 or better







# Identifying Value in a Pharmacy

<b>Attractive</b>	<b>Not Attractive</b>
>\$3M Revenue	<\$2M Revenue
Good profitability	Underperforming, limited growth potential
Balanced expenses	Overstaffed/extended hours
Good staff and location	Declining revenue and/or scripts
Stable growth	Excessive rent
Reasonable rent/lease	Unfavorable lease terms
Differentiation	Premium asking price
Competition	Poor/unclear/outdated financials



# Pharmacy Valuation Formulas

Multiple of cash flow

- (EBITDA) + inventory
- Market is averaging 2.5 to 4x

% of annual gross sales + inventory

- Usually 15-25%

\$\$ multiple of annual Rx count + inventory

- Typically \$10-\$20 (chain method)



# Valuation Example

\$4M total revenue, \$65k annual RX  
Normalized EBITDA of \$315K

**\$145K**  
(last year tax  
return earnings)

**\$60K**  
(dep/amort)

**\$50K**  
(owner annual  
bonus)

**\$15K**  
(delivery  
vehicle...Lexus)

**\$45K**  
(spouse salary for  
"bookkeeping")

## Option 1 (cash flow)

$\$315K \times 3 = \$945K +$   
inventory

## Option 2 (gross sales)

$\$4M \times 20\% = \$800K +$   
inventory

## Option 3 (\$/script)

$\$65k \times \$15/\text{script} =$   
 $\$975K +$  inventory



# Sample Purchase Structure

## Asset vs Stock

- Asset most common

## 90% bank loan

- SBA lends on total project cost

## 10% equity requirement

- Combo of: Buyer cash down payment, seller promissory note

## Buyer needs working capital

- Cash (savings, 401k, family/gift)
- Added to loan
- Inventory



# What can be used as a cash injection?

Cash in the bank...

Savings...

Investor dollars

Gift...

Borrowed funds? Must have another source of repayment

- 401k loans
- HELOC

Seller Note... New favorable SBA guidelines



# Pharmacy Acquisition Loan Example

## Budget = \$1.4M

- ✓ \$945k goodwill
- ✓ \$250k inventory
- ✓ \$175k working capital
- ✓ \$30k closing costs



## Funding Sources

- ✓ \$140k buyer's 10% down
- ✓ \$0 seller note
- ✓ \$1.26M bank note



# Acquisition Do's and Don'ts

DO	DON'T
Understand business and its differentiators	Don't limit yourself based on what's there, see potential
Know current cash flow opportunity	Don't pay for potential
Leverage pharmacy experts (Banker, CPA, Attorneys)	Don't be emotional, make a sound business decision
Expect the unexpected	Don't assume bad trends are easily fixed, or good ones always continue
Budget and forecast future performance	Don't get into a bidding war

---

**Schwanda Flowers, PharmD**  
**Managing Director/ Loan Officer**  
**First Financial Bank**  
**[sflowers@ffb1.com](mailto:sflowers@ffb1.com)**





---

# The *voice* of the community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media



*This presentation includes examples and does not guarantee identical outcomes. First Financial Bank does not guarantee loan approval, rates, or terms. Each situation must be evaluated separately. This presentation does not replace the use of an accountant. All financial statements should be reviewed or prepared by a CPA.*



—  
The *voice* of the  
community  
pharmacist.

---

# Acquisition Target & Opening Timeline

J. Scott Weaver, R.Ph.  
VP of Pharmacy, PRS Pharmacy Services



# Introduction

## Licensing and Third Party Enrollments

- Start-up Pharmacy
  - Demographics / Feasibility
- Acquisition
  - Asset Purchase Review
  - Stock Purchase Review



# START-UP



# Demographics / Feasibility

- Trade Area Determination
- Census Data
  - Population
  - Average age
  - Average prescription usage per age
- Competition (Independent vs Chain)
- Major Employers



# Licensing Sequence

- State permit
- State controlled drug registration (if applicable)
- National Provider Identifier (NPI) Numbers
- Drug Enforcement Administration (DEA) registration
- National Council for Prescription Drug Program (NCPDP)
  
- Third Party Enrollment Procedures



# Timelines

- Be Prepared
  - Adequate Time to Establish Opening Date
  - Federal and State Licensing Requirements
  - Third Party Enrollment
- 
- Goal is to open with all third party insurances online





- If Not – It will cost you \$\$\$
  - Delays in Opening
  - Lost Revenues
  - Increased Business Cost
  - Frustration



# State Board of Pharmacy Permit

- **Facility Requirements**
  - Security, building requirements, Rx area size, counter length, phone operational, C-II storage requirement
- **Application Process**
  - Blueprints, financial affidavits, article of incorporation, quality assurance program, lease agreement, fingerprinting, wholesaler affidavit, photos, schematic layout drawing
- **Inspection**
  - Required pharmacy equipment and reference library
  - Policies and Procedures
- **Timeline**
  - New application approval
  - Schedule inspection
  - Receive permit number



# State Controlled Substance Registration

- Adjacent to the pharmacy permit
- Separate registration and approval time



# Drug Enforcement Administration (DEA)

- Cannot apply for new DEA registration certificate until the new pharmacy permit and controlled substance license (if applicable) are obtained
- Local DEA field office
  - Investigate any specific requirements
    - Photos
    - Inspection
- Can register online at <http://www.dea diversion.usdoj.gov/>
  - \$888 for three year certification
- May take up to 6 weeks to obtain



# National Provider Identifier (NPI) Number

- A unique identification number, for health care providers, (individuals, groups or organizations, such as pharmacy) that is used by all health plans.
- Apply upon receipt of your state pharmacy permit
  - <http://nppes.cm.hhs.gov>
- No enrollment cost
- Two weeks to obtain



# National Council for Prescription Drug Programs (NCPDP) Provider ID

- A unique 7-digit, national identifier that assists pharmacies in their interactions with pharmacy payers and claims processors
- <http://www.ncpdp.org/Membership/Apply-Online>
  - Create a username and password account prior to application process
- Pharmacy Opening Date
  - Six (6) Weeks From the Date of Application
- Upon receipt of your NCPDP, you can apply for all your third party plans
- \$375
- Two weeks to obtain



# Third Party Enrollment

- Certificate of Liability
  - Rider on your business insurance (store)
  - \$1 Million per incident/\$3 Million aggregate
  - PBMs require to obtain agreements
- Surety Bond
  - Medicare Part B
  - \$50,000
  - \$250 annually
- Pharmacy Services Administration Organization (PSAO)
  - Most buying groups or wholesaler networks offer
  - A must to obtain a majority of third party enrollments
  - Negotiates reimbursements from payers as part of large pharmacy network
  - Enrollment in conjunction with wholesaler approval (6-8 weeks)
  - Apply early (construction phase)



# Third Party Enrollment

The following plans are not included:

- CVS/Caremark
- Humana
- Express Scripts
- Optum Rx





# Third Party Enrollment

- Medicare Part B
  - Drugs and Biologics - 855s
  - Immunizations - 855b
  - DMEPOS
    - Requires accreditation
    - 6 month process
- National Supplier Clearinghouse (NSC)
  - [www.palmettogba.com/NSC](http://www.palmettogba.com/NSC)
- State Medicaid
  - State Specific
  - Requirements for Enrollment
  - Timelines



# Heat Zones

(Health Care Fraud Prevention and Enforcement Action Team)



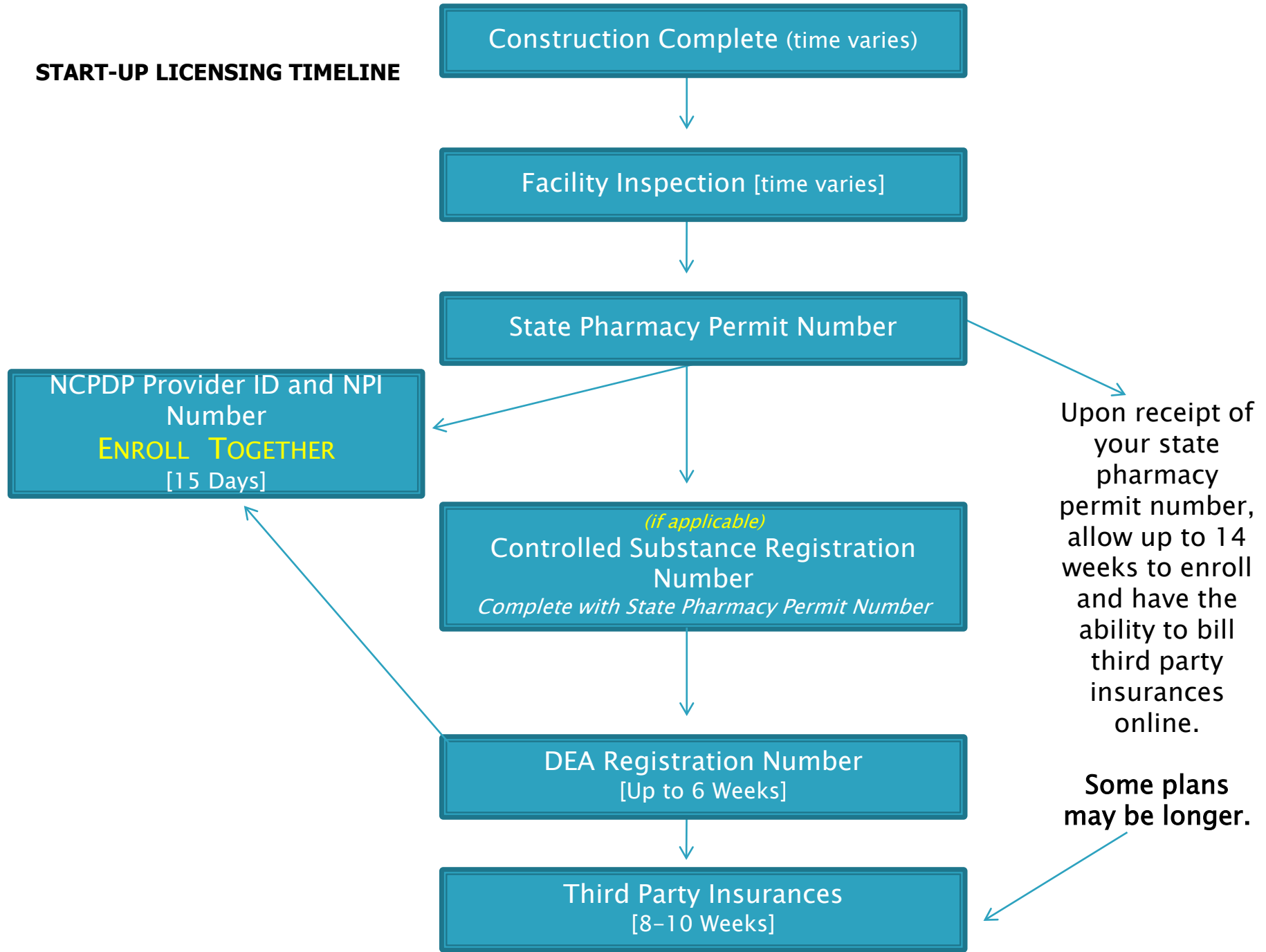


# Heat Zones

- Health and Human Services & Department of Justice
- Enhanced Levels of Credentialing Including Site Visits
- Elixir
  - Waiting period of 18 months
- Optum
  - Enhanced Credentialing
- Prime Therapeutics
  - Waiting period of 12 months
  - If commonly owned by at least two other locations - 6 months
- Caremark and ESI
  - Possible enhanced credentialing



## START-UP LICENSING TIMELINE





# ACQUISITION / PURCHASE



- **Asset Sale** – Seller retains possession of the legal entity and the buyer purchases individual assets of the company such as equipment, FFE, licenses, goodwill. Buyer must form their own legal entity and assumes no liabilities of the seller.
- **Stock Sale** – Buyer retains all company equity including all assets and liabilities. The buyer assumes the seller's corporation and FEIN.
- **Each State Board of Pharmacy determines a CHOW differently**
  - Asset is always a CHOW
  - Stock – investigate your state board of pharmacy rules and regulations



# Asset Sale

- It is imperative to avoid any interruption in licensing and third party billings until the buyer:
  - Obtains all federal and state licenses and registrations
  - Enrolled in all PBM / Third Party contracts
- Possession date – sole and complete operational control of business and employees
- Closing date - obtained all necessary permits, licenses, third party contracts, registrations, provider numbers or any other documents required by law to own the pharmacy
  
- Key is to avoid interruption in third party billings



# Asset Sale

- The key problems typically occur between these two dates, if not addressed in the Asset Purchase Agreement
- Power of Attorney for Licenses and Contracts
  - Operate under seller's licenses and registrations
    - Pharmacy Permit
    - State Controlled Substance Registration
    - DEA
    - NPI
    - NCPDP
  - Operate under seller's third party contracts
    - Payment and Remittance Statements transfer to buyer within 7 days of receipt





# Asset Sale

- Seller's Wholesaler / Buying Group / PSAO
  - Remain active
- Seller's Certificate of Liability
  - Remain active



# Pharmacy Permit

- Investigate Requirements / Timelines for Application Approval
- Pre or Post Closing Approval
- Pharmacy Inspection Required?

## State Controlled Substance Registration

(if applicable)



# Drug Enforcement Administration (DEA)

- Similar to a new/start-up pharmacy – cannot apply for the DEA number until the pharmacy change of ownership permit and controlled substance license (if applicable) are obtained
- Once buyer obtains their DEA certificate
  - Conduct a complete controlled substance inventory
    - Buyer and seller keep copy for two years
  - Buyer transfers Schedule II inventory via 222 forms
  - Seller sends certified letter to local DEA field office
    - Location of inventory records
    - Registration certificate
    - Unused 222 forms with the word “VOID” written on each



# NCPDP and NPI

- Apply for new enrollment or transfer seller's
- NPI Number Transfer (Obtain seller's password)

<https://nppes.cms.hhs.gov>

- NCPDP Number Transfer (Obtain seller's password)

[www.ncdpd.org](http://www.ncdpd.org)

- The seller completes a notarized affidavit (available on the NCPDP website)
- Avoids disruption in processing third party claims
- Avoids disruption in third party processes



# Third Party Enrollment

- Same Criteria as a Start-Up
  - Heat Zones
- Wholesaler / Buying Group / PSAO
  - Notification when purchase agreement is authorized
- Certificate of Liability (On Possession Date)
- State Medicaid
- Medicare Part B



# Stock Sale

- Do not assume during a stock sale that all pharmacy licenses and third parties are automatically transferred to the new buyer. Requires proper notifications.
- Every state board determines CHOW differently
- Pharmacy Permit
  - If CHOW, new application
  - Change in controlling interest
  - Notification requirement
  - Complete controlled substance inventory



# Stock Sale

- State Controlled Substance Registration
  - Follow state board of pharmacy determination
  - Notification requirements
  
- DEA Registration Certificate
  - Dependent on local field office determination and state board of pharmacy
  - New enrollment?
  - Certified Letter Notification?



# Stock Sale

- NPI

- Requires notification
- Independent of state board of pharmacy determination

<https://nppes.cms.hhs.gov> or 1-800-465-3203

- NCPDP

- Independent of state board of pharmacy determination
- Requires notification and completion of NCPDP Authorized Official Signature Form

<https://ncpdp.org>





# Stock Sale

- PSAO
  - Requires notification and new application
  - Contract upon purchase agreement authorization

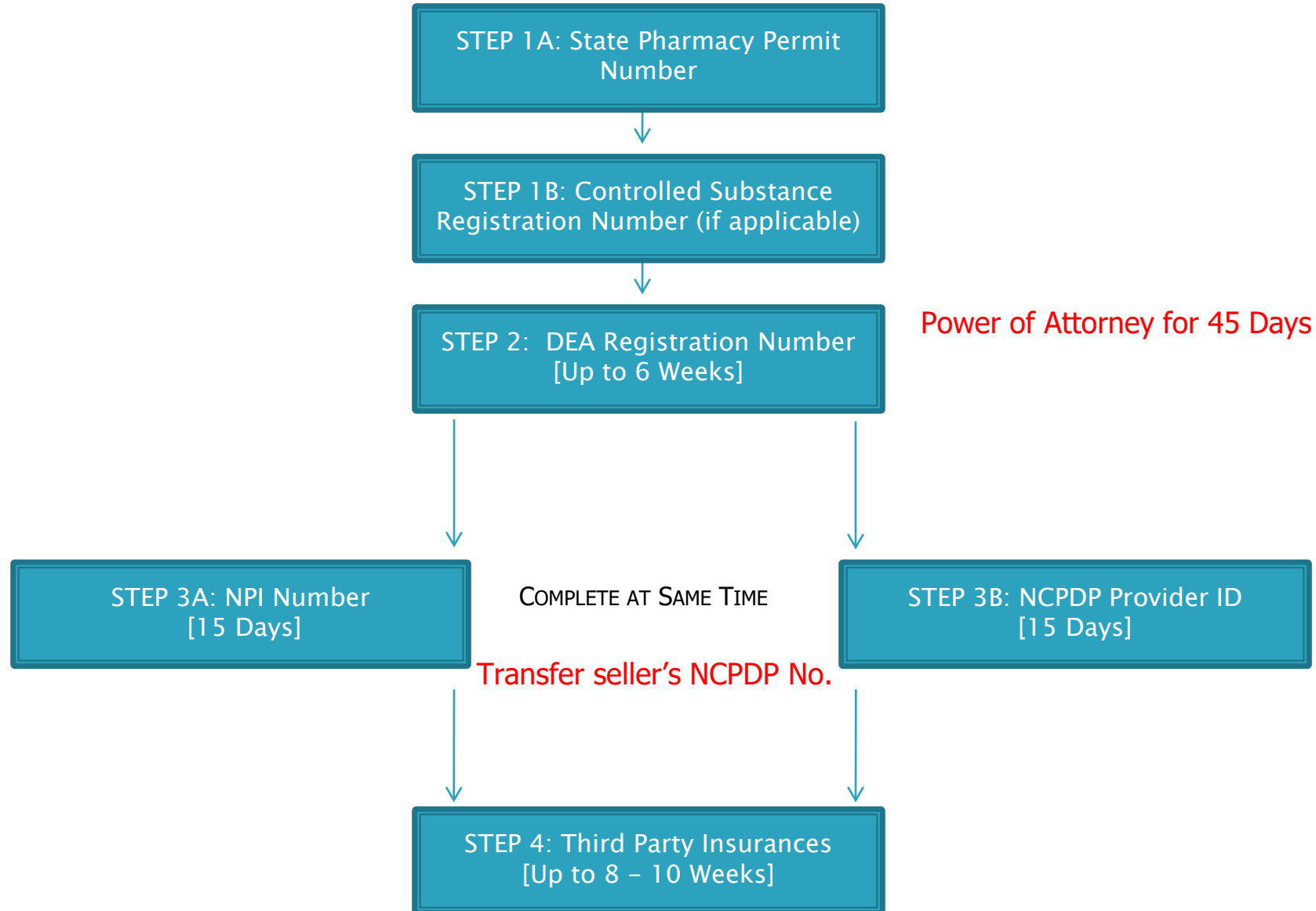
- Third Party Enrollments

\* Requires notification and possible new applications within 20-30 days of closing date

- CVS/Caremark
- Humana
- Express Scripts
- Optum Rx
- Medicare Part B
  - Update online
- State Medicaid
  - Verify requirements per state



# Asset Purchase Acquisition Pharmacy Licensing Timeline





# Final Thoughts

## PHARMACY IS A BIG INVESTMENT

- COMMIT TO DOING IT RIGHT FROM THE START
- BE PREPARED WITH TIMELINES & REQUIREMENTS
- SURROUND YOURSELF WITH PROFESSIONALS THAT HAVE EXPERIENCE IN PHARMACY START-UP AND TRANSITION

---

J. Scott Weaver, R.Ph.  
VP of Pharmacy, PRS Pharmacy Services

scottw@prsrx.com  
800-338-3688



---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media





—

The *voice* of the  
community  
pharmacist.

---

# First and Lasting Impressions

---

**Shaping the interior and exterior of  
a Community Pharmacy.**

**Gabe Trahan (Retired)**

***Gabetrahan@gmail.com***

This presentation contains photos where the product name may be visible. This presentation is not meant to be an endorsement or advertisement of any particular product or product categories. Photos are utilized throughout the presentation to further explain a particular concept, or demonstrate merchandising techniques, etc.



# Three ways to attract new customers:



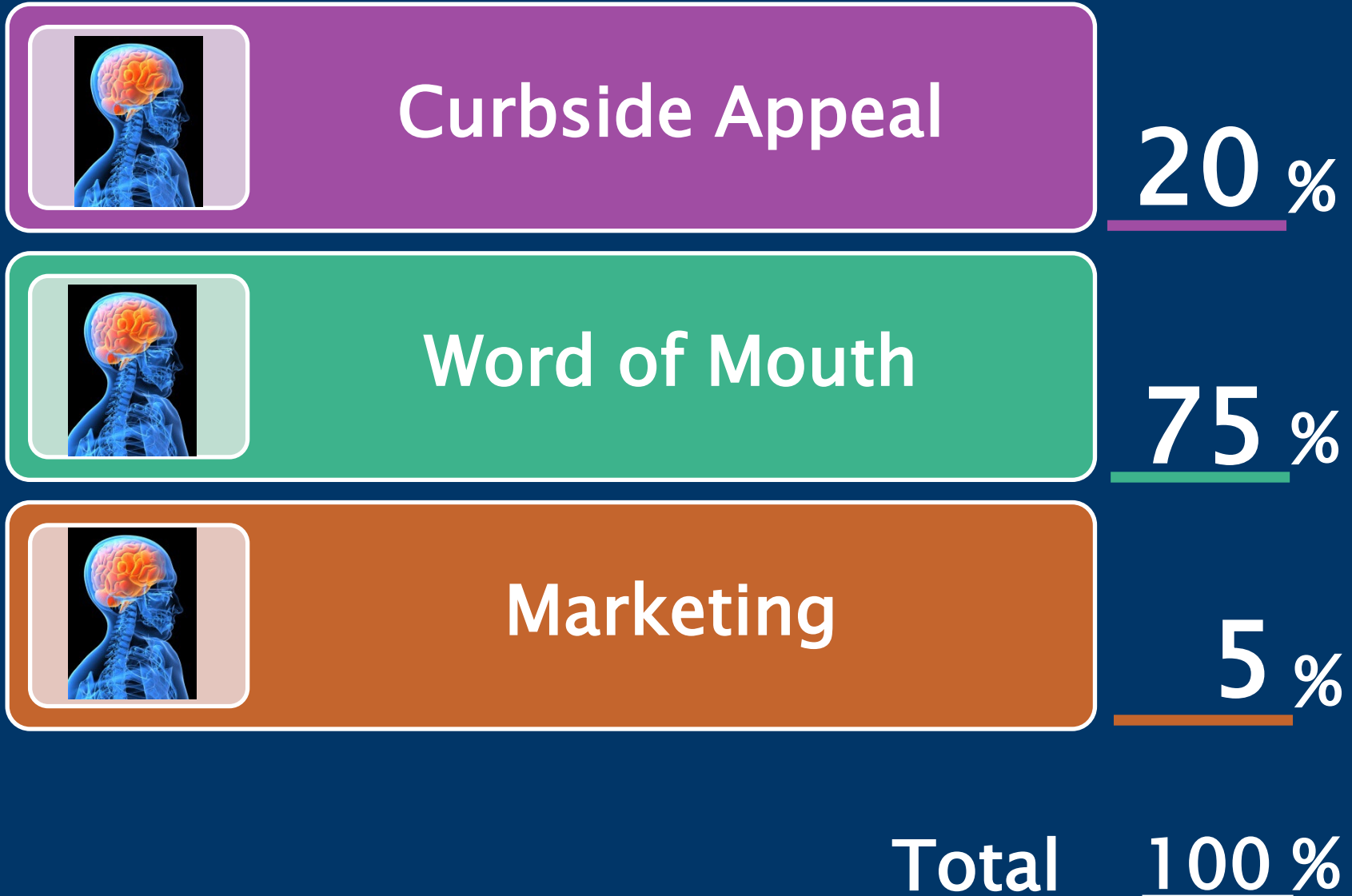
Curbside Appeal



Word of Mouth

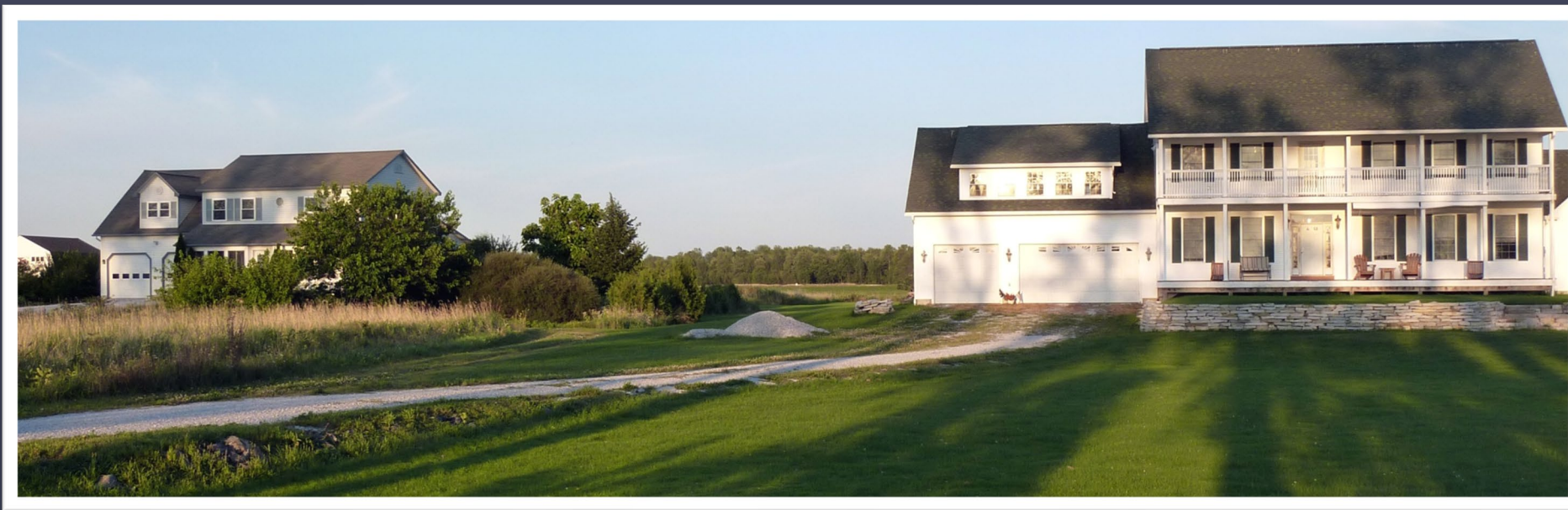


Marketing



# Three ways to attract new customers:









**LOOK ALIVE!**









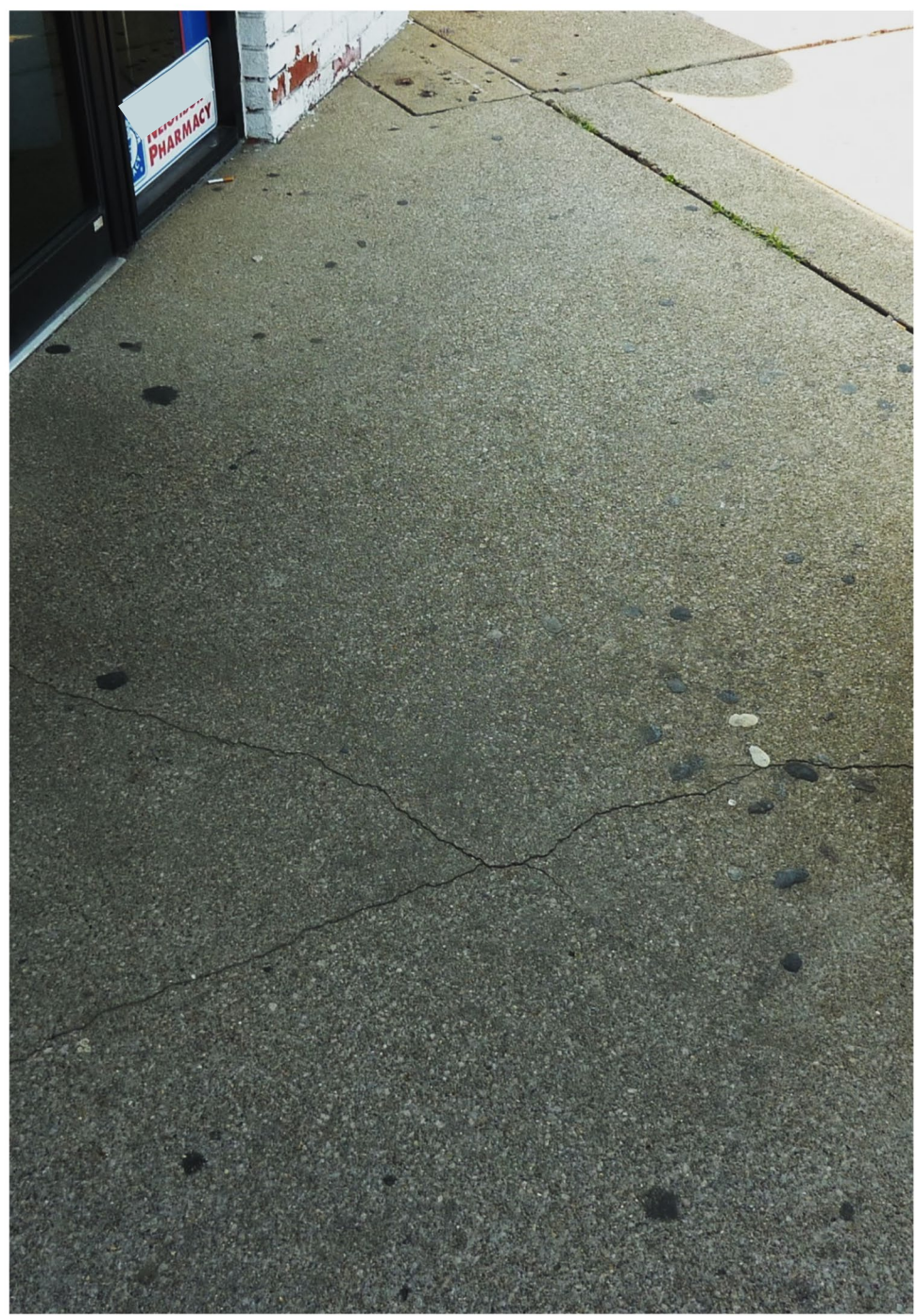


# \$42.00 of Paint











In this location since 1975



DAVIES DRUGS

HOME HEALTHCARE SOLUTIONS	ATM INSIDE
WOUND CARE	BRACES & SUPPORTS
DIABETIC SUPPLIES	FREE DELIVERY



**Cement Board over old brick!**



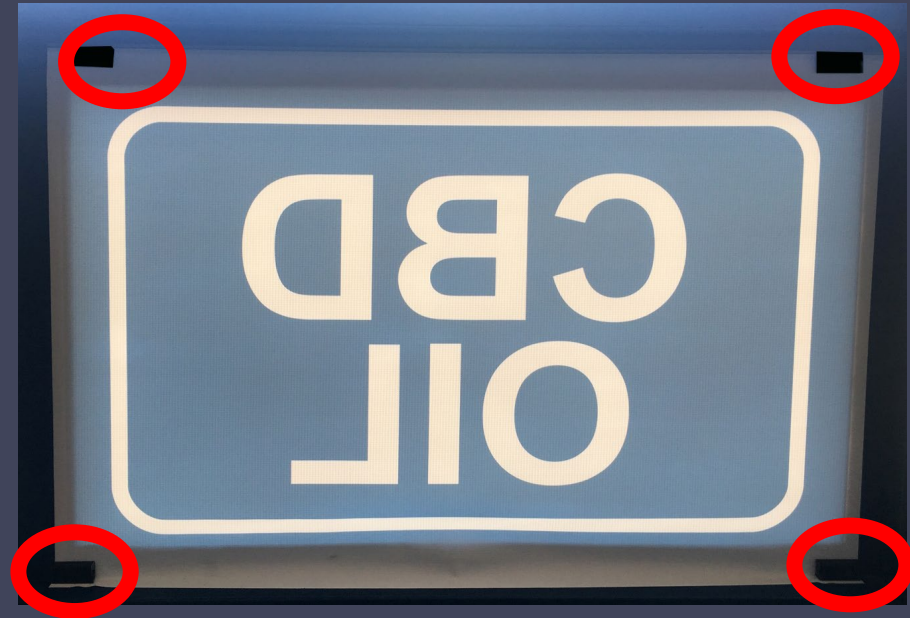


# ARWOOD DRUG CO.









**24" by 36" inch Vinyl**

15 Banners at \$13.27 each total	\$199.13
50 Magnets	\$ 21.65
<b>Total</b>	<b>\$ 220.78</b>

Payless  
Drugs

Just what the doctor ordered.

Hours of Operation  
Saturday 9:30 - 5:30  
Sunday - Closed

watchfire

White pharmacy letters are **reflective**.

PHARMACY





9 words or less



FName: \_\_\_\_\_ Mid Name: \_\_\_\_\_ LName: \_\_\_\_\_ Suffix: \_\_\_\_\_ (Sr, Jr, III)

DOB: \_\_\_\_\_ Gender: \_\_\_\_\_ Phone (H): \_\_\_\_\_ Phone (C): \_\_\_\_\_

Address 1: \_\_\_\_\_ Address 2: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ E-Mail: \_\_\_\_\_

DLN: \_\_\_\_\_ SSN: \_\_\_\_\_ Allergies: \_\_\_\_\_

Drug Insurance? \_\_\_\_\_ How did you hear about us? your sign

Previous pharmacy? \_\_\_\_\_ Do you want child safety caps? \_\_\_\_\_ Yes \_\_\_\_\_ No

It's not a sign it's art!



Therapeutic compression.  
Colorful expression.

Seasonal Colors



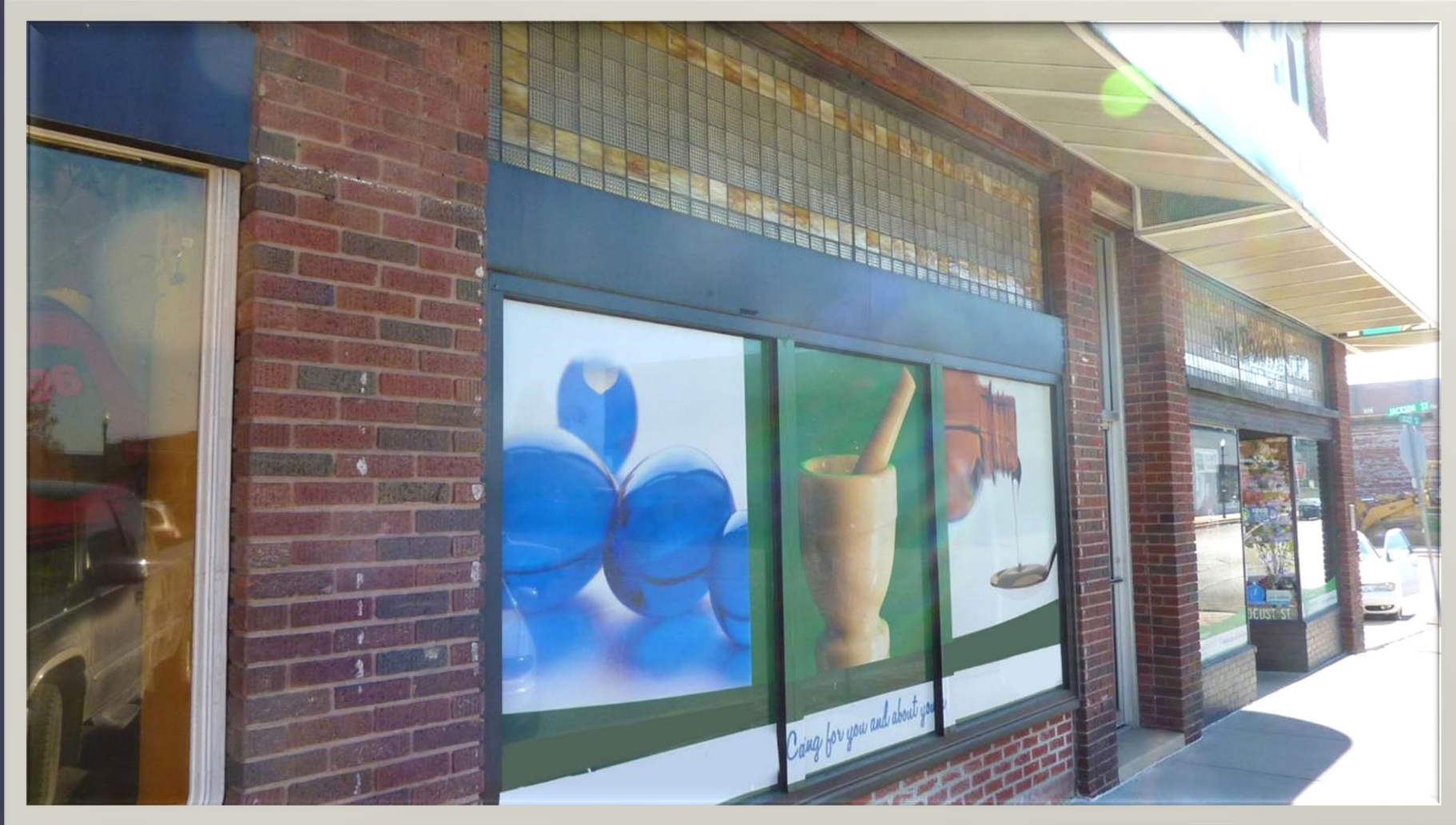
*Juzo compression garments enhance your life through therapeutic medical compression. Let our beautiful colors enhance your wardrobe too!*

[www.juzousa.com](http://www.juzousa.com)



Since 1912

13A



Real windows.

Looking thru window screens from inside of store.



These are not real Windows!



**NO  
KIDDING! PHARMACY BEHIND THESE WALLS!**







**RX DROP OFF**  
WINDOW #2



**Wyatt's**  
PHARMACY & MEDICAL EQUIPMENT

**BETTER SERVICE & LOWER PRICES SINCE 1963!**  
[WWW.WYATTSPHARMACY.COM](http://WWW.WYATTSPHARMACY.COM)  
WE BILL MEDICARE AND OFFER 0% FINANCING  
LIFT CHAIRS AND SCOOTERS AS LOW AS \$79/MO

**RX PICKUP**  
WINDOW #1



**RX PICKUP**  
WINDOW #1

**Wyatt's**  
PHARMACY & MEDICAL EQUIPMENT

*Lift Chairs*  
STARTING AT \$897

*Scooters*  
STARTING AT \$79

BETTER SERVICE & LOWER PRICES  
SINCE 1963!

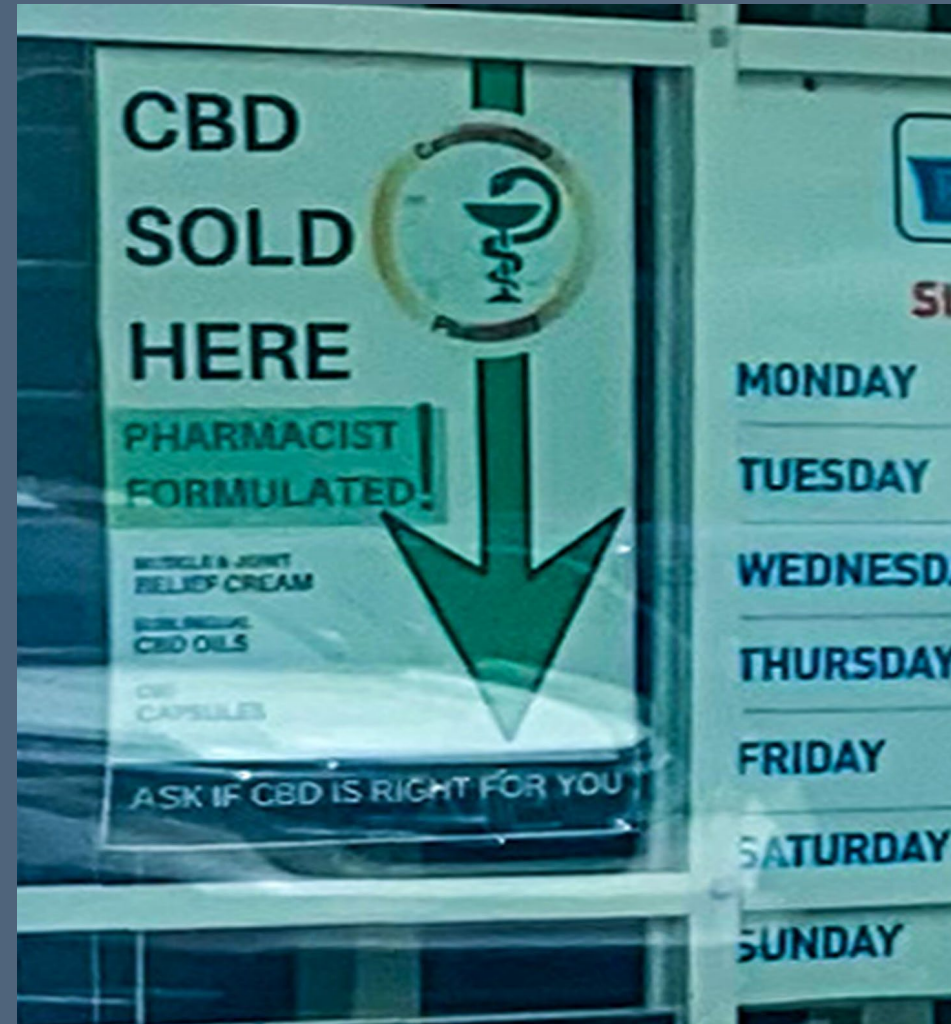
**Wyatt's**  
PHARMACY & MEDICAL EQUIPMENT

**BETTER SERVICE & LOWER PRICES SINCE 1963!**

**WWW.WYATTSPHARMACY.COM**

**WE BILL MEDICARE AND OFFER 0% FINANCING  
LIFT CHAIRS AND SCOOTERS AS LOW AS \$79/MO**

# CBD expert



**Ask if CBD is right for you!**

# Dilworth Drug



# Enhance your Image as a Health Provider Wellness Center



















# Hahira, GA





Times New Roman 72 PT

RAYMOND PHARMACY

RAYMOND PHARMACY Blue Highway 72PT

*Raymond Pharmacy*

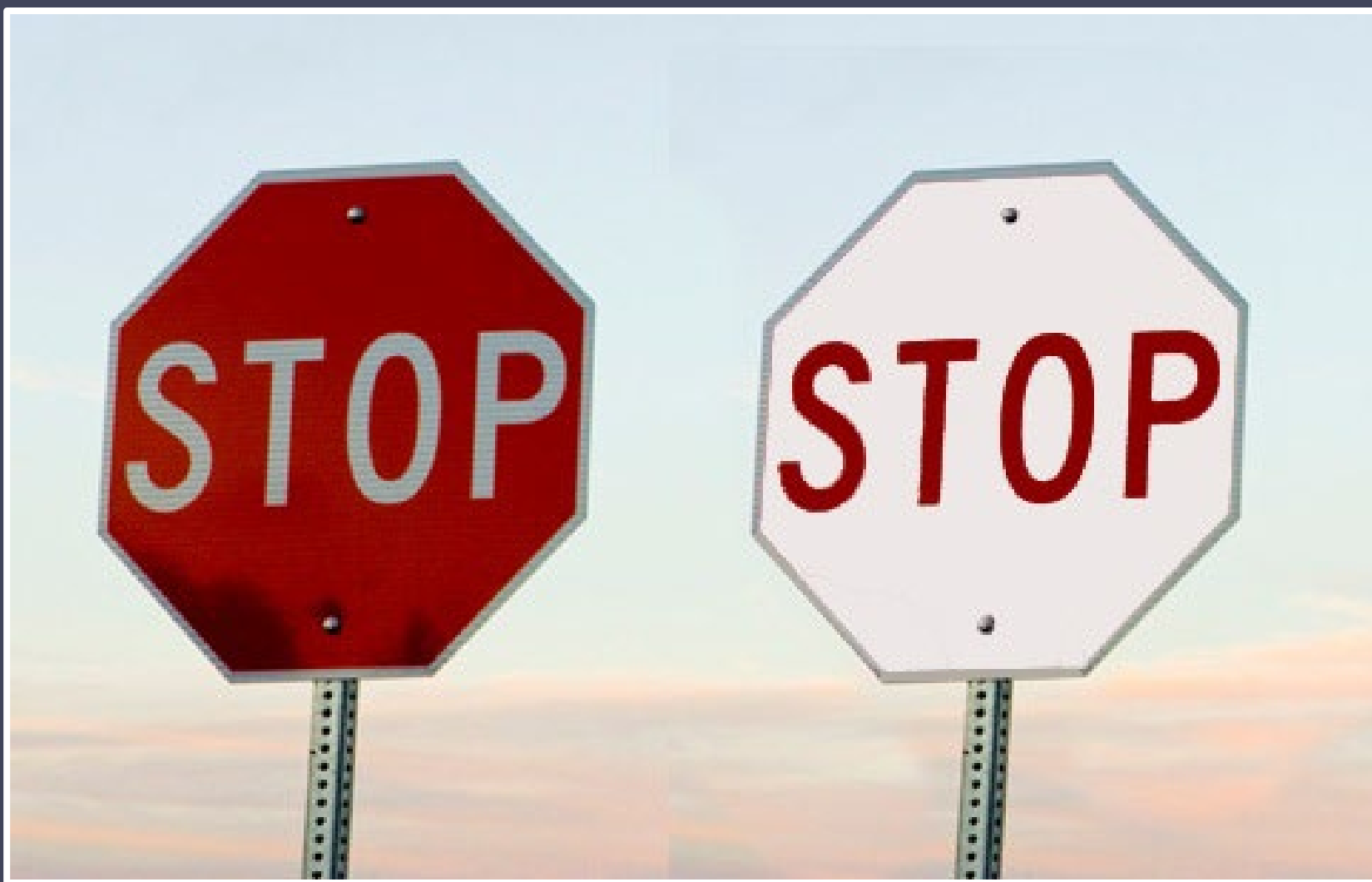
*Vladimir Script 80pt*



PHARMACY

PHARMACY







If we want things to stay  
as they are, things will  
have to change.

*Giuseppe Tomasi di Lampedusa*



Make improvements not changes.

Start with the restroom.





**Black DryFall Flat Paint \$75.00 for 5 gallons**



 **PICK UP**

 **DROP OFF**

**BATTERIES**

**EAR/EYE**

**RELIEF**

**COUGH/**

**ALLERGY**

**HUMIDIFIER/VAPORIZER**















A Fresh Start,  
Independently

PHARMACIST

TENA

Prevail

Prevail



The main display area features a dark brown pegboard wall and several white shelves. The pegboard is densely packed with various medical products, including:

- Top Row:** Ankle Support, ACE, FUTURO THUMB, Cervical Collar, Carpal Tunnel Wrist, and various bandages.
- Second Row:** ACE, LUMBAR SACRAL SUPPORT, Back Support, and other support devices.
- Third Row:** A variety of boxes, including ACE, FUTURO, and others.
- Fourth Row:** More boxes, including ACE and FUTURO.
- Fifth Row:** A collection of boxes, including ACE and FUTURO.
- Sixth Row:** A variety of boxes, including ACE and FUTURO.
- Seventh Row:** A variety of boxes, including ACE and FUTURO.

The shelves below the pegboard are filled with boxes of medical supplies, including ACE, FUTURO, and various bandages. The shelves are organized and well-stocked.A display rack on the right side of the image is filled with bags of candy. The top row features several bags of HALLS candy in various flavors, including:

- Red: HALLS PREZIOSA
- Blue: HALLS REVERES
- Dark Blue: HALLS SMOOTHING ACTION
- Orange: HALLS RIPE ACTION
- Yellow: HALLS RIPE SOUTHERN ACTION

The bottom row features bags of LUDEN'S candy in various flavors, including:

- Green: LUDEN'S Honey Licorice
- Red: LUDEN'S SUGAR FREE! Wild Cherry
- Blue: LUDEN'S SUGAR FREE! Wild Cherry

The display rack is well-stocked and organized.A shelf in the background on the right side of the image displays various products, including:

- Reading glasses
- Other small items

The shelf is well-stocked and organized.





SUITE A

AVANTI  
SUMMER  
SMILES  
MADE IN USA

HealthWise  
SNACKS

HealthWise  
LAXATIVE

HealthWise  
CANDY/GUM

HealthWise  
COUGH/COLD

HealthWise  
PAIN RELIEF

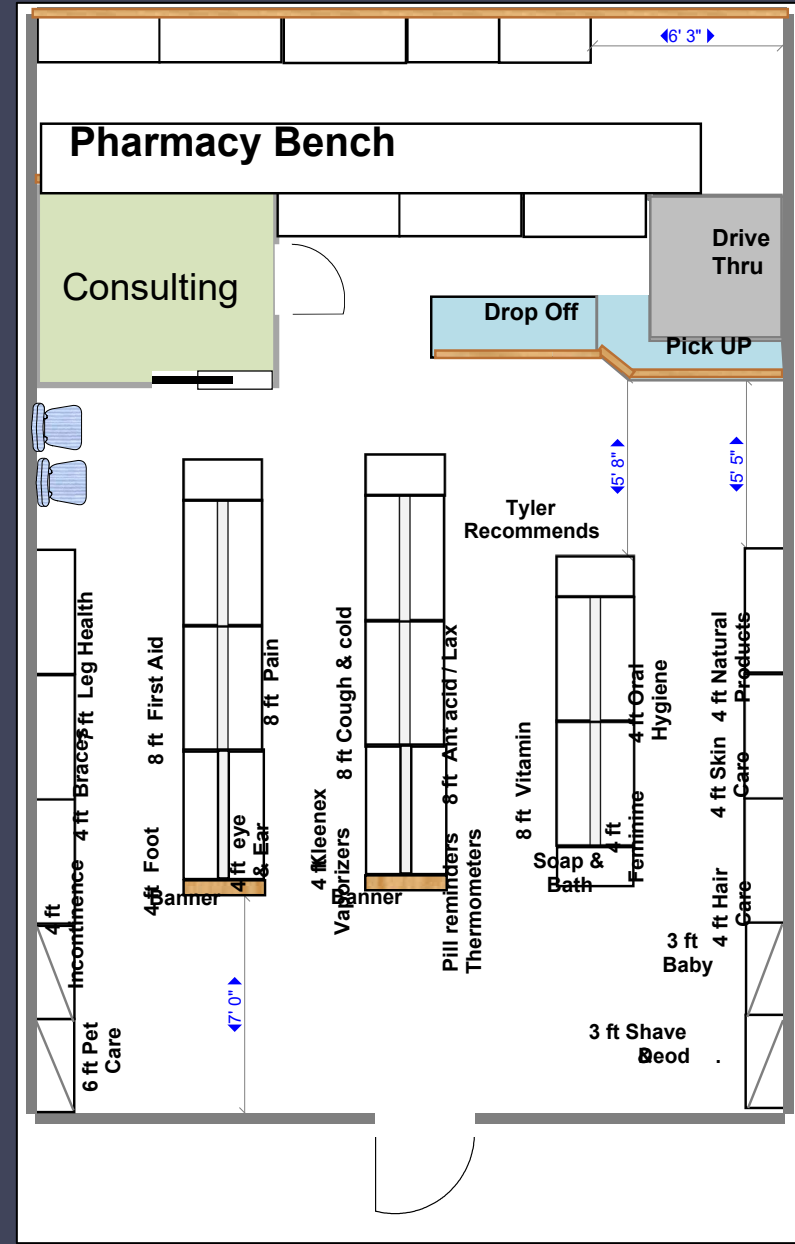
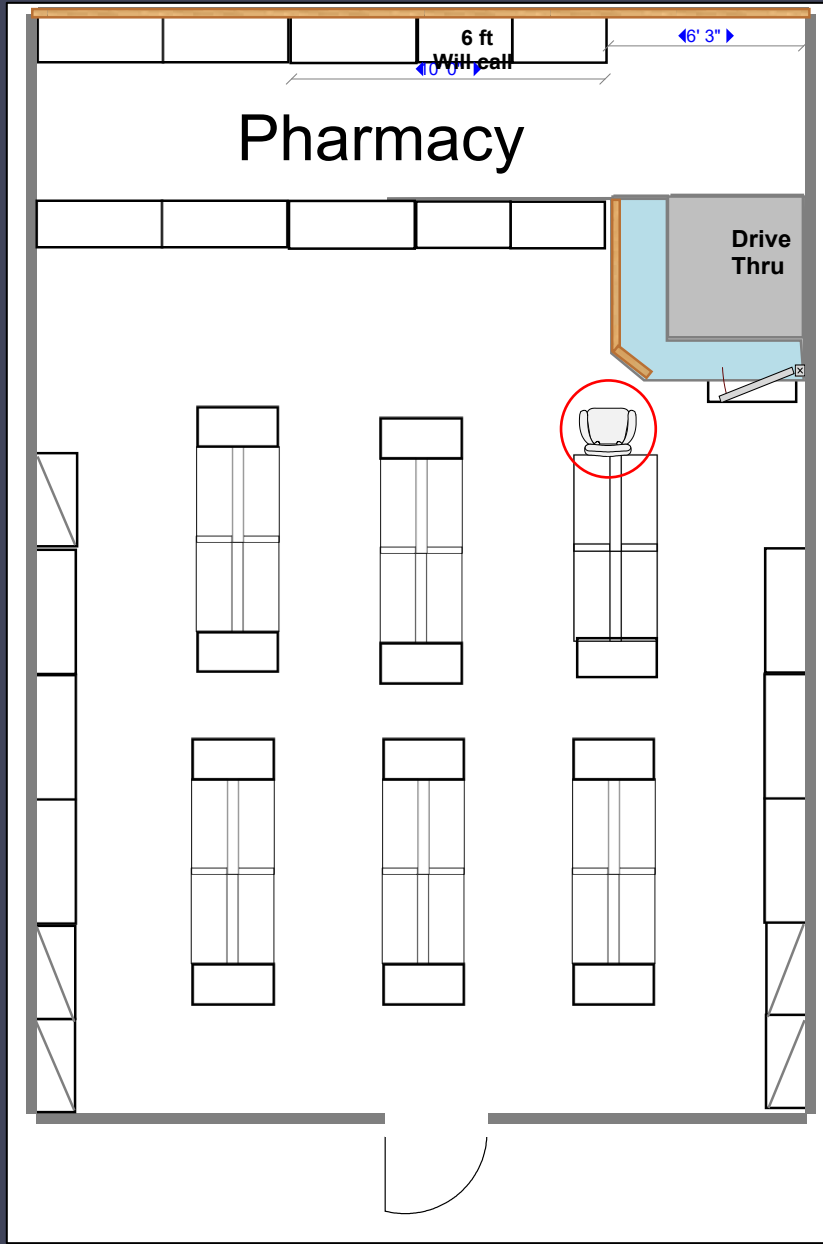
HealthWise  
COUGH DROPS

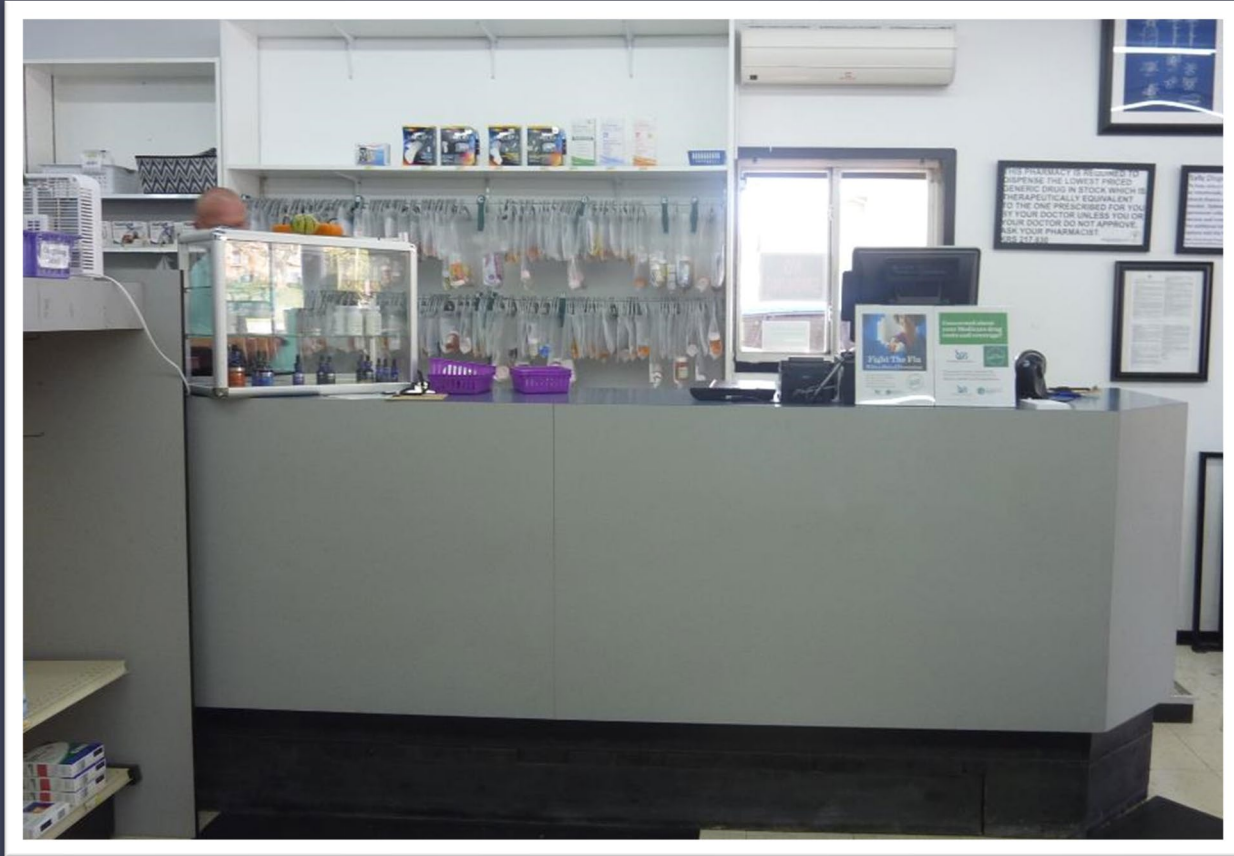
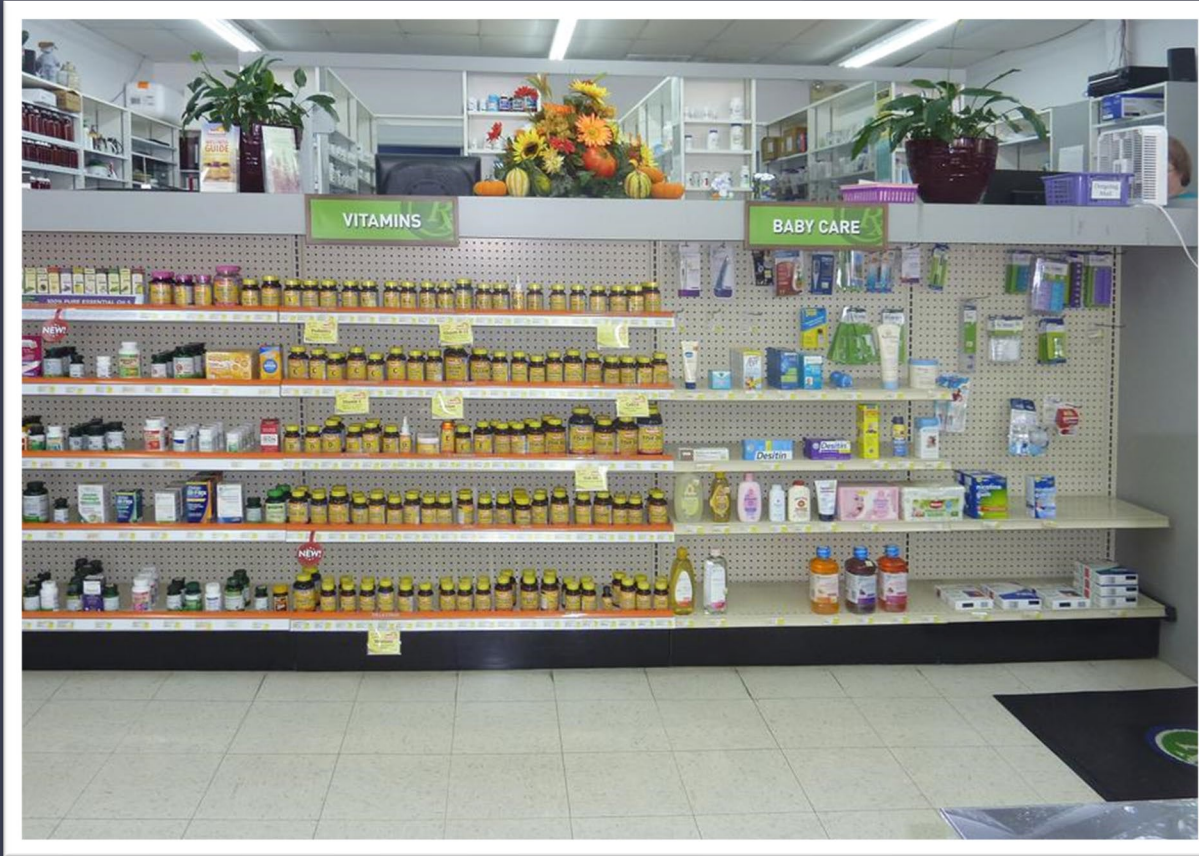
HealthWise  
PAIN RELIEF

HealthWise  
EAR/EYE

HealthWise  
MENS/SI



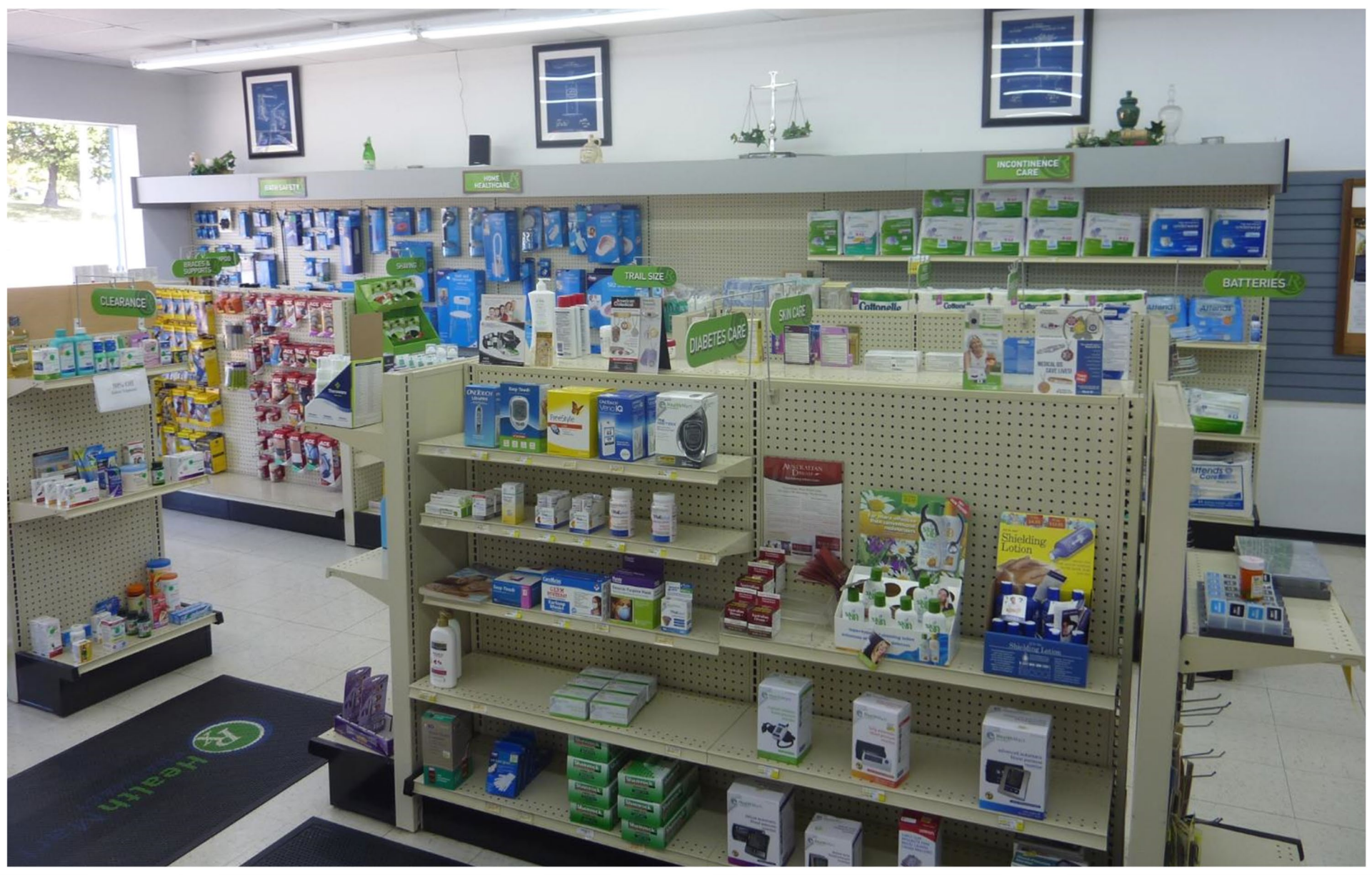












CLEARANCE

BRACES & SUPPORTS

DIAPER SAFETY

SOUND

HOME HEALTHCARE

TRAIL SIZE

DIABETES CARE

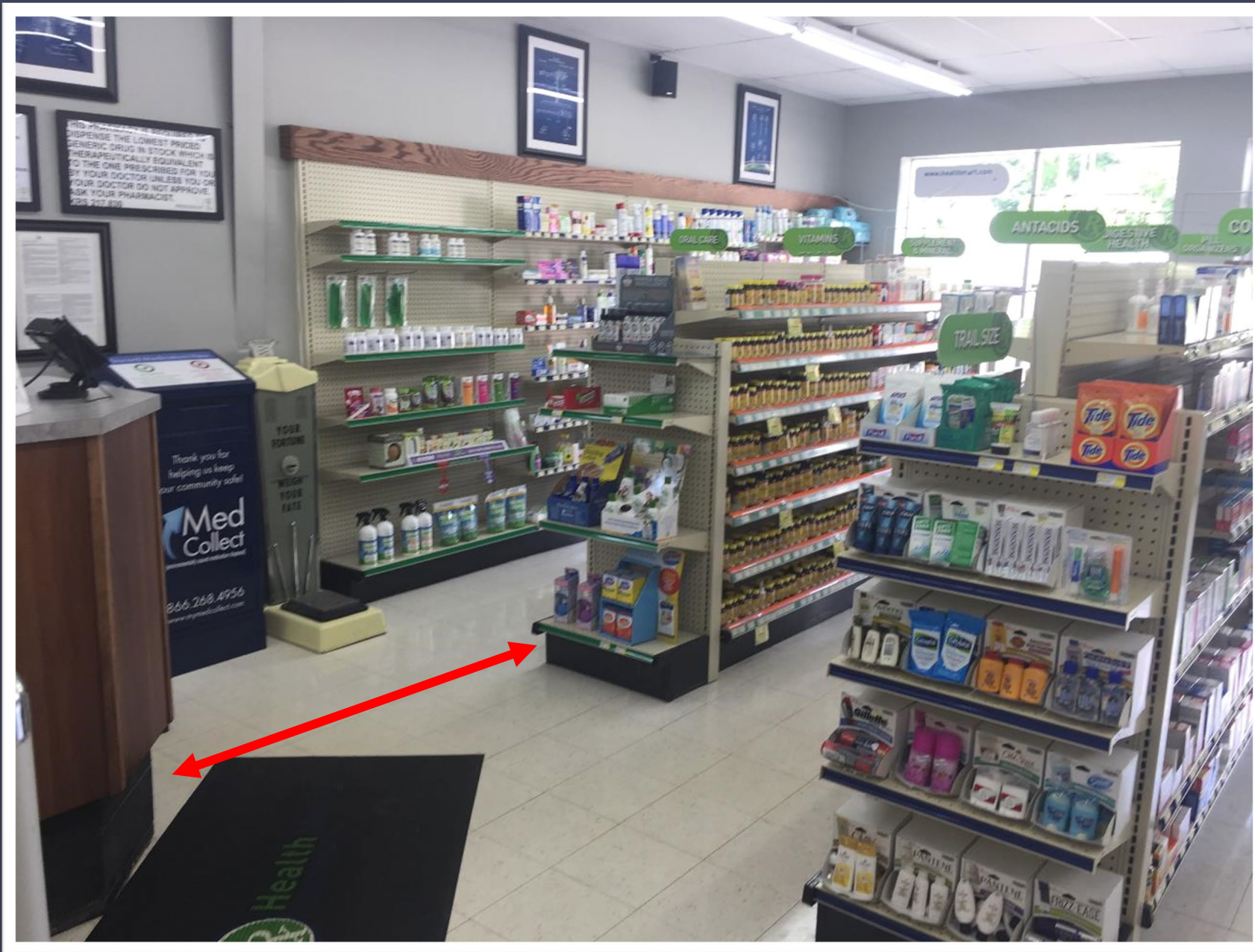
SKIN CARE

INCONTINENCE CARE

BATTERIES

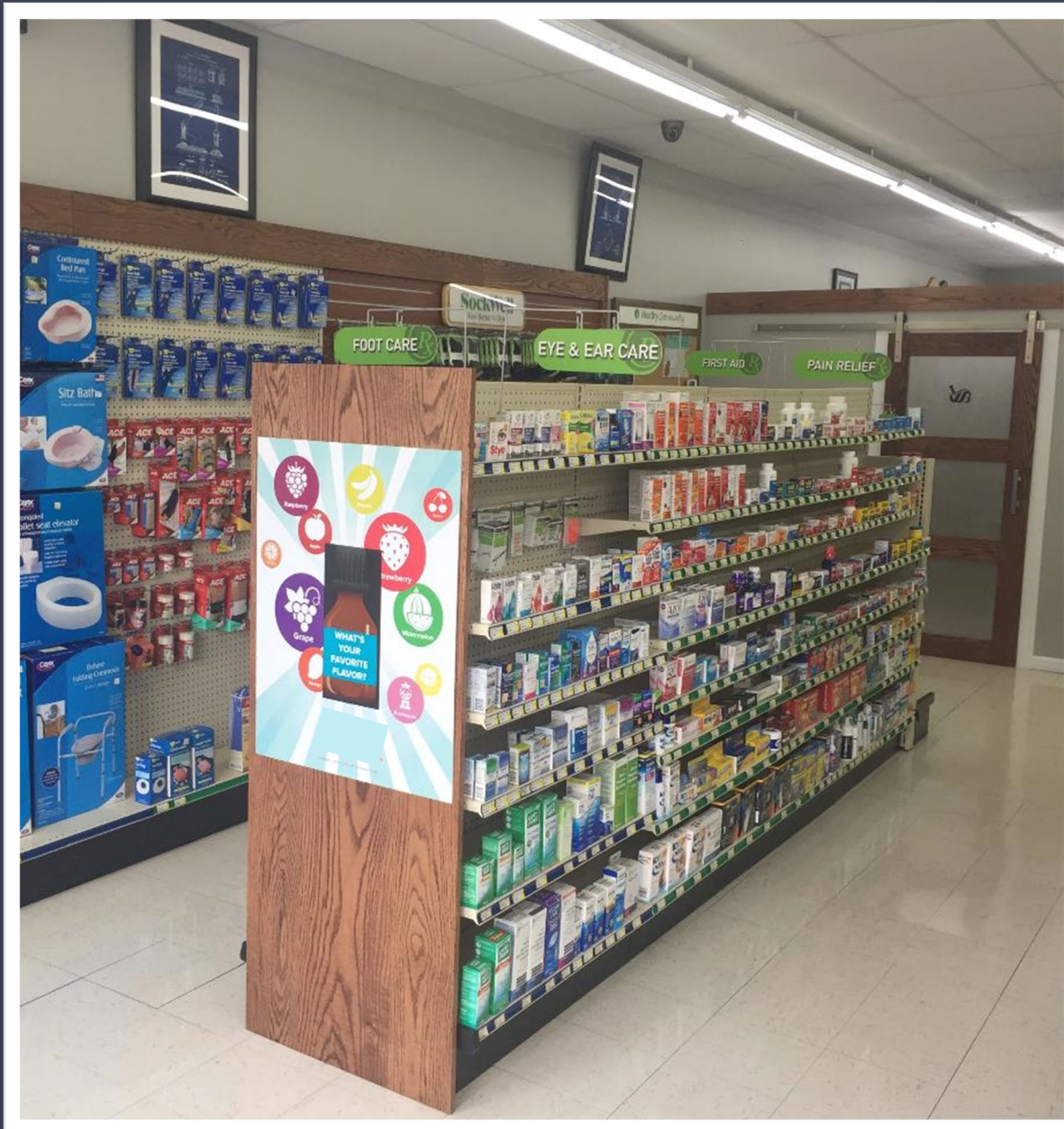








**Signs  
2ft by 3ft  
\$75.00  
Each  
Foam  
Backing**







hairs  
ery

DIABETIC &  
CIRCULATORY  
COMFORT SOCKS

ORTHOTICS

TRUFORM  
Leg Health Center  
Attractive - Affordable - Effective Support for Men and Women

NEUROLOGIC

WOMEN'S SOCKS - 18 3/4" leg

WOMEN'S SOCKS - 18 3/4" leg

UNIQUE TOOTHBRUSH

WALKING AID



# Original

5 Gondolas wide

4-20ft & 1-16ft = 192ft

10 End-caps

Asst. showcase / displays

2 wall units

32ft of Greeting cards

# Today

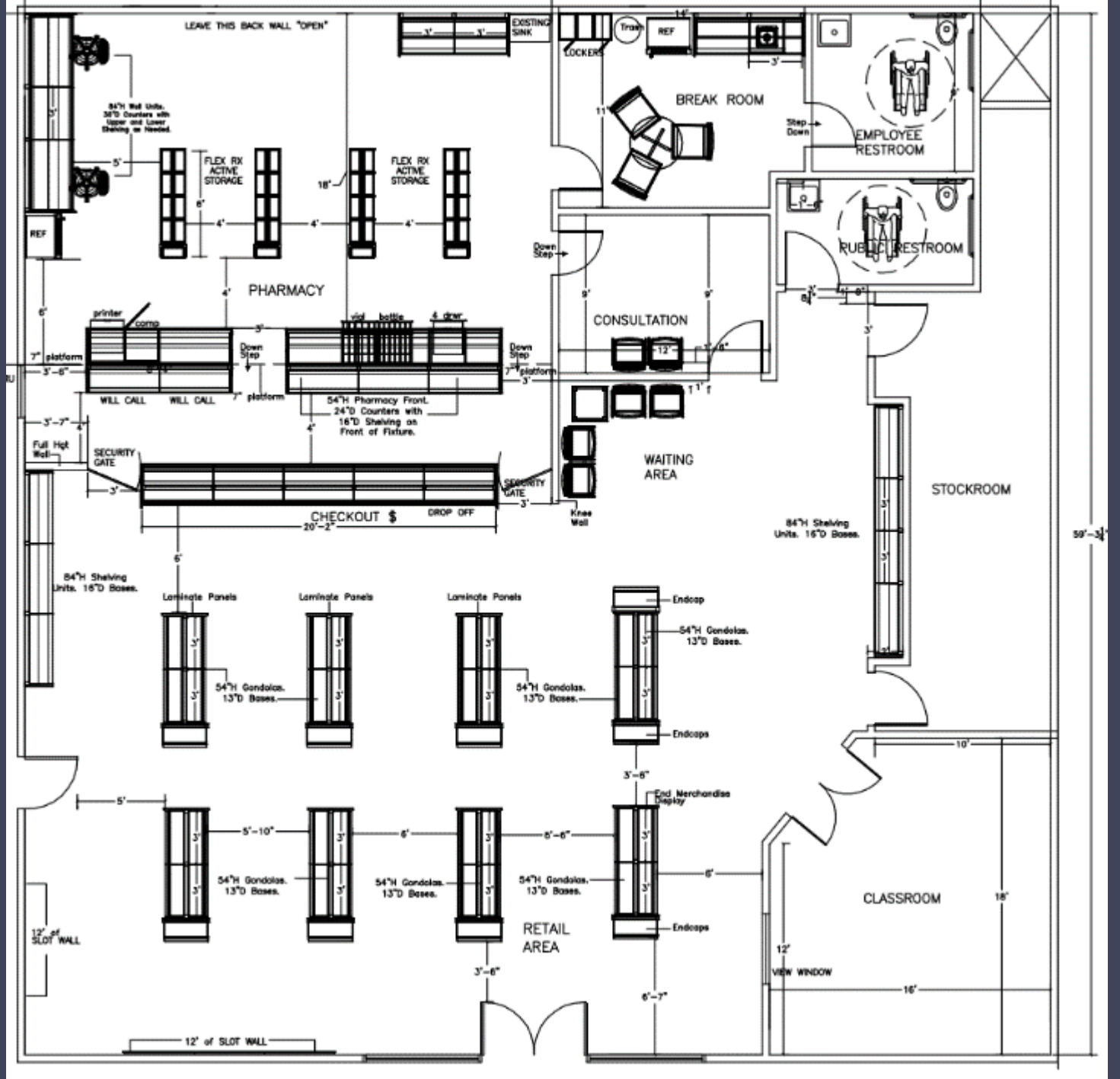
4 Gondolas wide X2

8-6ft = 128ft

9 End-caps

2 wall units

0 ft of Greeting cards



A	3	B
Feminine Care		Ethnic Hair Care
Baby Care		Hair Care

A	4	B
Toys		Snack Foods
Seasonal		

A	5	B
Household		Dollar Value

**Pharmacy**





4  
HOUSEHOLD PRODUCTS FEMININE CARE

3  
BABY CARE HEALTH & BEAUTY

4  
HOUSEHOLD PRODUCTS INCONTINENCE

3  
DIGESTIVE HEALTH VITAMINS WELLNESS

2  
DENTAL CARE EYE CARE PAIN RELIEF

\$ DOLLAR WALL \$





3 HEALTH & BEAUTY BABY CARE

3 VITAMINS WELLNESS DIGESTIVE HEALTH

4 INCONTINENCE HOUSEHOLD PRODUCTS

3 FEMININE CARE HOUSEHOLD PRODUCTS

HOME MEDICAL EQUIPMENT

BRACES

\$ DOLLAR WALL \$

CHANCY DRUGS  
Making a difference one customer at a time!  
**ReadyMed**  
All your prescriptions are refilled and waiting for you on the same day every month.  
No more running out of your medicine.  
Give them to you.







CONSULTATION ROOM





SERVICE CENTER  
FOOT CARE SUPPLIES  
UROSTOMY PRODUCTS  
IMPRESSION STOCKINGS  
DIABETIC SUPPLIES

# Care Solutions



GET YOUR  
FLU SHOT  
HERE

Informational brochures on the counter.



# Waiting area chairs with arms and no arms.







**INSPIRATION**



The  
misfortunes  
of opinions.





**12ft.**  
Gift Wrap

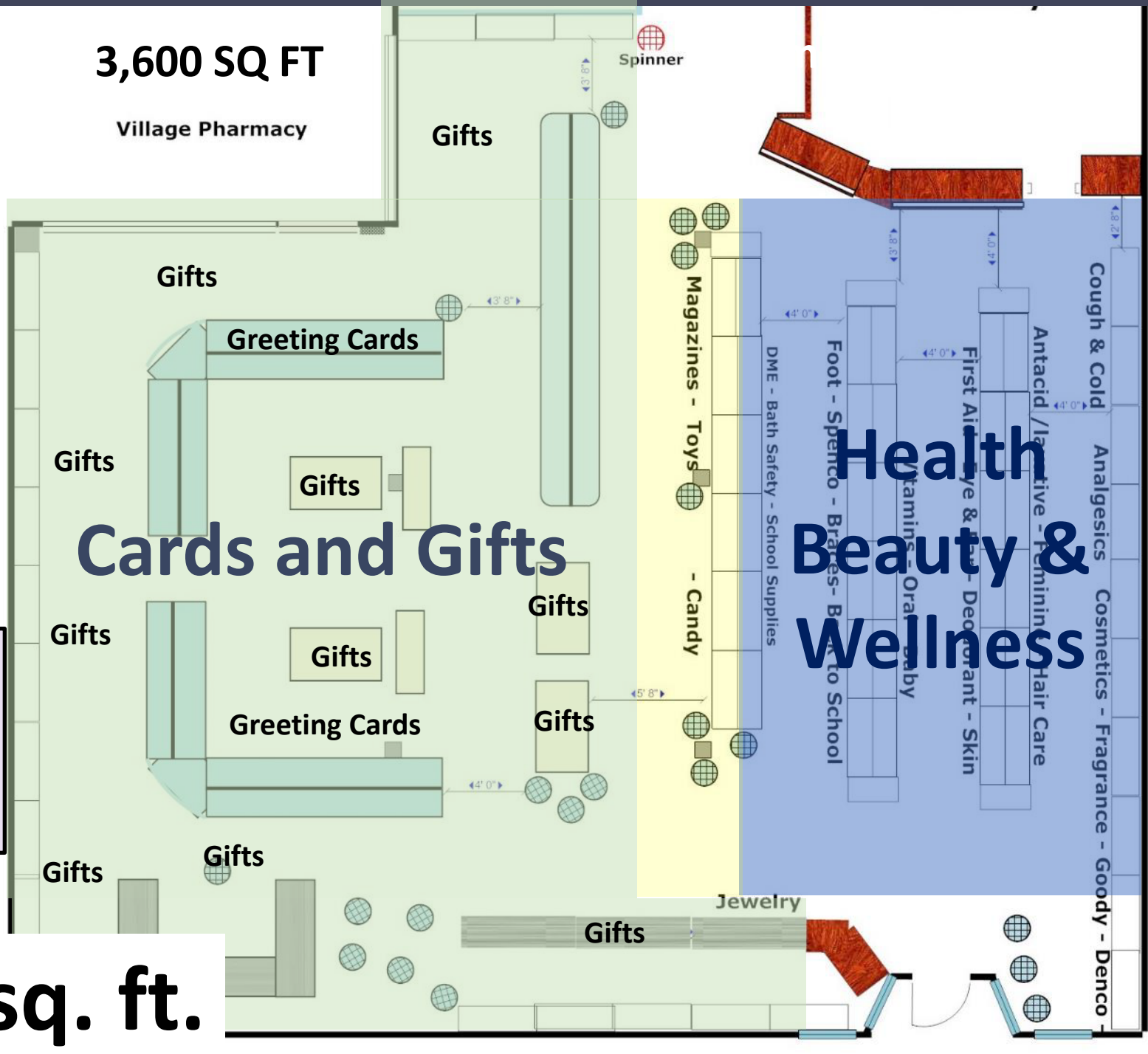
**28ft.**  
Party  
Supplies

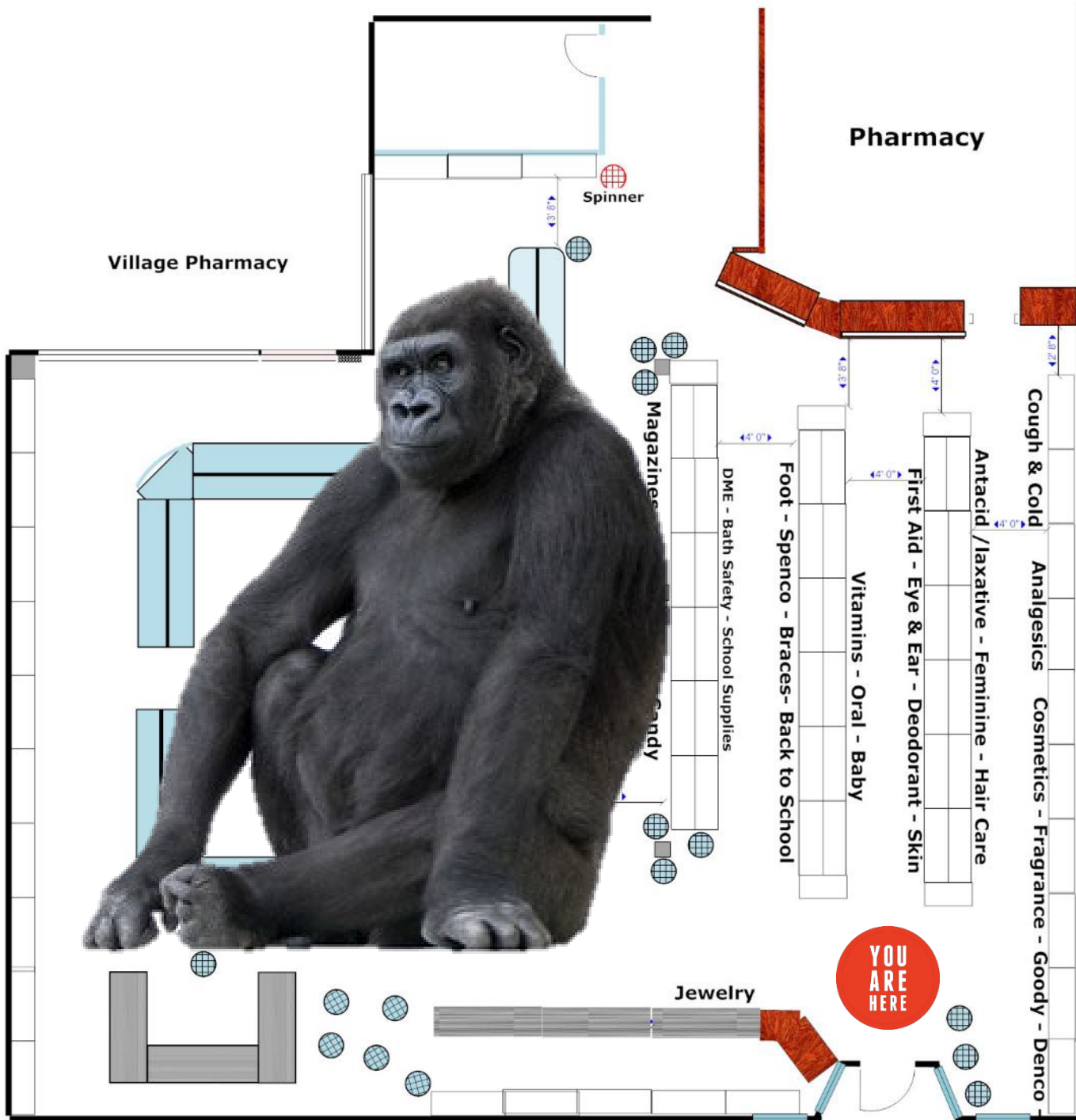
**128ft.**  
Greeting  
Cards

**132ft.**  
Collectibles  
& Gifts

**300ft.**

**1,664 sq. ft.**









24ft



# 40FT



40ft















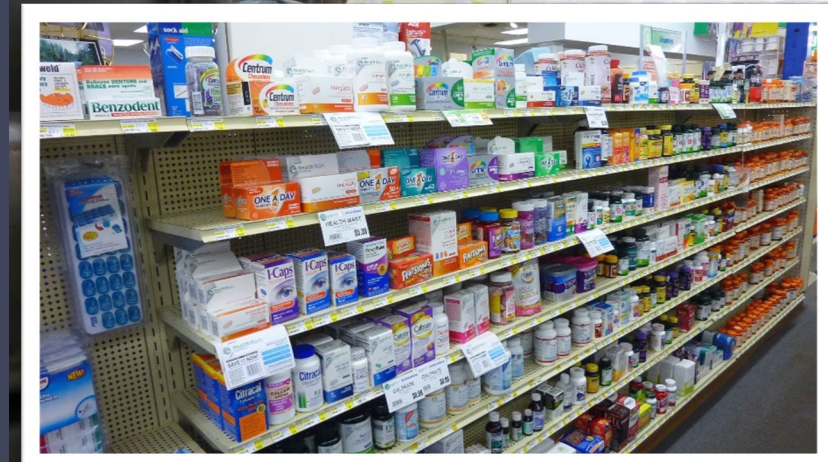








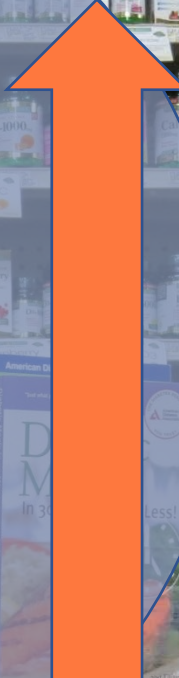






82

%





**12ft.**

Gift Wrap

**28ft.**

Party  
Supplies

**128ft.**

Greeting  
Cards

**132ft.**

Collectibles  
& Gifts

**300ft.**  
**1,664 sq. ft.**

**8ft.**

Gift Wrap

**2ft.**

Party  
Supplies

**28ft.**

Greeting  
Cards

**38ft.**

Collectibles  
& Gifts

**76ft.**  
**350 sq. ft.**

# 6 Month Numbers

December 2013 to May 2014

	<b>28ft</b>	<b>128ft</b>
Card Retail Value	\$14,112.00	\$74,592.00
Sales:	\$12,687.00	\$20,928.00
Retail Inventory per ft	\$504.00	\$504.00
Retail Sales per ft	<b>\$453.10</b>	<b>\$141.40</b>

# 6 Month Numbers

**28 ft**

Retail Sales: \$12,687.00

Retail inventor: \$14,112.00

Gross Profit : \$ 6,343.50

Wholesale Inventory: \$ 7,056.00

Net Profit/Loss : **\$712.50**

**128 ft**

Retail Sales: \$20,928.00

+ **\$8,241.00**

Retail inventor: \$74,592.00

Gross Profit: \$10,464.00

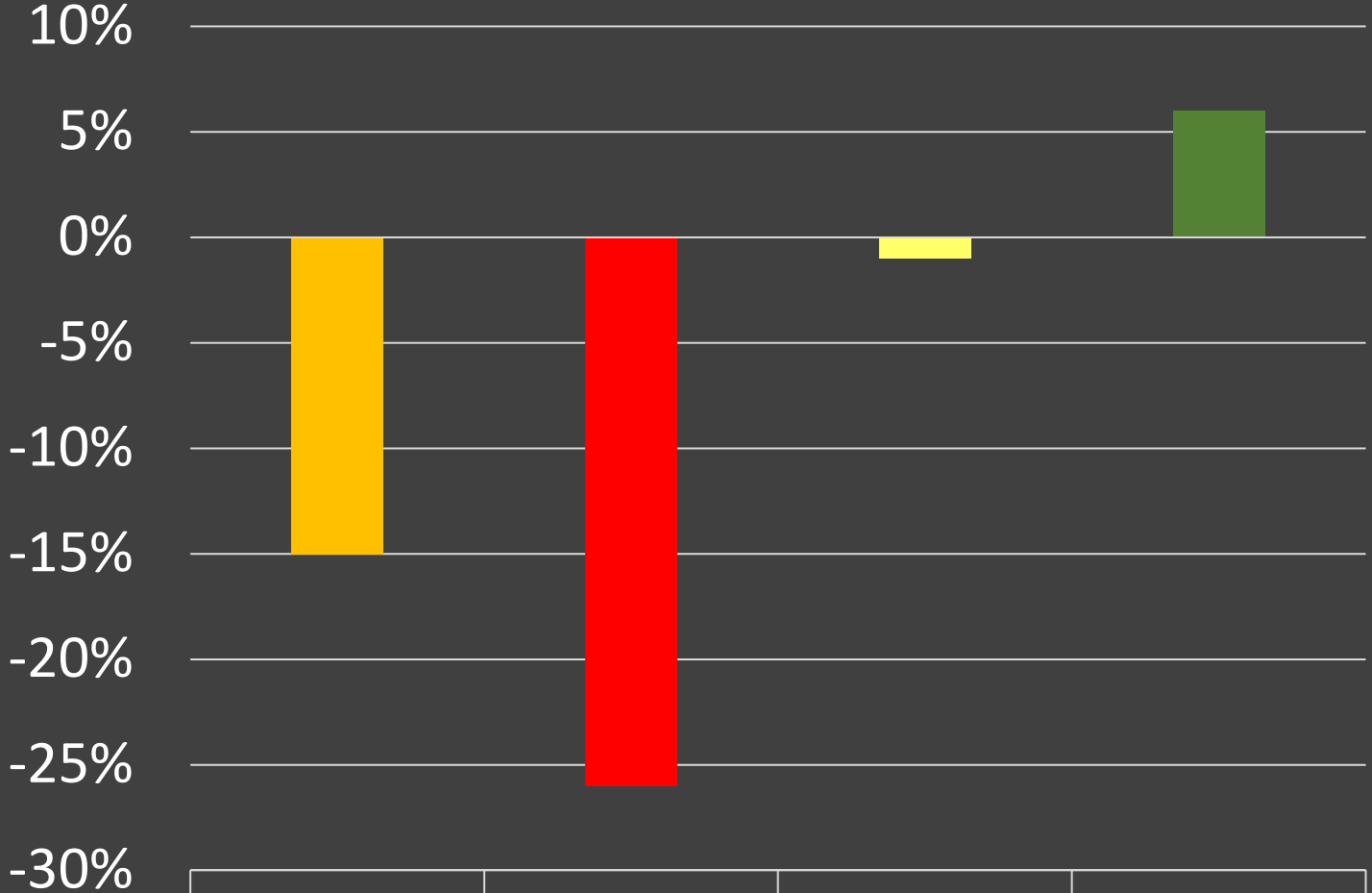
Wholesale Inventory: \$37,296.00

Net Profit/Loss : **\$26,832.00**

Pain Relief	8ft	8ft
Antacid / Laxative	8ft	8ft
Cough & Cold	8ft	8ft
First Aid	8ft	8ft
Foot care	4ft	4ft
Hair Care	8ft	8ft
Shaving/ Deodorant	4ft	4ft
Oral Hygiene	8ft	8ft
School, Home & Office	16ft	8ft
Vitamins/ Herbs	12ft	12ft
Candy & Snacks	16ft	12ft



# Out Front Sales



	2012	2013	2014	2015
Series 1	-15%	-26%	-1%	6%

# Questions





—  
The *voice* of the  
community  
pharmacist.

---

# How to be Successful in Your First Year

Hashim Zaibak, PharmD  
Hayat Pharmacy, Milwaukee, WI



# Learning Objectives

- Discuss best practices for making medication synchronization a core tenant of your business.
- Identify key operational areas that impact efficiency and cost-effectiveness.
- Identify opportunities to maximize immunizations outside of flu season.

# Congratulations!



# 340B Contracts

- Why?
- How?
- What medications?



# Synchronization

- Why?
- How?
- Which patients?



# Immunization

- Why?
- How?
- Which vaccines?



# Point-of-Care Testing

- Why?
- How?
- Which tests?

# Health Talks

- Why?
- How?
- Which topics?

# Long Term Care (LTC)

- Why?
- How?
- Where do you start?



# High-Quality Vitamins

- Why?
- How?
- What sources?



# High-Quality CBD

- Why?
- How?
- Where to start?



---

# Other Recommendations



# Review your financial reports monthly

- Why?
- How?
- What to look for?

# Leadership Training

- Why?
- How?
- Some options



---

# Questions!

# Hashim Zaibak, Pharm D

[hzaibak@hayatrix.com](mailto:hzaibak@hayatrix.com)



---

The *voice* of the  
community pharmacist.

[www.ncpa.org](http://www.ncpa.org)

Follow us on social media

