

second edition



PHARMACY MANAGEMENT

Essentials for All Practice Settings

SHANE P. DESSELLE / DAVID P. ZGARRICK



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ESSENTIALS FOR

ALL PRACTICE SETTINGS

SECOND EDITION

Shane P. Desselle, PhD, RPh, FAPhA

Professor and Associate Dean for
Tulsa Programs

Chair, Department of Clinical and
Administrative Sciences-Tulsa

University of Oklahoma

College of Pharmacy

Tulsa, Oklahoma

David P. Zgarrick, PhD, RPh

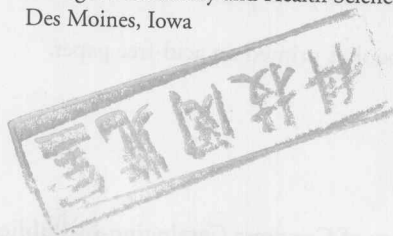
John R. Ellis Distinguished Chair
of Pharmacy Practice

Professor of Pharmacy Administration

Drake University

College of Pharmacy and Health Sciences

Des Moines, Iowa



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DEDICATION

To Deborah and Brittney (S.P.D.)
and
To Michelle, Miles, Grace, and Elle (D.P.Z.)

CONTRIBUTORS

Michelle Belsey

Vice President for College Relations and Professional Recruitment, Rite-Aid Corporation,
Camp Hill, Pennsylvania

John Bentley, PhD

Associate Professor, Department of Pharmacy Administration, School of Pharmacy, University of Mississippi,
University, Mississippi

Joseph Bonnarens, PhD

Dean of Student Affairs, Associate Professor, Pharmacy Administration, School of Pharmacy, Pacific University,
Hillsboro, Oregon

Michelle A. Chui, PharmD, PhD

Associate Professor of Pharmacy Administration, Midwestern University of Wisconsin, College of Pharmacy,
Glendale, Arizona

Bartholomew E. Clark, RPh, PhD

Associate Professor Pharmacy Sciences Department, School of Pharmacy and Health Professions, Creighton
University, Omaha, Nebraska

Edward Cohen, PharmD

Director, Clinical Services, Clinical Education and Immunization Services, Walgreens Health Services,
Deerfield, Illinois

Michael R. Cohen, RPh, MS, ScD, FASHP

President, Institute for Safe Medication Practices, Horsham, Pennsylvania

Shane P. Desselle, PhD, RPh, FAPhA

Professor and Associate Dean for Tulsa Programs, Chair: Department of Clinical and Administrative
Sciences-Tulsa, University of Oklahoma, College of Pharmacy, Tulsa, Oklahoma

William Doucette, PhD

Associate Professor, College of Pharmacy, University of Iowa, Iowa City, Iowa

Kevin Farmer, PhD

Associate Professor, University of Oklahoma College of Pharmacy, Oklahoma City, Oklahoma

Karen B. Farris, PBS Pharm, PhD

Associate Professor, Division of Clinical and Administrative Pharmacy, College of Pharmacy, University of Iowa,
Iowa City, Iowa

Bill G. Felkey, MS, RPh

Professor, Department of Pharmacy Care Systems, Auburn University, Auburn, Alabama

Caroline A. Gaither, BS Pharm, MS, PhD, FAPHA

Associate Professor and Director of Graduate Studies, Department of Clinical, Social and Administrative Sciences, College of Pharmacy, University of Michigan, Ann Arbor, Michigan

David A. Gettman, RPh, MBA, PhD

Associate Professor, Pharmaceutical, Administrative, and Social Sciences, University of Appalachia College of Pharmacy, Oakwood, Virginia

Vincent J. Giannetti, PhD

Professor, Social and Administrative Sciences in Pharmacy, Mylan School of Pharmacy, Duquesne University, Pittsburgh, Pennsylvania

William A. Gouveia, MS, FASHP, DHL

Director of Pharmacy, Tufts-New England Medical Center; Associate Professor of Medicine, Tufts University School of Medicine, Boston, Massachusetts

Matthew Grissinger, RPh, FASCP

Medication Safety Analyst, Institute for Safe Medication Practices, Huntingdon Valley, Pennsylvania

Dana P. Hammer, RPh, MS, PhD

University of Washington School of Pharmacy, Seattle, Washington

Donald Harrison, BS, MS, PhD

Associate Professor, Department of Clinical and Administrative Sciences, College of Pharmacy, University of Oklahoma, Oklahoma City, Oklahoma

David A. Holdford, RPh, MS, PhD

Associate Professor, Department of Pharmacy, School of Pharmacy, Virginia Commonwealth University, Richmond, Virginia

David A. Latif, MBA, PhD

Professor and Chair, Department of Pharmaceutical and Administrative Sciences, University of Charleston School of Pharmacy, Charleston, West Virginia

Frank Massaro, PharmD

Pharmacy Practice Manager, Tufts-New England Medical Center, Boston, Massachusetts

Randal McDonough, MS, PharmD, CGP, BCPS

Co-owner and Director of Clinical Services, Towncrest and Medical Plaza Pharmacies, Iowa City, Iowa

Rashid Mosavin, RPh, PhD, MBA

Associate Professor, Department of Pharmacotherapy and Outcome Science, School of Pharmacy, Loma Linda University, Loma Linda, California

Glen T. Schumock, PharmD, MBA, FCCP

Associate Professor, Department of Pharmacy Practice; Director, Center for Pharmacoeconomic Research, University of Illinois at Chicago, Chicago, Illinois

Virginia (Ginger) G. Scott, PhD, MS, RPh

Professor and Director of Continuing Education, Department of Pharmaceutical Systems and Policy, West Virginia School of Pharmacy, Morgantown, West Virginia

Kathleen Snella, PharmD, BCPS

Assistant Dean, Vice-Chair and Associate Professor, Division of Pharmacy Practice, University of Missouri-Kansas City School of Pharmacy, Columbia, Missouri

Margaret R. Thrower, PharmD

Assistant Professor, Auburn University Harrison School of Pharmacy, Auburn, Alabama

Bradley P. Tice, PharmD, RPh, CDM, PMP

Chief Clinical Officer, PharmMD Solutions, LLC, Brentwood, Tennessee

David J. Tipton, PhD

Associate Professor, Mylan School of Pharmacy, Duquesne University, Pittsburgh, Pennsylvania

Julie M. Urmie, PhD

Associate Professor, Program in Pharmaceutical Socioeconomics, College of Pharmacy, University of Iowa, Iowa City, Iowa

Terry L. Warholak, PhD, RPh

Clinical Assistant Professor, Pharmacy Practice and Science, University of Arizona College of Pharmacy, Tucson, Arizona

Donna West, RPh, PhD

Associate Professor, Division of Pharmaceutical Evaluation and Policy, University of Arkansas for Medical Sciences College of Pharmacy, Little Rock, Arkansas

Noel E. Wilkin, RPh, PhD

Interim Vice Provost, Pharmacy Administration; Research Associate and Professor, Research Institute of Pharmaceutical Sciences; Director, Center for Pharmaceutical Marketing and Management, University of Mississippi School of Pharmacy, Oxford, Mississippi

Godwin Wong, PhD

Visiting Associate Professor, Lester Center for Entrepreneurship and Innovation, University of California
Berkeley Haas School of Business, Berkeley, California

David P. Zgarrick, PhD, RPh

John R. Ellis Distinguished Chair of Pharmacy Practice, Professor of Pharmacy Administration, Drake
University College of Pharmacy and Health Sciences, Des Moines, Iowa

PREFACE

■ WHAT'S NEW IN THIS EDITION!!

In planning for the second edition, we started by listening to our fellow educators, pharmacists, and students. Through surveys, e-mails, and conversations we learned about what users liked about the first edition, and what they would like to see added or changed in the future. Using what we learned, we worked with the chapter authors not only to improve the ease of use for faculty and students, but also to reflect the changes in pharmacy practice and management that have occurred in the last 4 years.

- **Every chapter has been updated** to reflect the fluid nature of their respective management topic.
- **New content has been added to reflect major events in our profession**, such as the implementation of the Medicare Modernization Act and subsequent addition of an outpatient prescription drug benefit (Medicare Part D).
- **New trends in the management literature and research studies** are reflected in each of the chapters.
- Four chapters have been added to the second edition. Since effective managers must also have leadership skills,

We have added a chapter on the **role of leadership in management**.

Medicare Part D represents probably both the biggest challenge and an opportunity to pharmacy practice in the last 20 years. We have added a chapter dedicated to the management implications of this program, as well as updated other chapters to describe the impact of this program on other areas of practice.

Pharmacy practice and health care delivery inherently involves risk. We have added a chapter devoted to describing and managing the risks commonly seen in operating a pharmacy practice. The ability to take advantage of the opportunities in today's pharmacy practice requires not only management skills but also a mindset that can think strategically about the risks and benefits of new programs. We have added a chapter on **entrepreneurship** to describe how having an entrepreneurial spirit can improve a pharmacy practice and to describe how entrepreneurship skills can be acquired.

■ WHY DID WE CREATE THIS TEXTBOOK?

This is a very exciting time for pharmacists, pharmacy students, educators, and others associated with the profession of pharmacy. A number of factors have come together to provide new opportunities for pharmacists, especially in patient care and expanded professional roles. But with the new opportunities also comes challenges, including the challenge of how to manage the personal and professional resources necessary to succeed in today's ever-changing environment.

Educators must not only keep up with changes in pharmacy practice, but also anticipate and prepare our students for opportunities and contingencies that will arise throughout their professional careers. In our efforts to best prepare students, pharmacy management educators have increasingly had to gather teaching materials from a variety of textbooks, journals and other educational resources. This is due to the fact that many resources only focus on a specific management function (marketing, personnel, accounting and finance) or a specific practice

setting (independent pharmacies, hospital pharmacies). We believed that there would be value in a comprehensive pharmacy management textbook that covered many content areas and gathered a variety of resources into one text. We also wanted to develop a resource that could be applied in a wide variety of practice settings. Our colleagues throughout the profession also agreed that a comprehensive management textbook was needed. Our desire to meet these needs sparked our interest to develop this text.

■ WHAT HAS CHANGED FROM THE FIRST EDITION?

In planning for the second edition, we started by listening to our fellow educators, pharmacists, and students. Through surveys, e-mails, and conversations we learned about what users liked about the first edition, and what they would like to see added or changed in the future. Using what we learned, we worked with the chapter authors not only to improve the ease of use for faculty and students, but also to reflect the changes in pharmacy practice and management that have occurred in the last 4 years.

Every chapter has been updated to reflect the fluid nature of their respective management topic. In many cases, new content has been added to reflect major events in our profession, such as the implementation of the Medicare Modernization Act and subsequent addition of an outpatient prescription drug benefit (Medicare Part D). New trends in the management literature and research studies are reflected in each of the chapters.

Four chapters have been added to the second edition. Since effective managers must also have leadership skills, we have added a chapter on the role of leadership in management. Medicare Part D represents probably both the biggest challenge and an opportunity to pharmacy practice in the last 20 years. We have added a chapter dedicated to the management implications of this program, as well as updated other chapters to describe the impact of this program on other areas of practice. Pharmacy practice and health care delivery inherently involves risk. We have added a chapter devoted to describing and managing the risks commonly seen in operating a pharmacy practice. The ability to take advantage of the opportunities in today's pharmacy practice requires not only management skills but also a mindset that can think strategically about the risks and benefits of new programs. We have added a chapter on entrepreneurship to describe how having an entrepreneurial spirit can improve a pharmacy practice and to describe how entrepreneurship skills can be acquired.

■ WHAT WILL THE READER FIND IN THIS TEXTBOOK?

This textbook is organized to reflect all of the major management functions performed by pharmacists in any practice setting. The book is divided into sections representing each function, and is further divided into chapters that detail the various components of each function.

Our experience as educators has taught us that students are the most effective learners when they are "ready" to learn. Many students selected pharmacy as a major in part from the desire to help people, but also due to their fascination and intrigue with how such small amounts of various medicinal substances have such profound effects on the body. Many of these students also believe that they only need to learn about management after they graduate, and then only if they take on a managerial or administrative position at their pharmacy. The first section of this book makes the case that management skills are important for all people and pharmacists, regardless of their position or practice setting. After establishing the need for management in both our personal and professional lives, the next four sections describe the management functions and resources that are common to all pharmacy practice settings (operations, people, money, traditional pharmacy goods and services). Chapters within each section focus on important aspects of each function or resource.

As pharmacy practice evolves from a product to a patient orientation, there are unique challenges that arise in managing the value-added services that pharmacists are developing to meet patient needs (e.g., cholesterol screening, diabetes education, drug therapy monitoring, etc.). A section of this book is dedicated to the planning, implementation, reimbursement and evaluation of these new patient care services offered by pharmacists.

Several chapters are dedicated to describing the risks inherent in pharmacy practice, and the impact that laws, regulations, and medication errors have on pharmacy management. The final section outlines the role of entrepreneurship, and how management functions are applied in specific pharmacy practice settings (independent, chain, and hospitals).

■ HOW EACH CHAPTER IS ORGANIZED?

Each chapter is divided into several sections to facilitate the reader's understanding and application of the material. Chapters begin with a list of learning objectives that outline the major topics to be addressed. A brief scenario is used to describe how a pharmacy student or pharmacist may need or apply the information described this chapter in their daily lives or practice. Questions at the start of each chapter provide direction and assist the reader in understanding what they can expect to learn.

The text of each chapter provides comprehensive coverage of the content and theory underlying the major concepts. References to the management and pharmacy literature are commonly used to provide readers with links to additional background information. Explanations and applications are also used to help readers better understand the need to master and apply each concept. Questions at the end of each chapter encourage readers to think about what they have just learned and apply these concepts in new ways.

■ WHAT WE HOPE YOU WILL GAIN FROM THIS BOOK

If you are a pharmacy student, we hope that using this book will help you gain an appreciation for the roles of management in pharmacy practice, regardless of your future position or practice setting. This book will also provide you with a variety of management theories and tools that you can apply in your daily life as well.

We realize that many pharmacists have not had much management coursework in their formal education or professional training. We hope that this book serves as a valuable guide to pharmacists who may require some assistance dealing with matters they did not anticipate when embarking on their careers. For those pharmacists with formal management education and experience, we hope that this book serves as a valuable reference or as a source of new ideas that can be applied in daily practice.

For educators, this book has been designed as a comprehensive pharmacy management textbook. As a whole, it is meant to be used in survey courses that cover many areas of pharmacy management. The section format also allows the book to be used in courses that focus on specific pharmacy management functions or topics. The sections and content of each chapter are meant not only to provide valuable information that is easy for students to understand, but also to stimulate further discussion and motivate students to learn more on their own.

■ WE WOULD LIKE TO HEAR FROM YOU!

Textbooks today have great deal in common with computer software programs. The creators of each have put a great deal of time and effort into getting their final outputs ready for consumers, but it rarely can be considered a

“finished product”. Textbooks, like computer software, are “works in progress” that can always be improved. The best way to improve these products is to seek input from their users. As you use this book, we would like to learn what you like about it, what could be improved, and what topics or features you would like to see to be included in the future. Please feel free to share your thoughts at any time by reaching us through pharmacy@mcgraw-hill.com. We plan to improve this book over future editions by listening to your feedback and continuing to reflect changes in the management sciences and pharmacy practice.

HOW EACH CHAPTER IS ORGANIZED

Each chapter is designed to be a self-contained unit of study. The chapter begins with a brief introduction to the topic. This is followed by a discussion of the key concepts and principles. The chapter then presents a series of examples and exercises that illustrate the application of these concepts and principles. The chapter concludes with a summary of the key points and a list of references. The chapter is organized in a way that allows the reader to learn the material at their own pace. The chapter is divided into sections that cover the following topics: Introduction, Key Concepts and Principles, Examples and Exercises, Summary, and References. The chapter is designed to be a self-contained unit of study. The chapter begins with a brief introduction to the topic. This is followed by a discussion of the key concepts and principles. The chapter then presents a series of examples and exercises that illustrate the application of these concepts and principles. The chapter concludes with a summary of the key points and a list of references. The chapter is organized in a way that allows the reader to learn the material at their own pace. The chapter is divided into sections that cover the following topics: Introduction, Key Concepts and Principles, Examples and Exercises, Summary, and References.

WHAT WE HOPE YOU WILL GAIN FROM THIS BOOK

The purpose of this book is to provide a comprehensive introduction to the field of management sciences and pharmacy practice. The book is designed to be a self-contained unit of study. The book begins with a brief introduction to the topic. This is followed by a discussion of the key concepts and principles. The book then presents a series of examples and exercises that illustrate the application of these concepts and principles. The book concludes with a summary of the key points and a list of references. The book is organized in a way that allows the reader to learn the material at their own pace. The book is divided into sections that cover the following topics: Introduction, Key Concepts and Principles, Examples and Exercises, Summary, and References. The book is designed to be a self-contained unit of study. The book begins with a brief introduction to the topic. This is followed by a discussion of the key concepts and principles. The book then presents a series of examples and exercises that illustrate the application of these concepts and principles. The book concludes with a summary of the key points and a list of references. The book is organized in a way that allows the reader to learn the material at their own pace. The book is divided into sections that cover the following topics: Introduction, Key Concepts and Principles, Examples and Exercises, Summary, and References.

WE WOULD LIKE TO HEAR FROM YOU

We would like to hear from you about your experience with this book. Please feel free to share your thoughts at any time by reaching us through pharmacy@mcgraw-hill.com. We plan to improve this book over future editions by listening to your feedback and continuing to reflect changes in the management sciences and pharmacy practice.

ACKNOWLEDGMENTS

We would like to thank the pharmacy administration colleagues who have played an important role in our development throughout our undergraduate and graduate studies, as well as at our institutions. Over the years, we have also come to know many other colleagues in our discipline who have shared their knowledge and provided advice. We have learned a great deal about our discipline and about teaching from our colleagues, and feel fortunate that they have been willing to share their knowledge and experience with us.

Thanks must also go to all the faculty, staff and administrators at the University of Oklahoma and Drake University who have provided an environment that makes this type of endeavor possible. We would also like to thank all of the students we have taught who have inspired us to continue to strive to become better educators.

We would like to thank everyone at McGraw-Hill, and in particular the editor of the first edition, Michael Brown, and of the current edition, Michael Weitz, for working with us to make our idea for a comprehensive pharmacy management textbook a reality.

Finally, we would like to acknowledge of efforts of each of our chapter authors. We chose our authors not only because of their expertise, but also because of their dedication to teaching and the professional development of pharmacy students and pharmacists. There is no way in which we could have completed this textbook without their efforts.

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SECTION I



WHY STUDY MANAGEMENT
IN PHARMACY SCHOOL?

