

Weekly Comment

Welcome to a new **Pharmacy Daily** feature, in which we will have a regular column from a pharmacy industry commentator.

This week's contributor is Frank Sirianni from Medici Capital.

Pharmacy Management 101 Increasing reliance on prescriptions

OVER the last two weeks I spoke about the unique business models in pharmacy (there is no such thing as an average pharmacy!) and that Gross margins are in decline.

This week I want to discuss the third fundamental economic reality about pharmacy – an increasing reliance on prescriptions and professional services.

Since 1990, when 50% of pharmacy revenue was derived from prescriptions and 50% from non-prescription items (inc. retail), pharmacy has witnessed a move towards prescriptions. On average, between 85% and 90% of a pharmacy's revenue is now derived from scheduled medicines.

While partly by design (i.e. a move to focus on professional services), it is also a consequence of the success of retail competitors eroding pharmacy's retail offer.

- Is this increase in professional focus your choice?
- How will you balance the increased control, regulatory and financial constraints, of government with your need to be financially viable?
- What have been the consequence of this increased reliance on prescriptions for your pharmacy?
- Have you changed your business model to reflect what business you are in?

Make your comments at Medici Capital's Ask an Expert experts.medici.com.au/ (a pharmacy management blog) or email info@medici.com.au.



Frank Sirianni is a management and finance consultant specialising in the pharmacy industry.

More losses for HIP parent

HEALTH Corporation Limited, which operates the Health Information Pharmacy franchise group, has today reported a \$1.07 million loss for the six months to 31 Dec 2009.

The result was slightly worse than the \$940,000 loss reported for the corresponding period last year, on turnover which increased 58% to \$1.4m for the half.

During the period Health Corporation said it had continued with a major restructure of its operations, including the finalisation of a new management model which is currently in place in three pharmacies and is set to roll out across the network.

Also continuing is work on the commercialisation of the Chemconsykt medication counselling system, which has been supported by several suppliers, and seen more than 80 pharmacies joining.

"The company is making good progress and we anticipate the

ongoing support and patience of our shareholders during this period of restructure and changes to the business," the report said.

Provision for doubtful debts increased to \$443,000, and the accounts value the intellectual property held in the HIP Franchise System at \$420,000.

The company said the financial report was prepared on a 'going concern basis' with the directors currently in negotiations with "various parties who are prepared to invest in the company".

If these talks fail to materialise the board said it would consider a further capital raising.

NSW needle push

THE NSW Health Department has appointed a full-time field officer to help encourage the state's pharmacies to distribute needles.

Revealed in yesterday's *Sunday Telegraph*, the move aims to reduce HIV and hepatitis C infection rates among intravenous drug users, with pharmacies paid an incentive for taking part in the scheme.

An increase of up to 10% in the number of needles handed out in so-called 'FitPacks' is anticipated as more pharmacies join the scheme.

Under the program, administered by the Guild, there's a \$350 startup payment and \$100 per year for participating pharmacies, as well as a \$3.50 exchange fee per pack plus a \$4 additional payment once they pass the previous year's amount.

Gaucher disease tick

THE US FDA has approved velaglucerase alfa for injection (VPRIV) for the treatment of people with a form of the rare genetic disorder Gaucher disease.

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Sigma suspended

SIGMA Pharmaceuticals today requested that its shares be suspended from trading on the Australian Stock Exchange - effectively an indefinite extension of the trading halt announced last week (**PD** Fri).

The company had been expected to announced revised earnings guidance for the year to 31 Jan, but instead requested the suspension.

Sigma said it expects to make an announcement concerning the revised earnings guidance before the expected date for the release of its preliminary final results, which is believed to be in the next few weeks.

The shares last traded at 90c.

Smoking campaign

THE government says it's "determined to reduce the scourge of tobacco use in Australia," with the launch of a new anti-smoking campaign which highlights that "When you smoke you inhale over 4,000 chemicals".

The campaign will run for the next three months on TV, cinema, outdoor, digital and radio media, and aims to both encourage people to quit as well as avoid smoking in the future.

Online PI update

THE Therapeutic Goods Administration has advised product sponsors that effective today product information (PI) documents for newly approved items must be lodged with the TGA within two weeks of the date of registration of the products.

Related Consumer Medicine Information documents must be lodged prior to supply of the products, with the details able to be uploaded as text PDFs via the TGA eBusiness Services It system.

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Heart attack fears

AROUND 70% of patients who are at high risk of heart attack and stroke over the next five years are not receiving the preventative care that they require, according to a new report released by The George Institute for International Health.

The study results are based on a survey of 300 general practitioners covering over 5293 patients.

General practitioners were seen to have generally failed to assess and treat patients 'absolute risk' which would include a comprehensive review of all major risk factors including age, diabetes, cholesterol and blood pressure rates and the subsequent provision of treatments using 'evidence based therapies'.

"Unfortunately our study showed that many patients who are at risk are missing out on this type of care.

"Practitioners are also underestimating a patient's risk," said the study's lead author, Dr Emma Heeley.

"What we need to realise is that 90% of Australian adults have at least one modifiable risk factor – so there really is a lot we can do to reduce the impact of cardiovascular disease in Australia. Prevention efforts targeted to patients at high risk will also prove highly cost-effective," she added.

Obesity's \$21b price-tag

OBESITY is costing Australia around \$21 billion per annum, according to a report published today in the *Medical Journal of Australia*.

The huge figure comprises obesity's direct financial cost to the nation and relates to costs incurred through sufferer's hospitalisation, medical care and medication.

"Australia has one of the highest prevalence of overweight and obesity amongst developed countries and it is costing us dearly at government, individual and societal levels," the report's authors, professors Stephen Colagiuri and Ian Caterson said in a joint statement.

"The imperative to lose weight is clear because the research shows the cost was lower in overweight or obese people who lost weight or reduced weight circumference compared with those who progressed to or remained obese," they added.

Based on 'Australian Diabetes, Obesity and Lifestyle' population study information collected in 2000 and 2005 the report is the first-ever to isolate the exact cost of obesity on the national purse.

"Usually, studies on the cost burden of obesity look only at costs



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**DISPENSARY
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BREAST implants have saved the life of a woman who was shot at point blank range by a gunman.

Lydia Carranza is a receptionist at a dental surgery in Beverly Hills, California, and took the full force of the blow when the crazed assailant ran in and opened fire.

A doctor said the silicone took the force of the blow, with bullet fragments found just millimetres from her heart and vital organs.

"Had she not had the implant, she might not be alive today," he said after treating her.

Carranza told the *Los Angeles Times* that when she was shot "I just felt wet in my chest area."

A PUBLIC health program in Belgium will see families who produce too much rubbish provided with chickens to help reduce food waste.

The scheme will be piloted on 50 families in the western town of Mouscron, each of which will receive two egg-laying hens to "reduce the environmental threat from leftover food thrown away."

Officials said the recipients of the scrap-eating chickens will have to provide a written assurance that they will not eat the birds within two years.

A WOMAN has given birth whilst stuck in a traffic jam caused by a passing motorcade for the Pakistani president Asif Ali Zardari.

The expectant mother was in an ambulance on her way to the hospital, but the emergency vehicle was refused access to a road which led to the medical facility, as it had been blocked off in preparation for the protection of passing of government cars.

"We pleaded with the policemen as it was an emergency but they refused citing orders that no one should be allowed to move until the president passed," the woman's brother, Mohammad Zafar said.

According to reports the mother and as-yet unnamed bub are doing fine despite the rather stressful birth.

associated with BMI-defined obesity and rarely take into account overweight.

"Our analysis shows the additional cost of being overweight or obese, compared with normal weight, is \$10.7 billion a year."

The overall \$21b obesity price-tag is more than double that which had been previously estimated.

"These cost assessments are a stark reminder that we need to do more to reign in Australia's weight problem," said the authors.

Pharmacy E-Bulletin

THIS week's edition of the Repatriation General Hospital Pharmacy E-Bulletin gives an overview of therapeutic drug monitoring (TDM), and in particular a change in some TDM reports from mass to molar units, due to the use of different analysers.

The bulletin is now online at auspharmist.net.au/ebulletin.php.

Mirixa HD now in 600

MIRIXA has reached a 600 strong pharmacy installation milestone for its updated MirixaFind Hard Drive product.

"Feedback from the network has been extremely positive and pharmacies who have the new Hard Drive version have not had a problem with the software," said Ashley Smith, Mirixa Australia's customer support manager.

New refresher training webinars are also available to all Mirixa pharmacies which include information on how to use the software and how to run individual programs.

For details call 1300 647 492 or email contact@mirixa.com.au.

Ultralieve ultrasonic

HIGH Tech Health has released a new at-home therapeutic ultrasound device, Ultralieve Pro.

Designed to help with the reduction of swelling and inflammation, and can also help to heal muscle strain, tendon and ligament damage and foot and knee damage by delivering targeted pain relief that encourages tissues to relax, blood flow to increase and the breaking down of scar tissue.

See www.ultralieve.com.au.

WIN AN AUSTRALIS LIP PENCIL



Australis has once again teamed up with *Pharmacy Daily* this week, giving readers the chance to win an Australis Lip Pencil, valued at \$8.95.

Line, define and fill your lips with this high-quality range of lip pencils.

With 10 new shades, each pencil shade has been perfectly matched to the Australis Colour Inject Mineral lipsticks so the age old problem of matching shades is no longer - we've done the hard part for you!

This beautifully soft, anti-feathering pencil is a must to complete your lip look.

For your chance to win your very own Australis Lip Pencil, simply send through the correct answer to the following question:

How has Australis matched the lip pencil shades?

Send entry to: comp@pharmacydaily.com.au.

The first correct entry received each day will win.

Hint! Visit www.australiscosmetics.com.au.