

Solid business model aids growth at Care Pharmacies

LINTHICUM, Md. — Founded in 1960 as Circle Drug, Care Pharmacies' mission-based pharmacy business has a proud and rich history of serving the underprivileged HIV community in Washington, D.C. Today, that expertise extends out to 16 states and has Care Pharmacies uniquely positioned, operating as a regional drug chain of independent community retail and specialty pharmacies.

Care's recent track record of

growth can be directly attributed to the uniqueness of its operating model, the diversity of its membership and its expertise in specialty pharmacy. "Everything we have done has been centered around helping our community retail and specialty pharmacies find bigger and better ways to serve their communities and patients," says Michael Wysong, Care Pharmacies' chief executive officer. "The expansive growth

isn't a by-product solely of our specialty business, but also of a growing need from other community-based pharmacies for a set of solutions to address the growing profitability, access and quality concerns that many of them face today in a tightening market."

Care offers its members the unique benefit of operating (and sourcing) like a drug chain, while allowing them to focus in on providing quality care and ultimately improving patient outcomes. This vision Wysong terms "a servant-based leadership approach" centered on serving its member pharmacies well so that they can in turn serve their customers well. "The inherent strength derived from combining a comprehensive and competitive sourcing strategy, in tandem with the tools needed to provide clinical excellence, positions all of the Care Pharmacies for continued success and to take on a greater role in the communities that they serve," he says.

Care has continued to garner national recognition and attention for its accomplishments. In 2017, Care Pharmacies was once again named a "Hot 100" retailer by the National Retail Federation. This marked the fifth time in six years the independent drug chain has been named to the list. It was also recognized for its exemplary service to the District of Columbia and could be seen at the forefront of many of the legislative efforts that

took place in 2017.

"That year was arguably the industry's toughest," says Wysong. "The plethora of mergers and acquisitions that we saw only further underscores how competitive and dynamic our industry is."

"This year confirms that our go-to-market strategy was both stable and sustainable in the face of great adversity."

The chain cites significant generics deflation, declining reimbursement, escalating direct and indirect remuneration (DIR) fees, and the softening of the hepatitis C market as headwinds that it encountered in 2017. "We were forced to review every single aspect of our business," says vice president of operations Mark Ey. "The result was improved cost containment, better patient outcomes, and the ability to further differentiate our clinical services and capabilities."

As the independent chain looks forward to 2018, it will focus primarily on adding new members to its growing pharmacy network, staying legislatively active and exploring new strategic alliances that will continue to benefit its membership. The downward economic pressure being felt by independent community retail and specialty pharmacies will likely not subside in 2018. "We are expecting to see a marked increase in the demand for the services that we provide, which should result in significant growth,"



Michael Wysong, Care Pharmacies

Wysong says. "Our proximity to Capitol Hill and our ability to represent both chain and community pharmacy are a decided advantage to understanding the changing terrain of pharmacy."

Care Pharmacies will also continue to benefit from many of the strategic partnerships that it has forged and continues to participate in, Wysong notes. For example, it recently announced a multiyear extension of its primary pharmaceutical distribution contract with McKesson Corp. "We find great value in partnering with other like-minded organizations, where value can be realized by all participants working in good faith," Wysong says.

Care also cites its association with The Buyers Consortium, its various payer and manufacturer relationships, and several IT and data initiatives as additional areas of focus and sustainability for the new year.

Care Pharmacies

• TOP EXECUTIVE

Michael Wysong, CEO

• HEADQUARTERS

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• INDUSTRY RANK — 18 in sales, 18 in stores

• Full-year results

Sales — **\$659 million**

• Number of drug stores — **79**

• Number of states operating — **16, plus D.C.**

• Number of stores opened in 2017 — **12**

• Number planned for 2018 — **10**

• Average sales per store — **\$8.3 million**

• Average store size — **3,500 sq. ft.**

• Distribution — **Warehouse**



Retailer honored

Care Pharmacies was just named to the "Hot 100" by the National Retail Federation for 2017, an honor it has claimed for the fifth time in the past six years. The company is uniquely positioned in the market, operating as a regional drug chain of independent community retail and specialty pharmacies.

