



Veterinary Practice Trends
Establishing & Managing
Veterinary Dispensary
Best Practices

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Current Challenges

2020 has brought about unprecedented challenges for veterinary clinics and hospitals globally. From economic pressures, uncertain and rapidly changing government regulations regarding shutdowns and reopening guidance, and competitive pressures from big-box vet care and pharmacy, practice managers and veterinarians have re-invented to maintain their standard of care in challenging times.

Many clinics and hospitals are facing cash flow and revenue challenges due to:

Delayed elective visits and uneven case load

Months of delayed routine office visits have caused a cash flow crunch and revenue drop. It is unclear how much of those revenues will be reclaimed in the second half of 2020.

Changing client base

Declining ownership and pet spending of the Baby Boomer generation and differing expectations of the millennial generation.

Increasing telemedicine

This presents both an opportunity and challenge—clients' embrace of telemedicine can be an opportunity to monetize calls, but at what price?

Deal flow slowing

While consolidation continues to be a driving force in the industry, mergers and acquisitions are delayed as buyers concerned with 2020 results demand up to the minute financials.

Lost pharmacy revenue

Big-box competition, and new entries in the market like Walmart, compete for in-house dispensary dollars.

Renovation and equipment costs

Changing client intake processes are causing many practices to renovate waiting rooms, scramble to purchase PPE, upgrade to paperless systems, and other costly changes in the interest of client and employee safety.

Staff shortages and labor costs

New regulations around paid sick leave, employee absenteeism, and the increased unemployment rate leave many practices short-staffed along with increased HR costs.

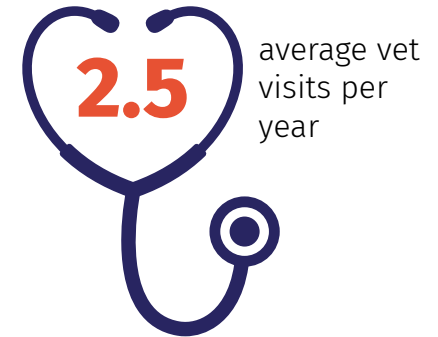
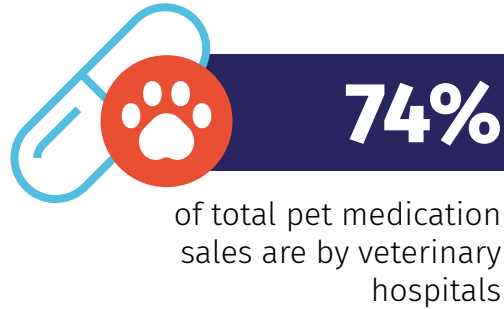
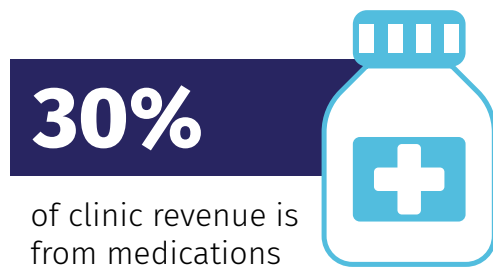
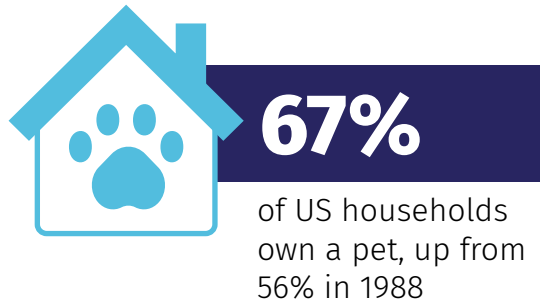
Drug shortages and purchasing challenges

With the risk of critical drug shortages as veterinary supply was diverted to human healthcare, as well as import and shipping delays, practices have had to look to new suppliers to meet their in-house dispensary needs.

In a rapidly changing environment, veterinary practices must look to maximize revenue and margin in all aspects of their business. As pharmaceuticals typically represent 30% of revenues, this is a great opportunity to strengthen financials while improving standard of care.



By the Numbers





Impact of COVID-19

COVID-19 caused veterinary clinics and hospitals to make difficult and rapid decisions to plan for the emergent needs of their patients amidst a lot of unknowns. As an industry, we needed to address, practically overnight, concerns like:

- How to treat patients while limiting personal contact?
- Would the drugs necessary to anesthetize and treat patients be diverted for human use?
- How would import/export delays and closed production facilities impact our drug supply chain?

Rapid response from the DEA to open communications with the veterinary community and 503B facilities helped to anticipate and prepare for drug shortages, avoiding much of the predicted gap in availability of anesthetics and others in most areas.

The pandemic had an immediate impact on cash flow and revenue. In an AVMA survey of over 2,000 clinics and hospitals surveyed in April, nearly all experienced a revenue decline with accompanying cashflow shortfall.

The industry stepped up, handling the immediate challenges of the pandemic with tireless commitment and grace. Now faced with long hours, anxious clients, and financial pressures, many are wondering what comes next. As we adapt and adjust through a phased re-opening, what new practices will stick?

Perinton Veterinary Hospital
To me
12:41 PM [View details](#)



We wanted to let you know that we are currently experiencing very high call volumes. It may take a few attempts to get through to us. We apologize for the inconvenience and thank you for your patience.

We encourage you to continue to use our hospital app to order food and medication refills, as well as request an appointment. If you have not already downloaded our app, please look for it on the [Google Play Store](#) or the [App Store](#).

If your pet has a curbside appointment with us, please plan to be here for at least an hour while our team works to assist your pet. Please stay in our parking lot, in case your pet's appointment is finished sooner. To ensure a successful visit, please read our [curbside protocol](#) prior to your arrival to our hospital for your pet's appointment.

Again, thank you for your patience. We look forward to seeing you and your pet soon.

Patient Care During COVID-19

Veterinary Industry Lessons Learned

- Curbside service minimized contact and streamlined patient visits. Bulk drugs and in-clinic pharmacies played a significant role in patient care and client satisfaction, minimizing client exposure and treatment delays.
- Increased concern about the cross-species spread of viruses and the need for contingency planning for pets whose owners have a health emergency is top of mind and may become part of routine visits.
- Routine use of PPE and increased sanitation practices.
- Increased paid sick time and employee requirements may cause practices to manage margins and identify new revenue streams.
- Proactive approaches to drug shortages with a strengthened feedback loop between FDA, 503B outsourced manufacturers and the veterinary community.

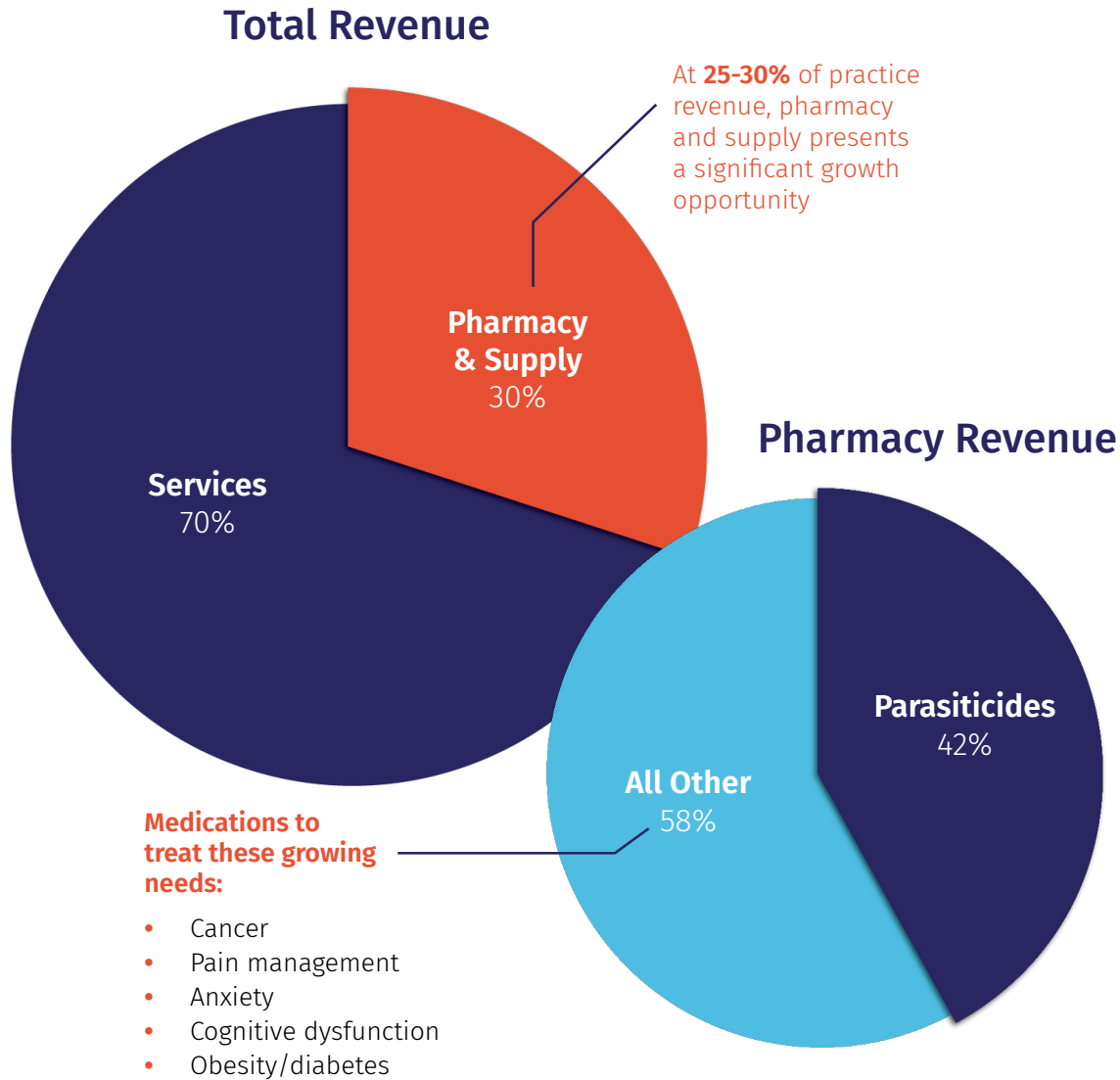


Curbside veterinary services at Naples Coastal Animal Hospital
ALEX DRIEHAUS/NAPLES DAILY NEWS/USA TODAY - FLORIDA NETWORK



Talega Animal Hospital posts signs of new protocols due to COVID-19
TODAY'S VETERINARY BUSINESS

Pharmacy Benchmarks



Dispensary Success Metrics

30-45 day turnover rate **1% to 1.5% revenue** on expired/diverted drugs

71% of dog and cat owners agree that the most important consideration when buying pet medicines is medical advice from a veterinarian.

Top 10 503B Medicines

(in no particular order and not by order volume)

- Buprenorphine Injection
- Gabapentin Tablets
- Tacrolimus Aqueous Eyedrops
- Tacrolimus MCT Eyedrops
- Cyclosporin Aqueous Eyedrops
- Cyclosporin Corn Oil Eyedrops
- Prednisolone Acetate Injection
- Chlorambucil Tablets
- Lomustine Tablets
- Theophylline Tablets



Finding the Bright Spots

It's been a challenging year for an already high-stress profession. We celebrate the resiliency and dedication of this industry; which rapidly shifted service models, worked long hours, soothed anxious clients and provided emergency care in the most challenging of circumstances.

Some good will come of this:

- Clients are anxious to re-book missed appointments
- Long term veterinary market growth remains strong
- Hospital and clinic portals owned the majority of online pet food and medication sales
- Cash flow, lessons learned, and SBA loans can help veterinary practices strengthen their financials and improve long-term profitability and resiliency

Good News



Nearly **2x** the shelter pets found homes during quarantine compared to last year at this time



Medication **availability and quality is improving**—with more 503B products than ever before



COVID-related changes like telemedicine and reduced waiting room space may actually create efficiencies and improve standard of care



The veterinarian industry **stepped up**—supplying ventilators to hospitals and emergency care to pets whose owners were ill

Best Practices for Veterinary Dispensaries

- Stock all workstations **twice daily**.
- Stock hospital pharmacy **daily**.
- Establish **clear roles**, expectations and workflow for employees who interact with inventory.
- Maintain a **2-3 week** supply of bulk medications.
- Establish a good relationship and regular communications with key suppliers to **ensure continuity** of medications. They may have recommendations based on your order history to optimize your cash flow.
- Given the **narrow range** of pricing in this cost-competitive market, gauge your vendors on customer service, quality standards and shipping speed to reduce your indirect costs.
- **Regularly review** state and federally controlled substance guidelines to ensure storing and reporting compliance.
- Review your controlled substance administration and dispensing fees to make up for **increasing overhead** expenses.
- **Ensure FIFO**—First In, First Out inventory system to reduce waste due to expired medications.
- Follow the **80/20 rule**—identify the top 20% of your inventory that is sold to the top 20% of your clients—this can make up 80% of your dispensary revenue.





Quick Hits

Takeaways You Can Use

Communicate

Appropriate re-booking windows and extended hours to accommodate cancelled appointments and reclaim lost revenues.

Review

Your monthly vaccination and prescription usage and evaluate your stocking levels.

Explore

New 503B medications that meet your veterinary practice's bulk purchase needs.

Evaluate

Suppliers whose costs and delivery times have crept up in the past year. Consider trying out a new source or adding a second source for critical medications.

Review

The effectiveness of your appointment booking and telemedicine tools. Look for integrated online payment options.

Re-examine

Controlled substance administration and controlled substance dispensing fees to make up for increasing overhead expenses.

Rethink

Your allocated space for dispensary as part of any remodel or office floorplan changes.

Improve

Your online presence. Ask your 503B supplier or online pharmacy for white labeled ordering portals for a seamless client experience.

Measure

The success of your work, recognize its impact to your patients, and celebrate your wins.

Contact Us

Epicur Pharma, a 503B facility, and its sister company, Stokes Pharmacy, support veterinary hospitals and their clients. Epicur's veterinary drug products, such as Tacrolimus eye drops, Buprenorphine injection and Gabapentin tablets, ensure the highest quality backed by FDA oversight.

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