

Prescriptive AI Pricing: Powering the pharmacy of the future

How Prescriptive Health is driving profitability
for pharmacies facing major headwinds



prescriptive™
AI pricing

Why artificial intelligence could be the answer for pharmacy

America's community pharmacies face major headwinds, battling reimbursement challenges, increasing fees and more. But there is an opportunity: a solution for cash-paying customers at the counter.



The rise of cash-paying customers at the counter

The use of [high-deductible health plans](#) (HDHP) continues to grow. A 2023 study from Kaiser Family Foundation found enrollment in these plans increased over the past decade, from 19% of covered workers in 2012 to 29% in 2022.

Add higher prescription prices to the mix, and you get more cost-conscious customers searching for more ways to save on their medications.

One of those ways to save: paying out of pocket.

In our [Independent Pharmacy Trends](#) report:

- **31%** of respondents said they primarily pay out of pocket for their medications
- **61%** of insured individuals have paid out of pocket despite having insurance
- **57%** asked for the cash price at the pharmacy counter even though they had insurance
- And even with that insurance, **66%** thought they paid too much

As patients look to pay less, community pharmacists need to be ready with consistent, predictable cash pricing that's competitive for the pharmacy yet fair to their customers.



Enter Prescriptive
AI Pricing

The difference is in the data

The data is in, and [Prescriptive AI Pricing](#) helped pharmacies be more profitable in 2023. Some key findings from the year.

Data point 1

GROSS PROFIT MARGIN

Pharmacies with Prescriptive's AI Pricing saw nearly 54% gross profit margin for cash pricing in 2023.

Independent pharmacies averaged 21% total gross profit margin in 2022.

(NCPA Digest Report)

**NADAC cost basis used for Prescriptive margin analysis*



Data point 2

GROSS PROFIT PER PRESCRIPTION

More than 50% of AI Pricing customers average greater than \$15.00 gross profit per prescription.

(Q4 2023 Prescriptive AI Pricing data)

The average gross profit per prescription dispensed in 2022 was \$11.64.

(Drug Channels Institute –most recent data available)

**NADAC cost basis used for Prescriptive margin analysis*



Data point 3

TIME SAVED

Prescriptive AI Pricing helps alleviate the burden on [HomeTown Pharmacy](#) to manually manage pricing for their 30 stores. This has reduced the need for Hometown to hire two additional team members to manage their cash pricing.

More than half of respondents (55%) said they spent 2-6 hours reviewing drug prices weekly, and 42% said they spent more time each week than they did two years ago.

(Prescriptive: Independent Pharmacy Trends 2022)



CASE STUDY

HomeTown Pharmacy

HomeTown Pharmacy operates more than 30 pharmacies across three states: Michigan, Indiana and Ohio. With Prescriptive AI Pricing, average profit per prescription was boosted, and patients saved.

37K+

cash transactions processed

102%

increase in average profit per cash prescription

91%

average per cash prescription savings for patients

\$6.34

average per drug profit increase

“

Prescriptive has made it so easy to help us gain efficiencies, empower our team with intelligence and data, improve our profitability, and still provide our patients with fair cash pricing for their medications.

Derek VanGalder, PharmD.
Director of Pharmacy Operations

*“It’s so much more than a discount card. It’s a **business intelligence tool** that can help to break down and slice up every single claim to help me make better cash pricing decisions for our 30 pharmacy locations.”*

Derek used to spend several hours each month calling other pharmacies in the area to get cash prices for its top 200 generic drugs. In addition, the Pharmacy Services team would spend up to 40 hours per week working on cash pricing activities for its 30+ stores across three states.

“There were a lot of computer touches. Our team would have to login to 30 different servers and update prices for those top 200 drugs. But now, I can manage our cash pricing with a 15-minute or less phone call across 30 stores. It gives me time back so I can focus on other ways to keep our pharmacies growing and operating seamlessly.

Prescriptive AI Pricing has made it easy for us to remain competitive and not afraid to make money where we can, so we can keep our doors open in the communities we serve.”

AI works. For your pharmacy and your customers

Data-driven insights

Every pharmacy is unique. A family-run store in a town of 1,500 has a different set of attributes and challenges than a major chain in the middle of Manhattan. AI has the power to process massive amounts of information and analyze trends based on inputs including location, demographics, seasonality, and, in the case of prescription drugs, therapeutic type and usage.

Efficiency elevated

Independent pharmacies are spending more time on reviewing drug pricing while already strained with paperwork, compliance challenges, and operational inefficiencies. Intelligent pricing solutions driven by artificial intelligence can put this precious time back into pharmacy practitioners' hands, so they can do more of what they love: helping patients.

Increased profitability

Prescriptive AI Pricing uses a predictive cash-pricing model that consistently adjusts drug prices. More than a discount card, Prescriptive AI Pricing is a business intelligence tool with an AI-optimized pricing engine to help you grow profitably.

- **Price competitiveness:** AI considers competitor pricing and pharmacy preferences
- **Retain & attract customers:** We factor in price elasticity and willingness to pay
- **Patients save, too:** Patients save up to 90% on average for processed claims

(2022 Independent Pharmacy Trends Report)

Do coupon programs exploit a broken system?

- Well known discount card programs allow PBMs to enter the cash-paying market.
- Instead of correcting pricing, coupons help PBMs perpetuate their predatory pricing practices.
- Discount programs charge pharmacies a fee for accepting their card, which they then split with the PBM they work with to provide the discount.
- When a customer uses a coupon, independent pharmacies lose money they would have made from cash paying customers.

Prescriptive AI Pricing uses data-driven analysis to take the guesswork out of drug pricing, boost pharmacy profitability, and enhance the patient experience.



Ready to add Prescriptive AI Pricing to your pharmacy?

AI is more than a buzzword – it's a reality. And your pharmacy can harness its power to help build predictable profitability in your cash pricing model.

Reach out today to talk to one of our pharmacy specialists. We can work with you to analyze your claims data and look for opportunities based on proprietary competitive information, pharmacy location, the drug itself, and much more.

**Ready to power your
profitability? Let's connect.**

[Contact us](#)

