

2006 HEALTH CARE ISSUE

BUSINESS DISTRICT

Austin's Business Magazine

AUSTIN'S DRUG DEALER

How druggist Chris Johnson thumbs his nose at high drug prices

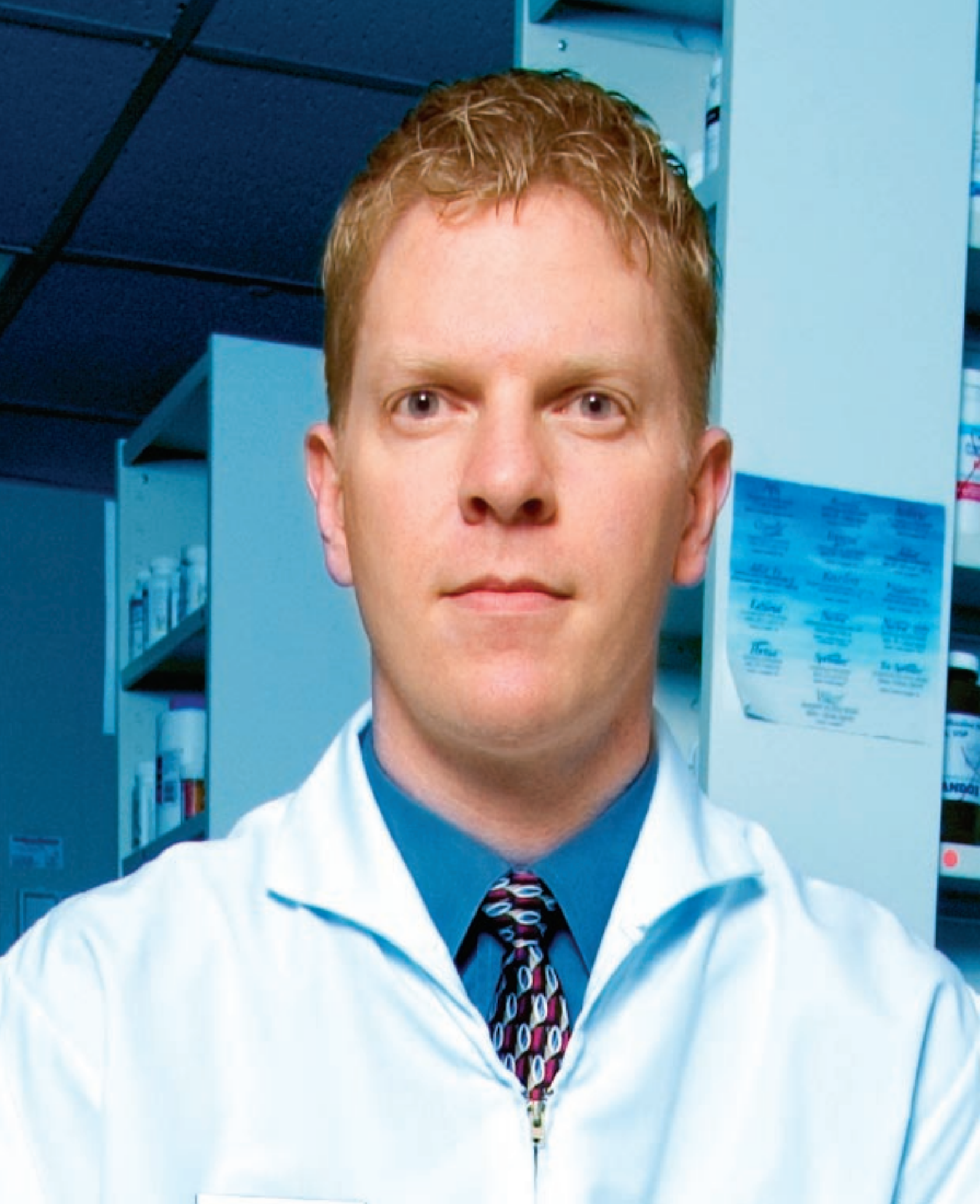
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Thumbing its nose at high prescription prices, MedSavers is the people's advocate and is making a mark in the face of triple-digit drug markups

By Steve Habel
Business District Managing Editor

THERE IS A WAY to avoid the high price of prescription drugs, and Austin druggist Chris Johnson – through the success MedSavers, of his almost two-year-old all-generic pharmacy – is making sure he is getting out the word in a near-evangelistic manner.

For all his efforts, Johnson and MedSavers has become a people's advocate while thumbing his nose at the high cost of prescriptions.

After working in more than 80 grocery stores and independent pharmacies, and with his experience in oncology, Johnson understood the reasons behind the high cost of medicine and settled on a solution. Founding MedSavers in April 2005, he established an outlet for people who lack health insurance or whose plans don't include prescription drug coverage. MedSavers offers generic medications at savings of 40-75 percent as compared to prices at traditional pharmacies such as Walgreen's or CVS.

"Isn't it interesting that one of the most profitable industries in the history of our nation is due to people being ill," Johnson said. "Of course I am speaking of the pharmaceutical companies.

"Don't get me wrong...I understand the argument for profits to drive the research and development of new drugs," John-

son added. "Without compensation of some sort, the incentive to produce the blockbuster drugs disappears. The question should be 'how much is enough?' I'm all for companies making profits – what I have issues with are the obscene profits, whether it is a pharmaceutical company, a retail drug store or a shoe-repair shop."

How popular is MedSavers? In his first 20 months of operations, Johnson has filled more than 26,000 prescriptions for his patients, many of whom travel from as far away as Giddings, Marble Falls and New Braunfels to reap the savings.

MedSavers offers its customers the same prescription drugs that are dispensed by big-name traditional pharmacies. These medications come from the same manufacturers and distributors and have the same FDA approval as the generic drugs sold at traditional pharmacies.

With the emergence of HMOs in the 1980s, Johnson said he watched drug costs rise and the retail pharmacy machines deflected costs for high-priced prescription drugs onto their patients by raising the ante on their generic products. He said most retail pharmacies have contracts with insurance companies that require them to stock name-brand drugs, which can result in financial losses.

MedSavers eschews using name brands and further cuts costs by not working with insurance firms, whose snafus in paperwork and other documentation slows the process and raises costs.

“I wish the business models of our era could change from the stereotypical ‘let’s charge what the market will bear’ mentality,” Johnson said. “I like the business model of charging a fair price – a price that keeps you in business, keeps your family fed and keeps your lights on. I feel like most companies price products to pull as much of a \$20 bill as they can from an individual’s pocket. I like to price my products in a way that allows the patient to keep as much of that \$20 bill as he or she can.”

Business District magazine sat down with a few questions for Johnson and left with the knowledge that there is a better – and less inexpensive – way to fill its scripts, even with insurance coverage. Johnson’s case is a compelling one, and we can all benefit from his heart, his stick-to-itiveness and advocacy for change.

Business District: Was there a specific impetus to starting MedSaver?

Johnson: Nothing specific...it was an accumulation of years of thoughts, frustrations and specific instances of patients walking away from the counter for the simple fact that they could not afford their medication(s). It made me sick to my stomach. Here I was – fresh out of school, ready to help the world as I was trained to do – and my hands were tied by the corporation(s) for whom I worked. I could not adjust/change/lower prices, even though I knew how much the drugs cost and that the profit margins were obscene. Couple this with the fact that Bryna (my wife) is a social worker, and we kept thinking that there had to be a better way.

Business District: Who uses your service, and do you target specific markets?

Johnson: We service the entire Central Texas Area and the population includes our indigent population, our uninsured population and even a lot of insured individuals as premiums/deductibles/co-pays continue to rise at a staggering rate. Many of our medications are sold for less than co-pays. Our customers drive from Buda, Kyle, Dripping Springs, Elgin, Hutto, Georgetown and Leander – basically from all over.

Business District: How do you get your message across?

Johnson: We have relied heavily on word of

mouth. I have visited many doctor’s offices, hospitals and clinics throughout the area and presented information about our little pharmacy. The response has been overwhelming as every single doctor’s office in this community has a patient population that can benefit from our pharmacy. Additionally, we basically have no advertising budget, so my hat goes off to all the media coverage we have received during the last 19 months. The television news, local newspapers and periodicals and radio have been great in reporting our unique little pharmacy. So many people out there still need the help, so anything we can do to try and get our message to them is much appreciated.

Business District: What has been the backlash to your business? Has there been a knee-jerk reaction from other drug retailers?

Johnson: I have received reports from various doctors about some independent pharmacies and a few chain pharmacies that changed their prices as a direct result of our new busi-



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ness model. At the same time, I have personally talked to pharmacists around the city who have called to get a ‘price match’ from us and refused to match our price. I even have reports from a few patients who have seen signs in a particular chain drug store (national chain) that says they do not match mail-order pharmacy prices or MedSavers Pharmacy prices.

As for backlash, I have really seen none. As a matter of fact, many pharmacists at chain drug stores around town actually refer patients that do not have insurance and who cannot afford their price to MedSavers Pharmacy. If only I had such a resource when my hands were bound by the corporate handcuffs. The best story yet is a pharmacist from HEB who was getting his daughter’s prescription here at MedSavers Pharmacy because he could not get a better price at his own pharmacy.

Business District: How is your relationship with drug companies?

Johnson: I don’t have any relationship with drug companies. In fact, I usually see drug reps only once, because they represent brand-name companies. Because I specialize in generic medications, they don’t have much use for me.

Business District: Have you been approached by the chains?

Johnson: I have received letters from Walgreen’s and CVS and a couple of other buying groups wishing to talk to me about purchasing my pharmacy. I have not responded to any of them as I have no interest in turning my pharmacy over to an entity that will absorb my idea and continue their businesses as usual, which does not help our uninsured population.

Business District: What about expansion? How big is your business now (number of druggists, staff, etc.)?

Johnson: Currently, I employ a couple of part-time pharmacists, one full-time technician, and a part-time technician. I still cover the majority of the pharmacist hours, and I think that is important. As for expansion, I hope to do so into the north and south part of Austin eventually. From there, who knows? I believe every city could use a pharmacy like this.

Business District: What’s next for MedSavers and Chris Johnson?

Johnson: We are currently asking ourselves the same question. More than likely we will expand within the next few months. Mainly, we are just staying on track with our mission – to help those that need it.

I love what I do. The satisfaction that I get from providing people with affordable medications that are keeping them alive and comfortable is unlike any that I have experienced professionally since becoming a pharmacist almost 11 years ago. With the hours I have established, I can now have breakfast every morning with my two wonderful sons (age 2 ½ and 5) and dinner/bedtime every night with them. No longer am I working long hours that bring me home to a dark, sleeping house. This is time that I feel is most important to be with my kids and wife – ‘the wonder years’ as they are termed. Now I can, and I do everything while doing what I feel I was trained to do: I help people.