

Driving Value, Reducing Costs

OptiFreight® Logistics offers flexibility to busy pharmacies

Pharmacists who are focused on providing quality patient care, while trying to keep their shipping costs at bay, can accrue enormous benefits by working with Dublin, Ohio-based OptiFreight® Logistics from Cardinal Health.

The company's freight management program is tailored specifically to healthcare logistics and shipping.

Armed with 16 years of experience and experts who are uniquely familiar with the nuances of inbound and outbound shipping in this continually evolving healthcare environment, OptiFreight® Logistics manages millions of shipments for healthcare customers every year.

Brad Jones, manager of non-acute customer operations, explained that OptiFreight® Logistics' mission is to drive value for pharmacy customers by reducing freight costs, and to offer heightened customer support and solutions to meet each pharmacy's unique shipping needs, such as delivery of medications to patients' homes, or for shipping specialty compounds to other healthcare facilities.

"When you look at the environment in an independent or retail pharmacy, the pharmacist got into the business to help patients. They likely didn't go to pharmacy school to become a logistics expert, and that's where OptiFreight® Logistics can help. We provide cost efficient shipping solutions, and pharmacists can leverage our size and scale to get aggregated benefits that come along with our program so they can continue to focus on the thing they do best, which is providing quality patient care," Jones said.

When it comes to how patients are filling their prescriptions the trend is beginning to emulate the e-commerce marketplace.



"Always with an eye toward efficiency, pharmacies are using medication delivery programs and shipping medications outside of the pharmacy walls. We're seeing more folks move to a medication delivery strategy in order to cater to patients' shifting buying behaviors," Jones said.

High freight expenses, specifically for small parcel delivery, and delivery, can erode a pharmacy's profitability, making the economic climate in which pharmacy reimbursements are already declining, even more daunting. "OptiFreight® Logistics can impact the cost component of a medication delivery program by reducing the cost of shipping residentially. Our

technology platform, and one-to-one support model also provide increased visibility and communication around shipments that may have potential challenges during delivery so that the medication delivery program is easier to manage for the pharmacy," Jones said.

OptiFreight® Logistics helps pharmacies find lost or delayed shipments, and diligently tries to understand where shipments are in the delivery chain so intervention can happen whenever possible.

"Those are some of the things we encounter frequently, and at a more basic level, our customers have a dedicated account manager that can help with signature options,

email confirmations, and more. We can increase control and make expert recommendations if pharmacies are experiencing issues with these challenges,” Jones said.

OptiFreight® Logistics’ ability to provide customer specific advanced analytics gives pharmacists actionable insights to fine tune their operations and medication delivery program. Often the result is a reduction in unnecessary shipping fees or utilization of a more cost-efficient service.

“By combining access to the right data with years of healthcare specific shipping expertise we can offer continual support to pharmacies that will allow them to implement best practices over the life of our relationship with them,” said Jones.

Christopher Mathew, director of OptiFreight® Logistics’ Same Day Solutions, highlighted the advantages that specialty pharmacies can reap, as they ship specialty drugs, which can range greatly in value.

As a data and analytics driven freight management supplier, OptiFreight® Logistics provides numerous benefits to pharmacies who may be inexperienced with this type of data. “We take pride in looking at what some might think of as mind-numbing transactional data. We harvest all that data from the carriers we use to support our customers. We mine the data to look for trends and optimization opportunities that are going to help reduce our customers’ freight costs,” Mathew said.

For outbound shipping, it is essential for pharmacies to look at service level offerings such as making sure that proof of delivery details are available, especially when shipping drugs that may include Medicare or Medicaid reimbursement. It is important that details flow back to the pharmacy for record keeping and retention when shipping controlled substances.

“That’s where reporting becomes important, to make sure pharmacies are getting the information they need, and also that it’s easy for them to consume and add to their records for each prescription they’ve filled,” Mathew said.

OptiFreight® Logistics’ web portal offers abundant information to pharmacists who use that tool to ship packages. “Because of our scale, and the number of packages that

are shipped through our portal, we’re able to provide the shipper other potential options that could be more cost-effective than what they’re used to shipping, while still maintaining required delivery dates and times,” Mathew said. OptiFreight® Logistics’ analytics show when the package is going to be delivered the next day as well as the saving opportunity by selecting ground instead of standard overnight.

As an example, if a pharmacy uses a national carrier with a standard overnight option, in most regions that package will get delivered 10:30 am the next day. Depending on the distance of that shipment, a ground option may deliver the next day as well, by about 2 pm. “You’re talking about three and a half additional hours of transit time, but the person receiving it will get it the next day and the saving may be 50% lower than the standard overnight option,” Mathew said.

OptiFreight® Logistics’ portal can also integrate with a pharmacy’s shipping software and other pharmacy systems so that it minimizes the investment and change management for the pharmacy. What does the future hold in this rapidly changing healthcare environment? Jones and Mathew agreed that medication delivery programs are going to continue to grow.

“Certainly medication delivery programs have proven themselves to be a cost-efficient way to get medications to patients. Even beyond Amazon, most folks are used to going online to an ordering platform to place an order and receive what they need in a couple of days, direct to their front door. We’re seeing a growing trend of that buying mindset into the healthcare space and it’s impacting prescription and medication deliveries. As pharmacies look toward the future and wrestle with how they are going to capture the next generation of consumers, this is an attractive place to land,” Jones said.

Mathew added, “Our observation of the market is there is a heavy gravitation toward shipping needs, but the intent is also to reinforce where customers have a need for next day or multi-day shipping. OptiFreight® Logistics is a source for those types of solutions as well. We want to ensure that we understand the needs of our pharmacy customers, and the needs of their patients, and

set up a freight management program that exceeds expectations.”

How can larger organizations who may be shipping from multiple locations or who ship a lot of volume every day benefit from OptiFreight® Logistics’ experience?

“They may be treating these shipping challenges as “one off” requests. They are essentially paying each driver a set rate to take one order from the pharmacy to wherever the recipient happens to be, which is okay for a same-day delivery offering to start out with when you only have a couple of shipments a day. Once you grow, you want to have that support to basically model a more efficient, effective way so you can get a much lower effective cost per delivery by bundling them,” Mathew said.

Instead of treating each order in this way, OptiFreight® Logistics considers how the pharmacy is operating today, what its process is for filling prescriptions, and what time commitments they are trying to make to recipients of same-day home delivery.

By understanding the needs of the pharmacy, a freight management provider like OptiFreight® Logistics should create schedule releases or batches in which a driver will take ten orders at a time and run a route. “We can help optimize so that instead of it costing \$20 for one order, we can work to lower the price per delivery down to around \$8, so the total cost to run a batch is higher but you are delivering a lot more with one driver on that route,” Mathew said.

Finally, Mathew offered this advice to pharmacies, whether they are startups or have been operating for a long time: “It’s important to take time to understand your internal operations and think about how shipping processes and logistics processes fit into that. This is where OptiFreight® Logistics can help. We pride ourselves on having experts who can ask the right questions and act as shipping consultants to make sure our customers are redesigning or tweaking some of their process to make the logistics behind shipping the most efficient it can be.”

For more information on services through OptiFreight® Logistics, visit www.cardinalhealth.com/optifreight-pharmacy or email Optifreight-pharmacy@cardinalhealth.com.