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The BIZ Helps Pioneering Business Stay Out In Front

Although he had been in business for nearly eight years, Tom Halterman learned how to look at his operation differently after learning from Mike Colwell and the BIZ. Today, his pioneering medication therapy management company is growing fast, and he has recently inked a contract with a major, national health care organization.

“When you’re running a business it’s easy to get caught up in the day-to-day stuff, and you forget to look where the business is going or where you *want* it to go,” says Tom, a registered pharmacist who, with his partner, Patty Kumbera, founded Outcomes Pharmaceutical Health Care in 1999. “Mike really challenges our thinking, asks the tough questions and gets us to think about the business in a much larger framework.”

Tom and Patty practiced pharmacy in retail and nursing home environments where they saw the need for medication therapy management, especially among older patients who were taking multiple medications. They saw their customers experience problems with their medications and did what they could when they could, but the community pharmacy business model didn’t allow for consultation time. It was a model based on filling prescriptions, and they only were paid for filling prescriptions—not for consulting with patients.

Demonstration Project

The pair of community pharmacists worked with Blue Cross and Blue Shield of Iowa to fund a demonstration project that revealed the problem and offered up a solution. That solution became reality when Tom and Patty, along with backing from a handful of other Iowa pharmacists, founded Outcomes in 1999.

Outcomes contracts with health insurance companies to consult with patients who typically have complex medication needs. Patients receive a 30-minute consultation with specially trained pharmacists, examining their prescription and medical history to identify duplications, cost savings, potential drug interactions, alternative drugs, etc., to get them on the best possible medication therapy for their condition, budget and lifestyle.

“The insurance companies pay for this service because it results in higher quality health care,” Tom says.

Understanding Options

Mike has met one-on-one with Tom and jointly with the Outcomes management team. Recently he led a retreat with the Outcomes board of directors, at which he got them thinking about what kind of growth pattern they wanted.

“We discussed the kind of exit strategies we needed to prepare for now, including merger, acquisition, IPO or any number of other exit strategies,” Tom says. “And we’re still working closely with Mike to understand our various options so we can prepare for our own future.

“Mike also helped us make sure that we’re working on the business beyond what

Patty and I, as the founders, do. Mike has helped us identify other people in the organization to become leaders. That's the first step in making sure that Outcomes' identity goes beyond Tom and Patty."

Mike also encouraged Tom to take the E200 class offered by the Small Business Administration, where he learned a lot about marketing and financial ratios, for example. "As a pharmacist, I knew a lot about medication therapy management, but not about financial ratios, banking or raising capital!" Tom says.

2003 Legislation

The term *medication therapy management* (MTM) was coined in the 2003 Medicare Modernization Act, and is defined as a required component of all Medicare prescription drug programs. Outcomes had been providing these services from its beginning on the commercial side of the market, even if it wasn't called MTM. The 2003 Act served as a turning point, and the regional organization took on a national scope, gaining many opportunities to work with national organizations.

"We also saw our first real competition, and Mike showed us how to leverage our experience to compete against larger organizations with more financial resources," Tom says.

Additional regulatory changes set to take effect in 2010 create even more opportunities for Outcomes. Medicare is making MTM more robust and health insurers are seeking out someone to help with their MTM. Outcomes was recently selected by Humana Inc. to administer its medication therapy management program nationwide.

"That's going to require us to add more people, expand office space, add clinical staff, etc., to prepare," Tom says. "And Mike's experience in rapid growth environments has been very useful. He continues to ask us questions about growing, about finding good people, and other decisions built on a rapid growth curve.

"He gets you out of the day-to-day activity of putting out fires, while reminding you to work on your business instead of just in it!"

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