

# BUYING A PHARMACY



THINKING ABOUT IT?  
HERE'S WHAT YOU NEED TO DO:



What would you consider the ideal pharmacy to purchase?

Pharmacies that are doing \$ 2-6 million in revenue and 300-400 prescriptions/day.



Jeff Harrell, multi-store owner

To hear more tips from Jeff

CLICK HERE



OUR 1ST PIECE OF ADVICE? ATTEND NCPA'S PHARMACY OWNERSHIP WORKSHOP, SPONSORED BY MCKESSON

LEARN MORE



## Surround yourself with a team of pharmacy ownership experts

At a minimum, you will need accounting, legal, and financing advice. NCPA's corporate member [roster](#) and exhibitors of [NCPA's Pharmacy Ownership Workshop](#) are good places to start.



## Achieve good financial standing

Minimize debt and build good credit. Generally, you will need at least 10% of the purchase price available for a down payment.



## Identify a pharmacy to purchase

Network with current owners in your area and let them know you are interested in ownership. Visit [www.ncpa.org/buyers](http://www.ncpa.org/buyers) to get connected with independent pharmacy sellers.



## Perform a market analysis

This will help you understand your target population, prescriber and payer mix, and potential for business growth. Your wholesaler or an independent pharmacy consultant can help you perform a market analysis.

Consider:

- [Census](#) and [Kaiser Family Foundation state health facts](#) data – Tailor niche services based on data. The total number of prescriptions in the target market can be estimated using population and demographic data (e.g. per capita retail Rx).
- Competition mix – chains may be easier competition than independents.
- Are renovations needed? You will want a drive-thru (or two), plenty of parking, and room for expansion.

**Work with your pharmacy ownership transition team to determine whether you will purchase the stock or assets of the selling pharmacy and the purchase price you will offer.**

### Asset Purchase

The Buyer will be a legal entity that you own. The Buyer purchases assets of the selling pharmacy, such as inventory, equipment, furniture, fixtures, licenses, and goodwill.



Pro

The Buyer does not assume the Seller's pre-closing liabilities.



Con

The Buyer will need to apply for a new pharmacy license, DEA permit, and PBM contracts.

### Stock Purchase

The Buyer will be you (individually) or a legal entity you own. The Buyer will purchase the stock certificate/member certificate of the pharmacy. The pharmacy will continue to operate as a "going concern."



Pro

As a general rule, the pharmacy license, DEA permit, and most PBM contracts will stay in place.



Con

Pre-closing liabilities will remain with the pharmacy.



### Conduct due diligence before purchase

In conducting due diligence, determine if there are liens against the pharmacy's assets, confirm that the pharmacy's organizational documents (e.g., Articles of Incorporation) are in good standing, review the pharmacy's PBM and other third-party payer contracts, and review past audits, litigation, controlled substance ratios, and any reluctance from the Seller to furnish financial information.



### Write a business plan

The plan should include a summary of the loan request, statement of purpose, description of the business, marketing plan, and financial data.

[The NCPA Digest](#) provides benchmarking information that is valuable for financial projections. The business plan is a living document that should be referenced throughout your ownership.



### Seek financing

Banks specializing in pharmacy transitions are the most common and recommended for purchase lenders. Other options include owner financing and wholesaler loans. Lenders will assess your business plan, the economics of the deal, credit worthiness of the borrower, and the overall long-term sustainability of the pharmacy after closing.



### Ensure a smooth transition

Consider hiring the individual owner of the selling pharmacy for some time to allow for a smooth transition.



### Stay connected and grow your business

Attend the [NCPA Annual Convention](#) and get involved with your state pharmacy association to learn about new and future opportunities and connect with other like-minded owners.

[CLICK HERE FOR MORE OWNERSHIP RESOURCES](#)



### Notify relevant parties about the change of ownership (CHOW) and apply for any needed contracts and licenses.

This will vary based on whether it is an [asset](#) or stock purchase and your state requirements. Consult with your healthcare attorney and ownership transition team throughout this process.

#### Stock Purchase

(state dependent)

Apply for New:

*Pharmacy License*

*DEA*

- *If state determines CHOW*

#### Asset Purchase

Apply for New:

*NPI*

*NCPDP Registration*

*Pharmacy License*

*DEA Registration*

*State & Federal Tax ID*

*State Controlled Drug*

*Wholesaler Contracts*

*PSAO Contracts*

*CMS Immunization 855s*

*CMS Drug/Biologics 855B*

*Medicaid Provider Number*

*PBM and Third-Party Payer Contracts*

#### Provide CHOW Notification

*Pharmacy License\**

*DEA Registration\**

*Medicaid Provider Number*

*State & Federal Tax ID*

*Wholesale and PSAO Contracts*

*PBM and Third-Party Payer Contracts*

- *May still require a new application)*

*NCPDP*

*NPI*

*\*State dependent*

#### Special Thanks to Our Contributors

Jeffrey S. Baird, Esq. | Brown & Fortunato  
Jackson Beach | SWOSU Class of 2023  
Christopher Cella | RxOwnership, McKesson  
Schwanda Flowers, PharmD | First Financial Bank

Jeff Harrell, PharmD | Peninsula Pharmacies  
Shantel Houston | NCPA Innovation Center  
Bri Morris | NCPA Innovation Center  
Gabe Trahan  
J. Scott Weaver | PRS Pharmacy Services



The development of this resource was supported by funding from [First Financial Bank](#).