

# Y2K Brings out Industry's Best

Glenna Crooks

**INDUSTRY REPRESENTATIVES  
ENSURE THE DISTRIBUTION OF  
PHARMACEUTICALS WILL BE  
"BUSINESS AS USUAL" DURING  
THE Y2K ROLLOVER.**

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**W**ith nearly unprecedented unity and cooperation, members of the pharmaceutical product and care industry recently joined hands to address the effects of Y2K on the availability of medicines in the new year. Manufacturing, distribution, and retail pharmacy sectors formed an alliance to ensure industry readiness and to reassure the public. Faced with the possibility that patients might not get the medicines they need, the industry came together to prevent the disasters that were envisioned in some Y2K scenarios.

This article will address how the Y2K medicines project can serve as a model for reaching a new level of cooperation and accommodation that will benefit not only the industry, but the patients it serves. Next year's legislative and public policy challenges—such as Medicare reform, pharmaceutical benefits, price controls, and pharmacoeconomic regulation—could be met with a unified front.

## The Vision

The Pharmaceutical Alliance for Y2K Readiness is a result of the vision of several pharmaceutical industry association leaders. It is currently in place, working with local, state, and federal governments; patients groups; individual corporations; and health care associations to ensure they deliver the message that the pharmaceutical supply system is ready for Y2K.

Ron Streck, president of the National Wholesale Druggists' Association (NWDA), saw a need for the alliance last February, and called together leaders from the Pharmaceutical Research and Manufacturers' of America (PhRMA), the National Association of Chain Drug Stores (NACDS), and the National Community Pharmacy Association (NCPA). The agencies involved wanted to ensure that the industry was technically compliant and that all systems were in place to deliver medicines as efficiently and effectively as always.

## Ready

Each association surveyed its members to determine the state of readiness for Y2K. The results were encouraging. After spending more than a billion dollars, nearly every company operation was at least 90 percent compliant by the first quarter of 1999. Three calendar quarters to Y2K and every company anticipated full completion of technical work on time, and in fact, early—by the end of the third quarter.

The Y2K gurus within the industry had reassuring news: manufacturers, wholesalers, and retailers would be ready. The problem, they cautioned, would be consumers. If patients did not know of or believe in the industry's readiness, they might hoard pharmaceuticals and create the very problem the industry was trying to avoid.

### The Y2K Alliance's Web site ([www.Y2Kmedication.com](http://www.Y2Kmedication.com)) links the press and public to up-to-date developments.

#### Set

Effective delivery of such an important message was critical to the success of the overall effort. Failure meant that repercussions would hit in the distribution sector and ultimately in the executive offices. Sending the wrong message could result in panic buying, frightened vulnerable patients, and litigation risks for companies. Before going public, the task force wanted to talk to patients, seniors, doctors, and pharmacists to identify their concerns. It turned to Fredrick Schneiders Research to conduct focus groups.

The findings were surprising. According to the research results patients were not yet concerned about Y2K, and thought it was a creation of the media looking for scare stories. Pharmacists were becoming worried because they were already experiencing temporary shortages in specific drugs, and thought Y2K might exacerbate the problem. Doctors hadn't heard concerns from patients; they were concerned about overseas manufacturing. Schneiders recommended that industry's message would be most effective if it was simple, reassuring, and repeated often.

The task force knew that convincing consumers would be easier with some powerful allies. So it responded to the invitations of John Koskinen, chairman of the President's Council on Year 2000 Conversion, and Frank Reilly, chief advisor to Senator Christopher Dodd (D., Connecticut) of the Senate Select Committee on Y2K to meet and discuss industry readiness. Days of joint preparation paid off in a highly productive meeting with the White House and the Senate. Industry demonstrated that there was a 90-day supply of pharmaceuticals in a distribution system with multiple, product-access points. The task force also demonstrated:

- Companies' information technology systems will be ready
- The supply system is working together
- Substantial inventory is present in the system
- An emergency rapid response network exists
- Companies are reviewing and enhancing the network where necessary for Y2K
- The biggest danger to the system is patient overbuying.

Industry won the confidence of the nation's chief Y2K wizards. Both pronounced the pharmaceutical supply system sound.

#### Go

In June, with White House and Senate seals of approval tucked in their briefcases, the core group went forward to form the official alliance with other pharmaceutical associations, the government, physician and hospital groups, health care organizations, and patient groups. By August, consumer materials were in the hands, if not on the counters, of at least 12,000 chain drug stores and 25,000 independent pharmacies nationwide. Letters were ready to mail to more than a half million physicians, and state and federal legislators were well papered with information.

The Alliance monitored and reacted to state legislation and received help from the White House in responding to ill-advised proposals that could have created panic. The Alliance launched its own Web site ([www.Y2Kmedication.com](http://www.Y2Kmedication.com)) to link members, the public, and the press with the most up-to-date developments in industry Y2K preparedness.

Today, the Pharmaceutical Alliance for Y2K Readiness has more than 20 association members and is growing. It provides mutual aid and support among its members for issues related to the supply of medicines during the Y2K transition. It is a testing ground for the critical concerns that will emerge from patients, and it serves as a network for communicating the reassurance and confidence of industry readiness.

In countless forums around the country, including newspaper articles, letters to the editor, public statements by patient groups, and community Y2K meetings,

the public is cautioned against stockpiling medicines. When that message is not delivered, the Alliance quickly responds with letters, articles, or personal appearances to correct the record. The Alliance is a channel for activity and information and a central clearinghouse for the health care industry as a whole regarding concerns about the pharmaceutical supply.

#### Round Two

As the new year approaches, the Alliance faces new challenges:

**Press coverage.** Its first concern is that major television and media outlets will air Y2K stories without delivering its readiness message. The Alliance will need to monitor those stories as they are developed and attempt to shape the outcome. It must also prepare a crisis communications plan to respond to a wave of negative press, and must be able to track and monitor both consumer reaction to those stories as well as consumer buying behavior at the pharmacy counter.

**Product shortages.** Secondly, some pharmaceutical products, in the normal course of business, are already in short supply. Those problems are product specific and sporadic, and the industry has effective ways to deal with them. The concern is that particularly vulnerable patient groups will be affected by shortages at or near the time of Y2K, and that the experience will create a spillover to panic buying of other products. The Alliance must address the concerns of special patient populations with specific needs for single-source or life-saving drugs for conditions such as diabetes, HIV/AIDS, cardiovascular disease, and chronic pain.

Companies must take the lead for their products by developing response plans and production schedules that specifically address concerns about certain drugs. Some companies have completed planning while others have a long way to go. Companies must also reach out to patient groups to enlist their cooperation in avoiding overbuying. Company performance in that effort also varies.

**Spillover effect.** The Alliance is cognizant of other political issues confronting the industry today—DTC advertising and Medicare drug benefit proposals. Already, the Alliance has received patient criticisms

about DTC advertising of a product that is in short supply. The Alliance's third main concern is that shortages occurring at the end of the year for advertised products might generate anti-industry rhetoric and invite a renewed debate about DTC restrictions. If the industry fails to deliver in the Y2K time frame, the result may be incendiary criticisms from Congress as it contemplates a Medicare drug benefit. That failure could also lead to government warehousing of drugs in the same way that vaccines are now distributed.

**Supply partners.** The Alliance's fourth concern is the readiness of international partners that supply raw materials for manufacturing. The U.S. industry, in its own contingency planning, has purchased some additional raw materials on the assurance of suppliers that they will be technically compliant. Now, with their trading partner systems verified as compliant, U.S. companies are turning their attention to overseas suppliers. Problems could arise later in 2000 when new raw materials are needed but unavailable. The Alliance is currently monitoring the situation in the hope of preventing a crisis that could result in more governmental regulation.

**Lawsuits.** Industry must also brace itself for potential litigation. Patients who heed the message and resist stockpiling medicines—then are unable to obtain critical prescriptions—may use industry's readiness claim against it in court.

### Lessons Learned

The level of effort required to mount a successful response to such a complex challenge was possible only because certain critical factors were present. Those factors can be replicated in future challenges faced by the industry.

**Leadership.** The leaders of the four associations took the initiative to suggest that Y2K problems could be addressed, and that industry and its patients need not be victims of technical demands or public panic. It was not a popular view and questions and resistance arose. But the leadership of those involved kept the quest moving forward. The leaders also had the foresight to create an equal partnership among the associations. None claimed ownership of the issue. Each contributed the time, energy, staff, and expertise necessary to meld the best outcome for all.

**Support.** Association members, who had mounted their own company-specific Y2K ventures, were way ahead of Washington insiders in understanding the real nature of the challenges. Companies' able counsel, willingness to generate information through surveys, and funding of the Alliance effort were all key to its success. Most important was their willingness to communicate with the important policymakers in Washington and in individual states. There is no substitute for having real experts at the policy table, and in-

dustry specialists contributed generous amounts of time and talent.

**Vision.** The early participants knew a problem of undetermined proportions loomed. Neither the Alliance nor the national campaign was on their minds, but they shared the vision that a cooperative effort could achieve a solution best for all. In keeping with that vision, they took the steps of problem identification, description, and solution. They also developed a level of trust and working relationships that amaze both participants and observers. The quality of the joint project is sustained through a strong communications network now in place. Regularly scheduled phone conferences and a constant stream of new materials and information support the effort. The network is open and receptive, and makes every player feel part of an important mission.

### What Next?

The Alliance hopes to see industry through the new year quietly, but what next? The value of pharmaceuticals, the support of R&D, the efficiency of distribution, and the critical availability of pharmaceutical care are all on the verge of major changes. Policy and political issues exploding in the Year 2000 may bring the greatest sea change the industry has experienced. All segments must work together in the future to positively affect those changes for the benefit of the whole. ■



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