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# Machines offer drugs in physicians' offices

By Stacey Burling Inquirer Staff Writer March 28, 2007



Dr. Jim Judd uses a touch screen to enter a prescription for a patient using the QuiqMeds system. The vending machine (below) can hold 30 to 50 items, and doctors choose from among 100 medicines. Most are generics

## An area company distributes a device that parcels prescriptions in doctors' offices.

When his doctor prescribed a medicine for his heart failure earlier this month, Kenneth Howley didn't have to go to the pharmacy to get it.

He picked it up at the front desk.

His medication - a hundred-day supply of a generic diuretic - came from a bright-blue device much like a vending machine that towered among Hatboro Medical Associates' file drawers. Howley paid \$15 in cash for it and was on his way.

The 600-pound machine grew out of an idea that Howley's doctor, Jim Judd, had about six years ago when some of his elderly patients lost insurance coverage for prescription drugs. He started buying some common generic medicines, selling them to patients for less than they'd pay at the pharmacy and making a little profit for his practice as well.

That evolved into QuiqMeds, a Plymouth Meeting company that provides high-tech machines that dispense medicines - most of them generics - in doctors' offices. Doctors order the medicines using a simple touch screen. The patient pays, and the machine spits out the drug. A nearby printer prints an instruction sheet complete with warnings in red and color pictures of what the pills look like.

The QuiqMeds approach, company officials say, is more convenient for patients and often cheaper than the alternatives. At a time when their margins are dwindling, doctors make about \$5 a bottle on the drugs - if their prescription volume is high enough to cover a \$240-a-month service fee for monitoring and restocking the machine.



The machine increases the odds a patient will get the medicines the doctor orders and keep taking them, doctors said. Plus, it saves doctors phone time with pharmacists who cannot read their writing or need approval for a refill.

"QuiqMeds gives them an opportunity to provide an ethical, quality service to their patients, and earn some incremental income," said Mel Stein, a pharmacist and former Aetna Inc. executive who joined the company as chief executive officer last year.

The company, which launched in 2005, now has eight doctors' offices on board. It expects to add two more by the end of April and is in talks with potential franchisers in Connecticut and Florida, Stein said.



**QuiqMeds CEO Mel Stein stands next to one of the machines the Plymouth Meeting company offers. Doctors say the devices increase the odds a patient will take prescribed medication.**

While QuiqMeds can offer some popular name-brand drugs that insurance plans do not cover - think Viagra and its ilk - its business model rests on drugs that have been generic long enough to allow for competition and rock-bottom prices, Stein said. The markup on those drugs is high enough to allow QuiqMeds and the doctors to make some money *and* sell the drugs at a price - usually \$12 to \$22 - that's competitive with most people's insurance co-payments, he said.

The machines can hold 30 to 50 items. Doctors choose among 100 drugs. The most popular so far treat high blood pressure and cholesterol, inflammation and infection.

QuiqMeds is profitable only for large practices. Ideally, a practice needs to be writing 325 to 375 prescriptions through the system each month, Stein said.

The company is entering the marketplace at a time when many insurers are strongly encouraging subscribers to use generics, usually by widening the gap between co-payments for generic and name-brand drugs. The average insurance co-pay for generics is now \$11, according to the Kaiser Family Foundation. Co-payments rise if patients buy more than a 30-day supply of drugs.

Independence Blue Cross, this region's largest insurer, is waiving co-pays for generics for 1.2 million of its members for the rest of the year, a move that makes QuiqMeds less appealing to some patients. Judd, who is an investor and chief medical officer for QuiqMeds, said some people got the drugs at his office even when their co-pays are \$2 or \$3.

"The patient is more than willing to pay a couple dollars extra for convenience," Judd said. "People see going to the pharmacy as a burden."

Aetna has partnered with MedVantx Inc., a California company that also puts generic-dispensing machines in doctors' offices, but has a different approach. The company has about 20 machines in the Philadelphia area, said Jeff Taylor, an Aetna pharmacy director. Patients receive the first month of drugs free from the MedVantx machine. Insurance companies pay MedVantx for the drugs as a way of encouraging their subscribers to try the cheaper medicines. The doctors get nothing.

"That's why we really like this program," Taylor said. "The reason the physicians would do this is to help their patient."

Doctors who use the QuiqMeds machines say they are not tempted to write more prescriptions for the drugs they sell just because they make a little more money.

Stein said that the machines were good for the insurance companies - they are the biggest winners in this model, since they pay nothing - and that financial incentives are appropriate. "We believe that ethically reimbursing a physician for medication therapy right there in his office is a proper way of rewarding doctors," he said.

Glenn Hyatt, an Ambler doctor whose three-doctor group got a QuiqMeds machine last June, said he believed the machine increased the odds that patients would get and take the medicines he prescribed. His practice is breaking even. "What I appreciate about this system is that it's fully automated, and it's very secure," he said.

Marc Kress, a Jenkintown doctor, said Blue Cross' free co-pays had hurt his group, which also started using QuiqMeds last June. His four-physician practice had hoped to make a little extra money in what he said were tight times for doctors. "Unfortunately, I'm not seeing the kind of volume that makes this a profitable enterprise," he said. The group plans to try the machine for at least a year.

Morris Kliger, a Lansdale physician who recently ordered the machine, said his primary worry was patients' not taking their medications because they could not afford them. "I can't imagine this could be a huge moneymaker for us," he said. "It's just something that will keep the patients compliant with their medications and, hopefully, satisfied with the service they receive from us."

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