

## Appendix A—ASHP Statement on the Roles and Responsibilities of the Pharmacy Executive

### Position

The American Society of Health System Pharmacists (ASHP) believes that complex hospitals and health systems benefit from having a pharmacy executive responsible for the design, operation, and improvement of the organization's medication-use process. This individual (sometimes referred to as the "chief pharmacy officer," but hereinafter "the pharmacy executive") must be properly positioned within the organization to ensure the best utilization of his or her expertise in all decisions regarding medication use. To promote effective communication, collaboration, and teamwork with peers, the pharmacy executive should

- Be involved in the organization's strategic planning regarding all components of the medication-use process;
- Report directly to the organization's principal executive (e.g., the chief executive officer [CEO] or chief operating officer [COO]);
- Have a title internally consistent with others reporting at that organizational level;
- Participate in regularly scheduled CEO- or COO-level meetings; and
- Be a member of the medical executive committee (or its equivalent).

### Background

Hospitals and health systems are complex organizations. Executive-level decisions that affect the medication-use system are made at a rapid pace, often with profound implications for patient care, patient safety, and the health system's fiscal well-being. The pharmacy executive must be properly positioned within an organization to ensure the best utilization of his or her expertise in decision-making that affects the policies, procedures, and systems that support safe, effective, and efficient medication use. When pharmacy leadership reports directly to the principal executive rather than through multiple layers of management, the quality and timeliness of information exchange improve significantly. Pharmacy leaders can more actively engage in critical decision-making and will be more effective in helping the health system anticipate and address rapid change.

Significant changes in pharmacy practice, health care, and health-system management over the past 20 years have dramatically transformed the traditional role of the pharmacy director.<sup>1</sup> More widespread use of the title "chief pharmacy officer" (CPO) was first proposed in 2000 in an attempt to enhance the contribution pharmacy makes to patient care by creating organizational parity between the pharmacy executive and other chief officers (e.g., chief nursing, medical, and information officers).<sup>2</sup> When the pharmacy executive works collaboratively with others at this executive level, the pharmacy department is better positioned to effectively contribute to the organization's strategic initiatives and address system-wide issues regarding medications and medication use.

### Qualifications and Responsibilities of the Pharmacy Executive

The pharmacy executive is a professionally competent, legally qualified pharmacist. He or she must be thoroughly knowledgeable about and have experience in hospital pharmacy practice and management. Additional qualifications might include completion of a pharmacy residency program accredited by ASHP, an advanced management degree (e.g., M.B.A., M.H.A., or M.S.), or an administrative specialty residency.

What distinguishes the pharmacy executive from the established director of pharmacy position is a deeper knowledge of the organization's operations and a greater degree of involvement in the organization's strategic planning and decision-making processes. The pharmacy executive provides the organization with pharmacy's unique clinical and business perspective on discussions and decisions related to changes in medical and surgical practice and to operational changes.<sup>3</sup> He or she has experience leading evidence-based decision-making about drug use, controlling pharmaceutical expenses while maximizing patient benefit through the formulary system. The

pharmacy executive has in-depth knowledge of the pharmaceutical supply chain, clinical therapeutics, physician prescribing habits, the medication-use process, medication-use policy, and the technology used to deliver and support patient care, and about how those issues affect the overall success of the organization. The pharmacy executive understands the relationships between third-party requirements, coding, documentation, billing equations, pricing updates, and organizational resources, and can provide quality assurance for all these functions, improving financial performance.<sup>4</sup>

The pharmacy executive's responsibilities include but are not limited to the following: strategic planning; designing, managing, and improving the medication-use system; ensuring quality outcomes through performance improvement activities; leading drug utilization efforts; optimizing use of information systems and technology; managing the pharmaceutical supply chain, pharmacy department financial operations, and human resources; ensuring compliance with regulatory and accreditation requirements; fulfilling the organization's research and educational missions; and providing institutional representation and leadership.<sup>5</sup> The pharmacy executive fulfills these responsibilities through his or her own actions, through proper delegation to competent individuals on his or her staff, and through collaborative efforts with other health care professionals.

**Strategic planning.** The pharmacy executive assesses the health care environment, identifying opportunities to improve medication use and medication-use systems. In the organization's strategic planning, he or she provides pharmacy's perspective on how changes in the use of pharmaceuticals and related technology may impact systems in the future.

**Medication-use system management.** The pharmacy executive is responsible for overseeing the design, implementation, and management of a safe and effective medication-use system. He or she ensures that systems are developed and improved based on evidence and best practices, operate effectively and efficiently across the continuum of care, and are continuously evaluated and improved using contemporary quality improvement methods. The pharmacy executive is responsible for developing plans for the continued operation of medication-use systems and for the provision of pharmaceutical services during emergencies and disasters.

**Quality outcomes and performance improvement.** The pharmacy executive ensures that the medication-use system is continuously evaluated and improved using contemporary quality improvement methods. The pharmacy executive provides leadership at the organizational level to ensure that pharmacists are positioned to improve the quality and safety of medication use throughout the health system. The pharmacy executive (or his or her designate) should be a member of all the institution's key committees responsible for performance improvement activities related to medication use and patient safety. The pharmacy executive and his or her staff must be intimately involved in all improvement initiatives involving medication use. The pharmacy executive should give particular attention to patients in high-risk areas (as identified by organizations such as the Centers for Medicare and Medicaid Services and the Joint Commission) to ensure that pharmacy services meet patient care needs and that drug therapy is as safe, effective, and economical as possible. The pharmacy executive (or a designee) is a member and active participant of the infection control committee and ensures that infection control principles are applied to the prescribing, dispensing, and administration of antimicrobials.

**Drug utilization management.** The pharmacy executive collaborates with peers to develop drug utilization and formulary initiatives that optimize therapeutic outcomes, reduce the risk of drug-related problems, and ensure the use of cost-effective pharmacotherapy throughout the health system. He or she identifies inappropriate utilization and leads efforts to modify practices to improve medication use.

**Informatics and technology.** The pharmacy executive leverages technology and automated systems to optimize the medication-use system. He or she has responsibility for ensuring that information systems and technology used in the pharmacy and in patient care environments maximize the safety, effectiveness, and efficiency of medication prescribing, dispensing, and administration. The pharmacy executive provides leadership at the organizational level

1 regarding planning, purchasing, implementing, and maintaining  
 2 information systems that support patient care (e.g., electronic  
 3 health records, computerized prescriber order entry systems, smart  
 4 pumps).

5 **Supply chain management.** The pharmacy executive is re-  
 6 sponsible for all pharmaceutical contracting, procurement, receiving,  
 7 security, inventory control, diversion prevention, and distribution  
 8 policies, including reverse distribution and other methods of phar-  
 9 maceutical waste disposal. He or she ensures that the methods used  
 10 to contract and obtain products are safe, cost effective, and timely.  
 11 The pharmacy executive is also responsible for emergency prepared-  
 12 ness of the supply chain.

13 **Financial management.** The pharmacy executive manages  
 14 the health-system pharmacy's financial performance within the  
 15 context of the broader health system. He or she develops budgets  
 16 aligned with organizational and departmental objectives and  
 17 monitors financial performance appropriately, performing finan-  
 18 cial audits and analysis as needed to ensure accurate, appropriate,  
 19 and timely recording and classification of actual revenue capture  
 20 and expenses.

21 **Human resources management.** The pharmacy executive  
 22 manages the health-system pharmacy's human resource efforts.  
 23 These efforts include determining the appropriate numbers and types  
 24 of staff required to meet patient care needs, satisfy regulatory and  
 25 accrediting requirements, and achieve the institution's mission. The  
 26 pharmacy executive ensures effective and timely staff recruitment,  
 27 orientation, training, education, mentoring, career development,  
 28 performance review, and retention efforts.

29 **Regulatory and accreditation compliance.** The pharmacy  
 30 executive ensures continued compliance with all national, state, and  
 31 local regulations related to medications and their use. He or she is  
 32 responsible for implementation of Joint Commission medication  
 33 management standards and National Patient Safety Goals related to  
 34 medications, for maintaining ASHP accreditation where applicable  
 35 (e.g., residency and technician training), and for implementation  
 36 of best practices.

37 **Research and educational missions.** The pharmacy executive  
 38 has an integral role in supporting the organization's research and  
 39 educational missions by overseeing investigational drug services,  
 40 fostering staff and resident research, and managing student and  
 41 residency educational programs.

**Institutional representation and leadership.** The pharmacy 42  
 executive demonstrates the personal leadership qualities and busi- 43  
 ness acumen essential to operate effectively within the health system 44  
 and to advance the profession and practice of pharmacy. He or she 45  
 serves as the primary pharmacy representative on relevant com- 46  
 mittees of the organization's leaders to ensure that medication-use 47  
 systems and pharmaceutical services meet the needs of patients 48  
 and health care providers across the continuum of care. The 49  
 pharmacy executive assumes a leadership role within the profes- 50  
 sion through active participation in local, state, and national 51  
 professional associations. 52

**Conclusion** 53  
 Complex hospitals and health systems should have a pharmacy 54  
 executive responsible for the design, operation, and improvement 55  
 of the organization's medication-use process. This individual must 56  
 be properly positioned within the organization to ensure the best 57  
 utilization of his or her expertise in all decisions regarding medica- 58  
 tion use. 59

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John E. Clark, Pharm.D., Russ J. Lazzaro, M.S., and Douglas A. 71  
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