

PHARMACY

Risk Management

A Risk Management
Newsletter provided
as a service by
**Pharmacists
Mutual Insurance
Company**

Volume 7, Number 1

Summer 1998

A Risk Management Newsletter provided as a service by Pharmacists Mutual Companies.

“YEAR 2000 PROBLEM”, “MILLENNIUM BUG”, “Y2K CRISIS”:

What is the problem? Why are so many supposedly intelligent people so uptight about it? It's fairly **simple to define**. In an effort to conserve valuable computer storage space, programmers and hardware designers in the early days of computers used a two digit field to enter the year dates instead of four digits. Now comes midnight 12/31/99, the date changes to 01/01/00, and, unless corrected, some computers and software are going to process that date as 01/01/1900. Obviously, that's going to make for interesting math computations. $99 - 97 = 2$, becomes $00 - 97 = -97$. That can prompt some computers to do the wrong things and stop others from working at all.

What should we do? Businesses and individuals should be striving to obtain what has come to be known as “Y2K compliance.” This issue of *Risk Management in Pharmacy* is almost entirely devoted to the exploration of the year 2000 problem as it relates to you, personally, and to the pharmacy where you work. We will outline some possible loss scenarios, offer some advice concerning what you should be doing to avoid those scenarios, and provide some sources of information to help you get yourself ready for the changeover from the 1900's to 2000 and beyond.

Monday, January 3, 2000. It's 8:30 am. You unlock your doors for business like any other Monday morning. Shortly after you enter your store, your burglar **alarm goes off**. You head to the back room to check the controller, but it won't respond. You unplug the power to turn it off and wonder if the extremely cold weather has affected the system. You also notice that the control for your fire suppression system is blinking an **“error” message** on the display panel. The reset button doesn't seem to work, so you unplug it, too. Whew! Just another Monday!

You power up your computer and POS system. Your 3 full-time employees are in by 8:45 am. It could be a busy Monday morning after the holiday weekend.

A long-time customer comes in, she is moving to a distant city for her new job, and would like a print-out of her prescription profile to give to her new medical care providers. You type in her name, and you get an error message stating **“invalid request.”** You try several back-doors, but for some reason, this customer's records won't come up. “No problem,” you tell her. “I'll fax it or e-mail it to your new office later this week.” No big deal. You'll probably stay late tonight and get the information one way or another.

The “doctors' line” rings and you pick up the phone. A local physician in the clinic down the street has several prescriptions that need to be filled. This clinic has been the source of a lot of business, and you are always anxious to get their prescriptions out as quickly as possible. Part way through the first prescription, a loud **“beep, beep, beep”** punctuates your conversation. The beeping is so obnoxious and loud that you have trouble understanding the doctor's nurse. You manage to tell her that you'll call back on your cell phone. You then pick up your cell phone and get the prescription information. As you are speaking to the nurse, you notice your head cashier is having trouble at the register. You later find out that although your POS accepted information on several items she scanned, it **would not transmit** the customer's credit card information correctly. Luckily, the customer had cash. Wow! This is shaping up to be some Monday!

You have been trying to enter the new prescriptions that were just called in, and you keep getting **“error” messages**. Three prescriptions are refills, and you go ahead and fill them, jotting down information that you'll enter later. Two prescriptions, though, are for unusual products for a customer with various medical problems who you know is on multiple medications. It sure would be nice to have the computer notify you about drug/drug interactions instead of having to look it up in *Facts & Comparisons*. It's also about time to reorder a number of prescription items, and it would be helpful if your automated inventory system was accurate. Hopefully you can get this **computer glitch** ironed out before you get too far behind. Things are starting to get busy now, and you're not sure you will have time to get *Facts & Comparisons* out. Fortunately, you have a part-time pharmacist who works from 9 until noon every day. He will be in shortly, and he can take care of this situation.

After your other pharmacist arrives, you decide it would be wise to transmit a batch of third-party payor requests. Your new contract requires you to submit billings within three business days of month-end, or you will lose 20% as a “late” penalty. You load the diskette that you prepared at the close of business last Friday, and you try to transmit the information. About 30 seconds after transmission, you receive a message from the payor's automated system indicating **your transmission dated 01/02/00 is 100 years late and cannot be considered for payment**. Oh no! This request was for \$17,000...

What more could possibly go wrong today? Plenty...

The time to act is now! **You must address these potential problems now so you have time to implement and test the solutions before the date change takes place.** In many large companies, the testing phase has been the most expensive and time consuming task of the whole process.

The first thing you need to do is **assess** your current situation. Identify programs, hardware, and other systems (i.e., security, alarms, HVAC, critical suppliers and/or vendors) which may cause problems.

Then, **prioritize** the potential loss effects of the various possible scenarios. Cross reference probable and potential dollar loss, and put your money and efforts into the highest priorities first.

Analyze what methods are available to you to fix the problems. Can you solve your problems with upgrades? Will you need to purchase new equipment or software? Are your vendors potential sources of relief? Does a low probability/low severity potential warrant sticking your head in the sand and hoping nothing happens?

Next, **implement** your chosen method(s). Set up an organized monitoring system to track the progress of each "fix" needed. Follow up on those that are lagging. Keep hard copy records of your efforts, they may be important to show "good faith" in the future.

These four steps should be completed by the first quarter of 1999 so you can begin the **test** phase of your project. As stated above, depending on the complexities of your system, this can be the most tedious, expensive part of your compliance efforts. Be imaginative in creating your test scenarios (don't forget 02/29/2000.) Test the worst conceivable situations to see if the systems will support them. Don't be so imaginative that you forget to test for the routine, day in and day out transactions. Don't take anything for granted.

Then, relax. When many others are scrambling to get started in the fourth quarter of 1999, you can sit back, smile smugly, and congratulate yourself on a job well done.

What is "Y2K compliance?" This is the definition we use:

"Year 2000 compliance" means the ability of the Company computer system to accurately process, prior to, during, and after the year 2000, all date-related data and dates on or after 01/01/2000 as well as process the fact that the year 2000 is a leap year, and deal with data fields ending '99' or any other 'magic' or 'bull-set' data date used. It also includes the compatibility of the Company's computer system with other systems (i.e., customers', clients', vendors' and/or other suppliers') which may depend on the Company's computer or on which the Company's computer may depend. It also includes the reprogramming or replacement of any imbedded microprocessors (chips) in any mission critical Company equipment. A Company and its systems are 'Year 2000 compliant' only when able to successfully perform all of the above functions all of the time."

Feel free to use this definition in your Y2K programs and surveys. If you would like a copy of a vendor/supplier survey for your use, call 800-247-5930 ext. 229 or e-mail Jack_Williams@phmic.com.

The Y2K problem may affect not only your computer software but the hardware itself. This is mainly dependent on the manufacturer of your hardware and its age. The microprocessors, or embedded chips, built into your computer must be Year 2000 compliant along with your software.

It is easy to go back to your software vendor to ask the status of your programs regarding Y2K readiness. Most software companies have information available that very specifically tells you if your version of the software is compliant or, in case it

This newsletter does not endorse any particular service or vendor, but here are some helpful websites for those of you who have access to the internet, and phone numbers for those who don't.

General sites:

- ◆ www.year2000.com - a clearinghouse for information on the subject. Many links to solution providers, discussions, and wire service articles.
- ◆ www.ita.com - Information Technology Association of America website. Extensive information on compliance, legal, and solution program setup issues.
- ◆ www.sba.gov/y2k - the Small Business Administration website. Basic information and education. Checklists, suggested steps for a Y2K program, and links to other sites.
- ◆ www.compinfo.co.uk/index - The Computer Information Centre site. Basic information, links to manufacturers, vendors, and solution providers.

Hardware and software sites:

- ◆ www.ibm.com/year2000 - IBM's website or 1-800-IBM-4YOU
- ◆ www.gateway2000.com/home/support/cs_techdocs/y2k/ - Gateway 2000's website or 1-800-846-2301 general technical support
- ◆ support.dell.com/filelib/year2000.asp - Dell Computer website or 1-888-560-8324
- ◆ www.compaq.com/year2000/QandA - Compaq Computer Y2K FAQ
- ◆ www.apple.com/macintosh/info/2000 - Apple Computer Y2K site or 1-800-SOS-APPL
- ◆ www.microsoft.com/year2000 - Microsoft products Y2K website
- ◆ www.medi-span.com - Medi-Span website or 1-800-388-8884
- ◆ www.firstdatabank.com/ref/index - First Data Bank website or 1-800-633-3453

is not, what you need to do to make it so. This can range from some relatively minor program tweaking to purchasing a new program or the latest upgrade.

Assess your hardware also. Most manufacturers of PCs, printers, and other peripherals have information readily available stating which models of their machines are Y2K ready and which are not. **DO NOT change the time & date in your operating system** (Windows 95 or 98, UNIX, OS/2, etc.) **to 11:59 pm, 12/31/1999, wait for the changeover and, if it goes smoothly, think you have the problem licked.** Without getting too technical, there is an internal chip and a mini-program (BIOS) that need to be compatible also. They generally are on most newer systems, however, on some older systems, there is usually some resetting that needs to be done, or, in more drastic situations, a replacement of the chip itself and a reprogramming of the BIOS.

This system specific information is usually available from the vendors' toll free phone numbers or their websites. On page 2 of this newsletter, we provided you with some of the more widely used numbers and website addresses. If your system does not happen to be listed, check your owners manual or, perhaps easiest of all, call the vendor who sold you the system and have them do the checking, verifying, and/or upgrading.

To protect yourself from potential future liability, you must document your Year 2000 efforts. Create a written plan of attack. Earlier we discussed the assessing, prioritizing, analyzing, implementing, and testing steps involved in handling this crisis. Use those steps as the building blocks for your plan if you have not started already.

Then, **use your written plan as the basis for maintaining a log of the steps taken**, the processes completed, and those that are undone or partially done and need more attention. Speaking from experience, your first attempts to get direct answers to direct questions may not be successful. You will need the log mechanism to track those suppliers and vendors you need to get back to. Your contacts may be understandably reluctant to give you an unequivocal certification of compliance. You must press the issue with those contacts until you are satisfied that their product is compliant. If you cannot gain that measure of confidence in the product, then you should be prepared to find a replacement.

Some of you may be interested in **where Pharmacists Mutual (PhMIC) stands concerning the Y2K situation.** The Company's plan is approximately 75-80% complete as of this writing. We are well into the testing phase of our accounting and policy management computer systems. PhMIC has made investments totaling several hundred thousand dollars in the last 18 months in software, mainframe upgrades, and PC replacements and upgrades. These are the systems which directly relate to our interaction with policyholders. As you have received recent policies and billings, you have probably noted some changes. These are an offshoot of those processing changes necessary to make us Y2K compliant. The test phase for these systems will be complete and fully compliant implementation will be on or before the end of this year.

Knowing that that process is well in hand will allow us to concentrate our remaining efforts on fixing the few legacy systems we still use for some insurance department and internal reporting and on ensuring that our suppliers and vendors will not cause us any problems. Our efforts in the legacy systems phase is approximately 50% complete through the analysis stage. We anticipate these systems to be certifiably compliant or replaced by mid-1999. Our survey of critical vendor/ suppliers has resulted in a favorable response from about 85% of them. The other 15% are being allowed time to certify, and contingency plans for replacements are in place.

Pharmacists Mutual is confident that we will be able to provide you with the same great service you deserve, and have come to expect from us, right through the end of 1999 and beyond.

Pharmacists Mutual welcomes new pharmacist/attorney

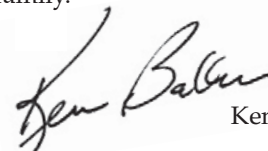
The professional liability article on page 4 is authored by our newest pharmacist/attorney, Don McGuire, R.Ph., J.D. With our increasing business and expansion into new states, we wanted another pharmacist lawyer who could bring a new dimension of experience to our handling of professional liability for pharmacists.

Don McGuire is a pharmacist, graduating cum laude from Butler University College of Pharmacy. After practicing in community and hospital pharmacy for several years, including chief pharmacist of a hospital, Don graduated from Indiana University School of Law, Indianapolis,

magna cum laude. While in law school, Don was on the Law Review, a high honor among lawyers.

Our goal at Pharmacists Mutual is to remain the finest insurance choice for pharmacists in all walks of the profession. The addition of Don McGuire is another step in maintaining that position.

Join us in welcoming Don McGuire to our Pharmacists Mutual family.



Ken Baker

Risk Management in Pharmacy is published by Pharmacists Mutual Insurance Company, P.O. Box 370, Hwy. 18 West, Algona, IA 50511, ph. 515-295-2461.

All rights are reserved, no material may be reprinted without permission.

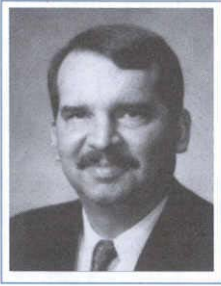
This newsletter is distributed to policyholders of Pharmacists Mutual Insurance Company.

Editor: Jack Williams

Assistant Editor: Shelly Brown

Layout: Merry Simpson

Contributors: PhMIC Staff



**Don McGuire, R.Ph.,
J.D., Attorney,
Professional Claims,
Pharmacists Mutual
Insurance Co.**

Changes are to be expected

Sometimes pharmacists tend to fill in the blanks based on their past experiences. This practice can create potentially dangerous situations. Consider the following examples: Mrs. Williams took a prescription from Dr. Jones for her 7 year old son, Dusty, to Joe's Apothecary. The prescription was for clonidine 0.1mg. Joe interpreted Dr. Jones' poor writing to read clonazepam 1mg because that is what he "expected" based on Dusty's profile.

At about the same time, Sheila, the pharmacist at Sheila's Drugs across town, was taking a phone-in prescription from Dr. Jones. Sheila's prescription for 6 year old Kevin was also for clonidine 0.1mg. Sheila wrote it down and filled it with clonazepam 1mg because that is what she "expected" a mental health practitioner to prescribe. The boys suffered some adverse effects, but neither was seriously harmed.

What Sheila and Joe did not consider is that clonidine has an unlabelled use in Attention Deficit Hyperactivity Disorder. Because of that, they did not reconcile what was actually ordered with what they "expected" the prescription to read. Human nature makes it easy to reconcile these situations by using what "we know to be true."

The key to preventing this type of error is recognizing that something seems out of place. Joe should have realized that his filling in the blanks made no more sense than what was actually written. Once he realized this, a check of a reference book or a call to Dr. Jones would have filled in the blanks correctly.

Sheila should have repeated the prescription back to Dr. Jones while he was on the line (Telephone Echo) to verify what she had written down. This would have identified the transcription problem early and given her a chance to verify the dosage and rationale for using clonidine in children.

How can we as pharmacists guard against the human tendency to "see what we expect to see?" Whenever a pharmacist has a prescription which makes him or her stop momentarily and wonder what the prescriber intended, the pharmacist must investigate the discrepancy prior to dispensing. Any attempt to rationalize based on prior experiences should never be substituted for a good reference and/or a call to the prescriber.

Do you have any questions or requests concerning

✓ The contents of this newsletter? ✓ Safety Consultation Services?

Call 800-247-5930 ext. 229 or E-mail Jack_Williams@phmic.com

**Pharmacists
Mutual[®]Companies**

P.O. Box 370
Algona, IA 50511-0370

BULK RATE
U.S. Postage
PAID
Permit No. 429
Mason City, Iowa