CASE STUDY

How Horizon Pharmacy Cut Costs, Doubled Profits, and Freed Up Capital to Give Back

Jason Dana Costa, MBA, PHR
President and Chief Executive Officer
~ *Horizon Pharmacy*

A LONG-TERM CARE PHARMACY DESIGNED TO GIVE BACK

Horizon Pharmacy is a closed-door long-term care (LTC) pharmacy serving individuals and families in residential and behavioral health programs, as well as in assisted living facilities, throughout Rhode Island. Accredited by the National Association of Boards of Pharmacy (NABP), Horizon's 31 full- and part-time staff, including eight pharmacists, serve 22 organizations and deliver medication to 130 locations across the state.

What sets Horizon apart from other LTC pharmacies is that it's owned by three nonprofit community-based mental health centers, and all its profits go back into these organizations. "On any given day, we are providing medication to approximately 1,600 patients," says Jason Dana Costa, MBA, PHR, president and chief executive officer for Horizon. "But because of our unique structure, we're able to provide free or subsidized wraparound services, particularly for substance use and behavioral health, to an additional 1,000 uninsured or underinsured people through the nonprofits that own the pharmacy." Many of these individuals are unhoused or in recovery, making access to these wraparound services that much more essential for them.

THE CHALLENGE: MANUAL, TIME-CONSUMING PROCESSES AND LIMITED VISIBILITY

According to Costa, for pharmacies like Horizon, inventory typically accounts for 80% or more of expenses. "When I joined the pharmacy in early 2023, we were in the ballpark of 86%. Compared to industry benchmarks, I felt we were overpaying," he says. His goal from the outset was to cut costs by 2% to 3%, and he believed the best way to do that was to improve the efficiency of purchasing and inventory management processes.

As a first step, Costa hired an inventory specialist, whom he shadowed when she started. "I immediately saw what an arduous task it was to compare pricing between our primary vendor and just the single secondary vendor we had at the time." Finding the best drug prices — and making sure they complied with contractual agreements —required jumping back and forth between the two vendor platforms to gather all the necessary information before making a purchasing decision, he says.

Costa's original thought was that streamlining processes would allow the pharmacy to add several secondary vendors for more purchasing options. However, with a full understanding of how time-consuming the process was, he knew it would be difficult to add more than two or three. Plus, despite the efficiencies the inventory specialist put in place, Costa says the cost of goods wasn't coming down. "No matter what she was able to do to streamline the process, it still required constant switching between systems and manual comparisons. There's only so much the human mind can categorize."

It was at an industry conference around this time that he began exploring the idea of adding a purchasing platform. "The first I was introduced to was interesting, but it still required a lot of

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manual work," he says. "And then I came across SureCost." What Costa found was a platform built for exactly the complexity Horizon was navigating.

THE SOLUTION: AT-A-GLANCE VIEWS OF ACTIONABLE DATA

SureCost Smart Supply™ is the Predictive Supply Intelligence Platform built to make every pharmacy purchasing decision faster, smarter, and more profitable. Powered by SureCost Supply Intelligence™, the platform unifies procurement, inventory management, and drug shortage intelligence in a single workflow — so pharmacies like Horizon can lower costs, stay compliant, and better serve their patients and communities.

SureCost Purchase Manager™: SureCost's Purchase Manager is designed to help pharmacies make smarter purchasing decisions with consolidated, real-time views of drug prices and availability across multiple vendors. The system also monitors contract compliance as users research drug prices and facilitates procurement.

"What I liked about SureCost's purchasing platform right away was its ability to ingest information," says Costa. Using one medication as an example, he says, he was able to see pricing, availability, and compliance in a single view across nine different vendors. The platform automated the entire process, eliminating the need for manual comparisons altogether. "When I saw how Purchase Manager worked, I thought, with this kind of bandwidth — SureCost could put us in the position to easily add secondary vendors and substantially lower our costs."

SureCost Inventory Manager™: In addition to the purchasing software, Horizon also decided to add SureCost's Inventory Manager software, which gives pharmacies up-to-date insights into physical and perpetual inventory as well as transfers, returns, and usage trends. "The software essentially looks back at a month's or six weeks' worth of dispensing and purchasing data and predicts for us what we need to be buying right now," says Costa. It can also identify slow-moving or obsolete inventory, ultimately helping reduce waste and carrying excess inventory. The system also enables Horizon to categorize inventory, including fast movers, bulk items, injectables, and more. This allows them to set and manage benchmarks for each category.

Horizon began rolling out the SureCost Smart Supply platform in mid-2024 and was fully up and running by early 2025. The first few months were spent with an initial SureCost trainer who helped the pharmacy set up the system and begin training staff. A second trainer came in once this was done to help Horizon manage exceptions related to the pharmacy's processes, unique business model, and complexities of doing business in Rhode Island. "When we first started with SureCost, I still had the inventory specialist on staff — but she ultimately relocated," says Costa. "By that time, staff had been trained on the platform, and I had enough confidence in the technology that I didn't feel the need to replace her."

THE RESULT: SMARTER BUYING, LOWER COSTS, INCREASED CONTROL

Within 6 months of going live on SureCost Smart Supply, everything fell into place for Horizon. Today, the pharmacy executes daily orders across eight secondary vendors, maintains contract compliance with its primary vendor, and has cut its cost of goods sold from 86% to an average of 83% of revenue, with some months hitting 80% pre-rebates. Horizon has also doubled its profits without increasing the inventory it carries.

The results didn't come overnight. "I will say for the first few months after we were fully up and running, I wasn't seeing the needle moving at all and was beginning to worry that I hadn't made a good investment," Costa explains. What was less visible to him in those early months, however, was the amount of time SureCost was saving his staff by eliminating manual purchasing processes. "The people using the system encouraged me to give the financial impact more time to catch up," he says. "They were absolutely right."

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Getting Costs Under Control

Costa says it was around the sixth month that everything fell into place. Today, Horizon uses the system every day to execute orders and ensure compliance with its primary vendor. They also have six secondary vendors with which they can systematically compare prices. "I probably wouldn't have been able to have more than three or four secondaries total without SureCost," he says. "The fact that I have eight secondary vendors now, more than anything, tells you the breadth of the information the system can handle."

Horizon's cost of goods sold averages about 83% of revenue — down from the 86% it was when Costa joined the pharmacy. "There were even a couple of months when we hit 80% pre-rebates," he says. At the same time, Horizon has successfully doubled its profits without increasing the inventory it carries — ultimately helping improve cash flows.

Prior to implementing SureCost Smart Supply, the pharmacy had fallen out of compliance with its primary vendor once or twice, which resulted in penalties that took nearly a year to resolve, says Costa. This hasn't happened since they began using SureCost Purchase Manager. The insights into purchasing also helped them negotiate valuable carve-outs for medications that had historically impacted their ability to comply.

Keeping Inventory Moving

"What really stands out about SureCost's software, aside from the fact that we are now successfully buying at the lowest possible cost, is how efficiently we're managing our inventory," says Costa. The pharmacy is now doing just shy of four inventory turns a month — or just about 40 a year. "I'd say the average annual inventory turn for pharmacies is somewhere in the 20s," he adds. "There aren't many independent pharmacies that can say they're flipping their inventory 40 times a year, but we really are."

Inventory Manager also helps Horizon identify medications that haven't been used in the last 90 days and could be returned. "Knowing that, I'm pretty sure I could push the cost of inventory I carry down even lower," says Costa. In addition, the pharmacy has reduced the number of physical counts it conducts each year from two to one. This is a plus, he says, because each physical count requires the pharmacy to suspend billing for up to a week. "Any day I have to stop billing is a terrible thing."

With the results Horizon has achieved, Costa says the SureCost investment paid for itself in less than nine months — and more.

THE VALUE: A TECHNOLOGY INVESTMENT AND PARTNERSHIP BUILT FOR THE LONG-TERM

Since implementing SureCost Smart Supply, Horizon has reinvested the additional cash flow to grow the business. "We bought a pouch packing system and an AI robot to help reduce data entry errors," says Costa. "Those two things, in my opinion, wouldn't have been possible without SureCost." Just as importantly, it means the pharmacy has more resources to give back to the community — a critical part of its mission.

However, Costa says the value of Horizon's relationship with SureCost goes beyond savings. "The platforms have been built in a thoughtful way, and are very reliable and stable," he says. "It's been a great tool for us. It's delivering on what SureCost promised, and that's very meaningful to me."

That aside, he says, it also comes down to the relationship. "I am an inquisitive kind of CEO because my background is in finance. I ask a lot of questions about why software can't do this or that, and every time I ask something of SureCost, I get a response — and usually a solution."

It's that combination of measurable results and partnership, he says, that has made SureCost "a great investment."

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One Platform for Every Drug Supply Decision

Pharmacy procurement has gotten harder to manage

Multiple vendors | Overstock and understock guessing | Backorder scrambles | Compliance risk

Smart Supply replaces the spreadsheets, vendor portals and guesswork with one connected view of what to buy, from whom and at what cost. Instead of reacting to a shortage or a margin problem after it's already cost you, your team sees it coming and acts on it directly.

THE RESULT:

Drug Supply

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Real-time price optimization across every vendor, cuts buying time by 50%

Inventory Manager™

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Drug Shortage Insights™

Shortage predictions up to 60 days before they hit, plus vendor-agnostic alternatives

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Live contract monitoring across every vendor, built for 100% primary vendor compliance

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