

Law's Cardinal Health Acronym Glossary

Acronyms	Description
20-20-20	20% Earnings Growth 20% ROE 20% X P/E Multiple (Cardinal aspiration until realled \$60 B+In Rev)
ALARIS	Medication infusion pump product line
AMP	Avg Manufacturer Price
ANDA	License to manufacture a specific generic item
ASP	Avg selling price
ASV	Alternate Sources Vendor
AWP	Avg Wholesale Price
BigNet	
CIM	Centralized Inventory Mutual Perpetual Inv
CTS	Clinical Tech & Services
DSA	Distribution Service Agreement
DSM	Disciplined Strategic Management
DSP	Distribution Service Program
EIT	Ent It
EP	Economic Profit
GPO	Group Purchase Org
HSCS	Healthcare Supply Chain Services
ICM	Integrated Customer Management
IDN	Integrated Delivery Network (group of hospitals)
IPS	Integrated Provider Services
Leader	Cardinal brand for business management services offered for retail independents
LPP	Leadership Program Participants
MBO	Management Bio Objectives
MCOT	Major Class of Trade (Alt Care, Retail, Health Services)
ME	Marketing Excellence
MMA	Medicare Moderation Act
MPM&S	
MPS	Medical Products & Services
NBA	Next Best Alternative for the services we provide
NLC	National Logistics Center
OCH	One Cardinal Health
OT	Oral Technologies - subsegment of Pts
PDPS	Pharma Dist & Provider Services
PDXT	Pharma Dist Executive Team (Parrish Direct Reports + Group SVP's)
PIS	Pharma Technology & Services
PVA	Prime Vendor Agreement
PYXIS	Medication & Supply Management Automation Product Line
RI	Retail Independent
ROCC	Return on Committed Capital
SCS	Supply Chain Services
SI	Strategic Intelligence
SKURAT	Stock Keeping Unit Product Rationalization
SPD	Specialty Pharma Distribution
SPS	Specialty Pharma Services
TSR	Total Shareholder Return
VOF	View of Future
WAGS	Walgreens

call
on purchasing
director

→ Acute Inpatient
Acute Care
Sales

Non-Prime = Cardinal not primary vendor

Prime = Meet all customer needs

ValueLink = sequestered inventory
for specific customer
guaranteed service levels

Labs = lab. type products
different business unit w/in hospital

Ambulatory = small physician offices,
non-acute care ~~physicians~~
smaller customers, facilities
credit cards,

MPS

Mark
McLaughlin

Nice
Orhan

PD call on Pharmacy directors

CARDINAL HEALTH TERMINOLOGY

Advertising Allowance	Monies available to promote products through channels other than direct selling.
Aerosol Room	A fire protected room where all overstocked aerosol products are stored (OTC and Rx). Room is designed to prevent explosions in case of fire. Not all distribution centers have aerosol rooms.
Medical Products & Services	Manufactures, markets and distributes medical, surgical, and laboratory products to healthcare providers across the country. Consults to hospitals and health systems on managing their medical procedure costs.
Medical Products & Services	
- Converters®	Single-use surgical drapes and gowns
- Custom Sterile™	Specialty order procedure kits
- MediVac®	Fluid-collection systems
- V. Mueller®	Surgical instruments
- Airlife®	Respiratory care products
Allocation Order	An order filled at the old price after a price increase (usually limited to one to two months' supply).
Allotment	The amount of product the manufacturer will allow the wholesaler to purchase at the old price after a price increase.
Allowance stocking	A temporary price reduction typically given as a buying or allocation. Can be expressed as an off invoice allowance (reduction) or as a free goods allowance. For example, buy two get one free.
ALP other (Automated Liquid Packaging)	A custom manufacturer of sterile liquid pharmaceuticals and health-care products.
ARCOS	Automation of Reports and Consolidated Order Systems. This report aides the government capability to maintain a current inventory of selected controlled substances from point of manufacture, to the point of sale, distribution or other disposition to the dispensing level.
AWP the (Average Wholesale Price)	The non-discounted price of a product, established by either manufacturer or the wholesaler.

Backorder	The portion of an order that the manufacturer cannot deliver by the specified date. The undelivered merchandise is referred to as "being on backorder".
Backup Bin	Secondary bin location.
Bar Code	A sign or symbol for scanner identification of products.
Basis Points	1/100 of 1%. One percent contains 100 basis points. Wholesale mark-up is sometimes expressed in basis points.
Bill Back	The amount a wholesaler "bills back" to the manufacturer for merchandise sold at a reduced price during the deal
	period. The pre-established amount is payable on proof of sale.
Bin	Location where product is stocked.
Bioavailability	A measure of the rate and extent (amount) of the active ingredient that reached the general circulatory system.
Bioequivalents	Pharmaceutical equivalents that, when administered under similar conditions, will produce comparable bioavailabilities. In a bioequivalent drug product, the rate and extent of absorption of the active ingredients do not show a significant difference from the rate and extent of drug absorbed from the reference product.
Blank	Also known as a DEA form #C222. Required to be completed by the pharmacist and accompany an order for all CII controlled substances and some CIII substances such as steroids.
Bluebook	A data source company that provides information on Rx pricing, AWP, drug classes and types and third party reimbursement. The drug codes are used in reporting, pricing and in auto-substitution programs. In addition, most third parties use data from Bluebook, Medi-span or Redbook to determine appropriate reimbursement of prescriptions.
Bracket Pricing multiples.	Volume discounts provided by manufacturers on purchase multiples.
Brand	The trade name given by the manufacturer of the original patented generic drug. Typically used in reference to a drug still protected by the original patent. A brand name is not

necessarily a trade name, although they are often used synonymously.

Buy-in Offer

An offer to the wholesaler to buy a designated quantity of merchandise at the old price pending a price increase (usually a one-month supply).

Buy-Side Margins

The elements of the wholesaler's gross margin that are attributed to the buying function rather than the mark up on the sale of the product.

Cage

A secure area of the warehouse, usually fenced, where Schedule III, IV, and V controlled substances are stored.

Call Frequency

The frequency with which an account is visited.

Call Productivity

The sales consultant's accomplishments on a sales call.

Cardinal CHOICE™

Retail Pharmacy Management and Technology. Complete inventory management and purchasing system.

Cardinal ConsultRxsm

Designs pharmacy resources and services to maximize financial profitability and quality across the medication-process use. Headquarters: Dublin, Ohio

Cardinal Distribution

Offers numerous distribution services and programs that draw from its expertise in logistics, procurement, inventory management, and marketing to provide pharmacy customers with highly effective order processing, inventory control, and pharmacy-management solutions. Headquarters: Dublin, Ohio

Ohio

Cardinal Information Corporation (CIC)

Gathers data from Cardinal Health companies to create valuable information products for pharmaceutical payers, providers, and manufacturers. Provides information systems that gather drug-use and outcomes data, allowing healthcare providers to compare risk-adjusted outcomes data by drug class and brand. Headquarters: Dublin, Ohio

Cardinal MarketFORCE

Provides a broad range of outsourced sales and marketing services for new and established pharmaceutical products. Headquarters: Dublin, Ohio.

Cardinal Preferred SOURCE™

Contact Pricing and incentives on generic pharmaceuticals.

Care Touch®

Interactive catalog of home health care products.

Case Pack	The number of units in a standard case.
Cash Discount	Discount offered by vendors at time of payment to their customers if remittance is received on or before due date.
Chargeback the	The reimbursement a wholesaler is entitled to receive from the manufacturer when products are sold to a customer below AWP in accordance with a manufacturer's contract.
CIN	Cardinal item number, 7 digit product code
Closed Pharmacy	A pharmacy that a member of a managed care plan (HMO, PPO, etc.) must use to receive that managed care plan's coverage for medications. A closed pharmacy does not sell to the general public.
Community Pharmacy Shopper™	Retail Program Circular Advertising Program promoting OTC and HBC national brands, HHC and Leader Brand Products.
Comprehensive Reimbursement	Provides reimbursement consulting services to pharmaceutical, biotechnology and medical product companies.
Consultants, Inc.	Headquarters: Minneapolis, Minnesota
Contract Pricing	A special price negotiated outside the normal terms of the customer's buy plan. Often times, the contract pricing is directly established by the customer with the manufacturer. A contract price can also be established by the customer with Cardinal Health Pharmaceutical Distribution.
Controlled Substances	Substances that are regulated and controlled by the DEA, based on potential or actual illegal drug trafficking and abuse. Substances are divided into five schedules based on their potential for abuse and physical and psychological dependence. The five schedules are listed below:
Schedule I:	High abuse potential and no accepted medical use. Heroin, marijuana and LSD fall into this category.
Schedule II (CII)	High abuse potential with severe dependence liability. Prescriptions must be written in ink or typewritten and signed by the practitioner. Verbal prescriptions must be confirmed in writing within 72 hours and may be given only in a genuine emergency. No renewals. Examples of drugs in the category are Methylphenidate (Ritalin – an amphetamine for attention deficit disorder) and Oxycodone/APAP (Tylox – a potent analgesic).
Schedule III (CIII)	Less abuse potential than Schedule II drugs and moderate

dependency liability. Prescriptions may be oral or written. Up to five renewals permitted within six months. Acetaminophen with Codeine, Hydrocodone/APAP (Vicodin – an analgesic), and Methyl testosterone (steroid) are examples of drugs in this class.

Schedule IV (CIV)

Less abuse potential than Schedule III drugs and limited dependency liability. Prescriptions may be oral or written. Up to five renewals permitted within six months. Examples of drugs in this category are Alprazolam (Xanax), Diazepam (Valium), and Lorazepam (Ativan). All three drugs are sedatives used primarily to treat anxiety.

Schedule V (CV)

Limited abuse potential. Primarily contain small amounts of narcotics (Codeine). Used as antitussives (cough medicine) or antidiarrheals. Low abuse potential, prescription may not be required. Examples include Guaifenesin with Codeine and Terpin Hydrate with Codeine (cough syrups).

**CORD Logistics, Inc.
manufacturers**

Distributes and tracks products for pharmaceutical

without buying or taking ownership of any merchandise.
Headquarters: Nashville, Tennessee

Cost of Goods (COGS)
what we

our

For Cardinal Health, COGS is our acquisition cost – pay to buy the product. For our customers, COGS is replacement cost, plus any mark-up (also known as cost plus), mark-downs.

Cost Plus
as mark

The wholesaler's price to the customer. Also known up. Cost plus includes the cost of goods (before cash discount) plus fee for our service. Generally stated as cost plus " x " percent.

Cplus-Prc

Cost of product plus upcharge percentage.

Cubic Centimeter (cc)
milliliter (ml).

Metric measure of air or gas. 1 cc is equal to 1

Cycle Dates

The dates specified by a manufacturer for ordering promotional merchandise.

Cycle Stock
creates

stock or

opportunities.

Working inventory. The portion of inventory that service level. Cycle stock does not include safety stock purchased as a result of forward buying

D.A.W.

Dispense as written.

Days Inventory on Hand
before an

division,

The number of selling days covered by inventory out-of stock occurs. Expressed as a number for the not for individual line items. The average division (warehouse) has 60 days inventory on hand.

DC/RDC
large

the

the

DC is a wholesale distribution center. RDCs are the regional distribution centers. The major difference is size of the facility, the geographic area covered, and degree of automation possible.

Diabetic Linksm
primary

Retail program which establishes a pharmacy as a resource for diabetic care.

Dlr-Prc

Dealer Price; the same as average wholesale price.

Drop Ship
the

Shipment of an order from the manufacturer direct to wholesaler's customer. Drop ship orders can be billed through the wholesaler.

Drug Enforcement
storage,
Administration (DEA)

A government agency that governs the procurement, sale, and distribution of controlled substances.

EBIT

Earnings before interest and tax.

Economic Order
estimated
Quantity (EOQ)
inventory.

The precise amount of a product needed to cover demand without tying up cash in unnecessary

EFT
(Electronic Fund Transfer)

A formal EDI whereby funds for payment are received electronically.

Electronic Data
Interchange (EDI)
confirmation;

The electronic transaction of business between trading partners; ordering product; receiving order

invoicing data; contracting information; making price changes; and making payment. In addition, sales and marketing information are transmitted electronically.

End Stack
featuring

A display at the end of an aisle in a retail outlet merchandise at a promotional price.

The Enright Group
pharmacy

Provides consulting services related to all areas of practice with a strong focus on improving the effectiveness of the medication use process, the use of automation and the development of skills needed for success in the current pharmacy environment.

EOM

End-of-month

Expediting
usually

Steps taken by the manufacturer to reduce the time required between receipt of an order and final delivery of the merchandise.

Express Care

Retail Program- entry level home health care program.

Express Care Plus

Retail Program- Expanded health care program that focuses on formulary management.

Express CLAIM®
outsourced

Retail – Pharmacy management and technology

billing service that manages reimbursement claims for home health care products.

First Script™
ship

Retail – Pharmacy management and technology auto-

program on newly released brand and generic pharmaceuticals.

**Food and Drug
Services that
Administration**

A part of the Department of Health and Human

is charged with administering the Pure Food and Drug Act and various other laws that relate to prescription and veterinary drug production and sales.

Formulary

A list of drugs stocked in a hospital or managed care pharmacy or a list of drug product from which managed care physicians select an appropriate medication for patient treatment. There are two types of formularies. In an *open formulary*, all products are covered. In a *closed formulary*, only drugs on the formulary are covered.

Forward Buying,
required for
Investment Buying

Purchase of a larger quantity of a product than current needs in anticipation of price increase. Can also apply when taking advantage of a special discount or free goods offer offer.

Free Goods
specified

Products supplied without charge on an order for a amount of merchandise. Free goods are usually sending the invoice to the manufacturer.

obtained by

Free-on-board (FOB)
buyer's

FOB Ship Point means that freight charges are the responsibility. *FOB Delivery* means that the freight are absorbed by the shipper. In the wholesaling our price typically includes the cost of delivery.

charges

industry,

Full Case Area

The area in which items are kept that will be picked by full case only. The area is also used for overstock of an

item.

Generic Name

The therapeutic class name assigned to the original patented drug (e.g. the generic name of McNeil's Tylenol® is acetaminophen).

Generic Substitution
unbranded

The act of dispensing a different branded or drug product for the drug prescribed (i.e. a equivalent distributed by a different company).

pharmaceutical

Examples

include a Rufen brand of ibuprofen for a Motrin brand ibuprofen, or an unbranded generic ampicillin for

of

polycilin.

Gram
One

A unit of weight (used for mass) in the metric system. gram equals the weight of one cubic centimeter (cc) or milliliter (ml). Equivalent to .03527 ounce. 1000 grams one kilogram.

a

=

Gross Margin Dollars,
goods

Amount of profit earned between wholesaler's cost of

Gross Profit Dollars
etc.

and selling price before rebates, discounts, returns,

Gross Margin Percent
is profit

Typically referred to as Gross Margin. Gross Margin expressed as a percent of sell.

Gross Sales

Sales before returns, discounts, and rebates.

Group Purchasing

The primary purpose of a GPO is to combine the buying power of all its members to obtain contracts for preferred

Organization (GPO)

pricing and terms on selected products supplied by a contracting manufacturer or supplier.

Guaranteed Sale
amount

Merchandise sold with the guarantee that any unsold may be returned for a full refund.

Hand-held Order Entry Unit
systems.

A hand-held electronic order entry device specifically programmed to work with Cardinal's information

HBA/HBC

Acronym for *Health and Beauty Aids* or *Beauty Care*.

Health Maintenance
provider of
Organization (HMO)

Entities that combine the functions of insurer and care, giving most necessary care for a prepaid fee and placing an emphasis on prevention and careful assessment of medical necessity.

Health Touch Unit
and

Consumer interactive kiosk for current medications
Health and wellness information.

Home Health Care
Examples are

Products designed for patient care at home.

Durable

walkers, wheelchairs, canes, etc. Also known as
Medical Equipment (DME).

IDN
(Integrated Delivery Network)

A system or group of healthcare facilities (i.e. hospital, alternate care, retail) under common ownership.

Inventory Accounting Methods
leaves

Different ways of valuing Cardinal's inventory as it
the warehouse for the customer. The three methods commonly used are FIFO (first in, first out), LIFO (last

in,

first out) and NIFO (next in, first out).

Inventory Turn
"turns

are

Inventory =

for

Invoices
product

Item Number
purposes. Also

Item Ranking
units.

Just-in-time (JIT)
placed

prior

Landed Cost
discounts,
etc.

Leader® Brand

Leader® I.D. Program
development

Leadernet™

Leader Online™
patients

A turn describes how often inventory moves out or over." Can be used to describe a product line or the inventory within a division. Division inventory turns calculated by: *Cost of Goods Sold/Merchandise Turns*. Merchandise inventory is inventory available for sale.

A bill containing itemized information about each ordered and the total dollar figure billed.

The number assigned to an item for ordering known as Epic number.

A system to rank items by demand either by dollars or

A method of inventory management where orders are placed so that new goods arrive as the last units from the shipment move out.

The total cost of product after taking into effect all allowances, advertising dollars, promotional moneys,

Retail – High Quality, extensive private-label line with exceptional margins.

Multimedia advertising and store identity image program.

Access to third-party plan members and benefits.

Turn Key program that establishes a web site with e-commerce capabilities for your store allowing

to order prescriptions, refills and products and access pharmacy related information online.

Lead Time	A factor used in ordering, based upon the number of days from the time an order is placed to the time it's available in inventory.
Legend Drug be	Unlike an over-the-counter (OTC) medication, cannot be dispensed without a prescription. Includes controlled substances.
Line Extension cost of an	Calculated as the number of units multiplied by the individual unit.
Line of Credit extend	The dollar amount of credit a vendor or wholesaler will to a customer.
Lines Per Hour able to	The number of individual lines a warehouse picker is Process in one hour.
List Less arrive	Refers to the pricing method of discounting AWP to at the invoice cost. (List less = 1% AWP – 1%)
Liter or	Metric fluid measure, equivalent to 1000 milliliter (ml) 1.0567 quarts.
Manufacturer's Suggested Retail	Consumer goods retail price as recommended by the manufacturer.
Mark-up added Mark-up	Also known as cost-plus. Mark-up is the percentage to the cost of a product to determine its selling price. is also profit expressed as a percentage of cost.
Maximum Allowable Cost (MAC) dispensed health which the pharmacies.	The ceiling imposed by the federal government for reimbursement to the pharmacy for the products under Medicaid or other federal and/or federal-state program. The MAC ceiling is the "lowest unit price at the drug is widely and consistently available" based on package size most frequently bought by

Medicaid
the Social

A federal/state program, established by Title XIX of
Security Act that provides medical care to the poor.

Medicare
Security
physicians for

A program established in 1955 under the U.S. Social
Administration that reimburses hospitals and

older.

medical care provided to qualifying social security
beneficiaries, such as people 65 year of age and

Medicare-participating
claims
Physician
incentives.

A doctor who has agreed to accept assignment on all
from all Medicare beneficiaries in return for certain

Medicine Shoppe International, Inc.
network of

Franchises apothecary-style pharmacies with a
more than 1,200 franchises worldwide.
Headquarters: St. Louis, Missouri

Medi Qual Systems, Inc.
services

A leading supplier of clinical information systems and
to the healthcare industry.

Medi-Span
Rx

A data source company that provides information on
pricing and third party reimbursement. Most third
use data from Medi-Span, Redbook or Bluebook to
appropriate reimbursement of prescriptions.

parties

determine

Merchandising Plus®
merchandising

Retail pharmacy management and technology
program for front-end management.

Mezzanine
picking

A non-structural second floor in a warehouse where
typically takes place.

Microgram (ug or meg)
milligram.

One-millionth part of a gram. One-thousandth of a

Milligram (mg)

One thousandth of a gram.

Milliliter (ml)
centimeter

One thousandth of a liter. Equivalent to one cubic

(cc). The term milliliter is used when referring to liquid
volume.

MMP

Matrix Management Process

Morgue stored.	Area of the warehouse where the returned goods are
Moving Average Cost inventory	A method used for accounting purposes to calculate value.
National Drug Code (NDC) prescription drug numbers are	The number assigned by the FDA for each product sold in the United States. No two NDC the same.
National PharmPak repackaging chains and	The country's largest provider of pharmaceutical services to the majority of the nation's largest drug other retail pharmacies. Headquarters: Zanesville, Ohio
National Specialty Services to	Distributor of pharmaceutical and medical supplies to physician practices and therapeutic plasma products hospitals, outpatient clinics and surgery centers. Also provides sales and marketing management services to physician offices. Headquarters: Nashville, Tennessee
Net Inventory	Total merchandise inventory less accounts payable.
Net Net available	With Net Net pricing, the wholesaler passes all discounts to the customer.
Net Sales	Gross sales less returns and discounts.
Net Selling Margin	Mark-up dollars less any rebates
Nexus Healthcare, Inc. patients	Dedicated to assisting medical practices in caring for receiving drug therapy for chronic conditions.
OBRA that any	The Omnibus Budget Reconciliation Act of 1990. This legislation requires that manufacturers pay rebates to each state Medicaid agency. The Act also requires manufacturers provide pharmaceuticals to Medicaid patients at the "best" or lowest price that they sell to customer.

Off-invoice	Invoicing a product at a special promotional price for a limited period of time.
Open Stock opposed	Stock that is picked by unit or less than a case as to a case.
Open to Buy	The budget a buyer has available for a given product.
Ordernet wholesalers	One of several mailbox systems through which can transmit orders to manufacturers.
Order Point base are	A level of product in unit and days on which buyers purchasing decisions. When on-hand and on-order below the order point, an order must be placed.
Orphan Drugs number special development of	Drugs for rare disease states that affect a limited of patients. Manufacturers of these drugs receive tax provisions to encourage research and these compounds.
OSHA purpose	Occupational Safety and Health Act of 1970. The of the act is to assure a safe and healthful workplace.
OTC	Over-the-counter
Over-the-counter	Drugs that may be sold without a prescription.
Overstock	Inventory on hand in excess of the order point.

Owen Healthcare, Inc.

Consults to more than 500 hospitals and healthcare providers in 40 states as the nation's largest hospital-pharmacy-management company.
Headquarters: Houston, Texas

Owned Inventory
inventory

The same as net inventory. The total merchandise less the accounts payable to our suppliers.

Packing Slips

The slip provided with the order sent to the customer, indicating what the shipment contains.

Pack Size
many

The number of "eaches" in a vendor shipping unit, items are sold in shrink-wrap units of varying quantity.

Payment on Consignment
merchandise

Payment to the manufacturer due only after has been sold.

Payment Terms
discount

different

The time limit for paying an invoice and the cash allowed, e.g., 2%, net 31 days. There are many payment terms.

PCI Services, Inc.

Provides diversified pharmaceutical packaging services in the United States and Europe.
Headquarters: Philadelphia, Pennsylvania

PDMA
law on

standards for

prescription

The Prescription Drug Marketing Act was signed into April 22, 1988. These guidelines set minimum the storage, handling and record keeping of human drugs.

Pharmaceutical Alternates
route and

differ

Drug products that are administered by the same contain the same chemical ingredient and strength but in the salt, ester or dosage form.

Pharmaceutical Equivalents
variety

ingredient(s)

Multiple source drugs (drugs that are supplied by a of manufacturers) that contain the same active in identical amounts, in identical dosage forms and are administered by the same route.

Pharmaceutical Substitution
for the

receive

however,

physician

Dispensing a pharmaceutical alternate or equivalent drug product prescribed. If a substitution is made for a pharmaceutical alternate, the pharmacist must

permission from the physician. Pharmacists may, substitute a pharmaceutical equivalent without permission.

Pharmacoeconomics
compared

The cost/benefit analysis of using a certain therapy to a benchmark or innovative therapy.

Pharmacologic
those

The characteristics or properties of a drug, especially that make it medically effective.

Pharmacology
uses and

The science of drugs, including their composition, effects.

Pharmacy Benefit
prescription
Manager (PBM)
carriers

million

open

great

filled.

large

Organizations that manage or subcontract the drug portion of health benefits provided by insurance or other third party payer. It is estimated that 100 Americans are now covered by a PBM. PBMs may be networks or closed networks. Open networks allow a deal of flexibility as to where prescriptions may be

Closed networks restrict the outlets from which beneficiaries may purchase their prescriptions. Most

PBMs also feature mail order, which lowers the cost of delivery for maintenance drugs.

Pharm D.

Doctor of Pharmacy

Pharm Tech

Pharmacy Technician

Physical Inventory

Every two years a wholesaler is required to conduct a physical inventory of all controlled drug stock on hand.

Picking
specified

Selecting products from the warehouse shelf as on order document.

Plan-o-gram

Plan for visual display of products in a store to provide maximum selling potential.

**Preferred Provider
services
Organization (PPO)
PPO,**

A group of providers (physicians) who contract their for specific fees. When an insurance plan selects a members may select any physician in the group (PPO). Those members who go outside the PPO pay additional charges.

**Prepay Customers
their**

Those customers who, for a better price, elect to pay prime supplier in advance for their anticipated needs.

**Price Matrix
downs**

A grid of volume and compounding made up of mark based on payment term options.

Price Protection

The protection of existing inventory obtained from the manufacturer against loss caused by price reduction. Typically given in the form of a rebate.

**Price Stickers
made of**

product
ordering

known as

Stickers provided for each product ordered, that are paper with adhesive backing for affixing directly to the package. Used for identification, cost information, information and inventory control purposes, can be customized to meet the customer's needs. Also Product Stickers.

**Primary Wholesaler
majority of**

this

The wholesaler from which the customer buys the its products. At Cardinal Health, we typically define customer as ordering \$20,000 or more a month.

**Prime (or Preferred)
possible
Supplier
hospital**

buying
purchases.

The wholesaler from whom a customer makes all purchases. This is the concept most hospitals, groups and independent retailers embrace rather than direct from the manufacturer and fragmenting

Profit Builder™

Retail- monthly OTC, HBC and Leader® Brand promotional catalog.

Promotional Buy
special offer.

Purchase of merchandise to take advantage of a

Promotional Monies
promote

Money allocated by vendor to the wholesaler to
vendor's products. Paid to wholesaler after proof of
performance by wholesaler's sales force is submitted.

Pyxis Corporation
manufacturing

Leads the industry in the development and
of unique, point-of-use systems which automate the
distribution, management and control of medications
in
hospitals and alternate-care facilities. Headquarters:
San Diego, California

QBO

Quantity Back Ordered

QBR

Quarterly Business Review

QOA

Quantity on Allocation

QOH

Quantity on Hand

QOO

Quantity on Order

Quotas (def. 1)
representatives in
period of

Sales goals set by a sales organization for
either dollars, units or market share for a specific
time.

Quotas (def. 2)
in
specific

Sales goals set by the manufacturer for a wholesaler
either dollars or units for specific time frame on
products.

RBC

Retail Business Conference

Rebate

An amount, usually a percentage of sales and based
on volume incentives given back (rebated) to the
customer.

Recall

This is an effective method of removing or correcting
consumer products that are in violation of laws
administered by the FDA.

Receiving from shipping and	The area of the warehouse where goods are delivered vendors and manufacturers. In some cases the receiving areas are the same.
Redbook source of and	Similar to Bluebook and Medi-Span, Redbook is a data for Rx pricing. Average Wholesale Price (AWP) drug classes and types. Most third party plans will refer to one of these sources to determine appropriate reimbursement of prescriptions.
Refrigerated Products	Products that, according to the manufacturer, must be stored at 36° - 46° F.
Renlar®	Retail – Pharmacy management and technology. Efficient and comprehensive prescription processing and pharmacy management systems.
Renlar Systems, Inc. allowing create	An innovative developer of pharmacy software, the pharmacist to track reports and purchases, orders, customized reports and control inventory.
Returns goods	Damaged, outdated, overstocked or misshipped returned to the manufacturer for credit.
RFP (Request for Proposal)	An invitation to bid on a book of business.
R.Ph.	Registered Pharmacist
R.O.C.C.	Return on Committed Capital.
R.P. Scherer Corporation world's	Develops and manufactures dosage forms and drug delivery systems throughout the world. It is the largest producer of soft gelatin capsules (softgels™). Headquarters: Basking Ridge, New Jersey
Rx	Prescribe, Prescription
Rx Advantage™	Retail contract pricing and incentives on branded pharmaceuticals.

Safety Stock

Supply of an item kept on hand to compensate for variations in lead time and item demand.

ScriptLINE®
management and

Retail – centralized prescription transaction
data collection.

Secondary Source

An alternative source to your primary supplier.

Secondary Wholesaler
their

Cardinal,
less than

The wholesaler the customer uses as backup when primary wholesaler cannot supply a product. At we typically define this customer as one who orders \$20,000 of product a month.

Selling Margin

sales.

The difference between the invoice price and Cost Plus Cost or Contract Cost. Cost Plus Cost is used if the sale is a non-Contract sale. Contract Costs are for all contract

Selling Sheet
information

A fact sheet used by sales consultants to present to customers on special deals or new products.

Selling Unit
etc.

The smallest unit of purchase, i.e. 1 each, 1 carton,

Service Level

for

Similar to fill rate. Often stated as a level of achievement for an operations center. ("We have a service level of 96%")
Typically measured by lines shipped. The calculation service level is lines shipped divided by lines ordered and does not include vendor outs.

Shelf Labels

mylar
surfaces
shelf strips.

Provided to customers for ordering, identification and inventory control purposes. These labels are made of with an adhesive backing for affixing directly to shelf or to plastic clips that are mounted on plastic

Shipping
and

The area of the warehouse where products are staged prepared to be shipped to our customers.

Short

Customer is billed for product not received.

Short Dating

A product expiration date of less than 6 months.

Short Report
customers.

item(s)

Daily report of items ordered but not received by

QOH,

The report show the customer, invoice number, shorted, quantity ordered and shorted, QOO, ETA,

organized by	DOLR and the vendor name. The report can be vendor or by customer.
SMDA	The Safe Medical Devices Act of 1990 amends the Food, Drug and Cosmetic Act. These provisions deal with reporting and recording of medical device incidents and complaints.
Standing Order	An order containing the same products to be shipped each time during the cycle. Shipped on the time frame established by the customer – weekly, bi-weekly, monthly, etc.
Stock Keeping Unit (SKU)	Each item is identified by a separate SKU.
Stock Status Sheet history.	A form showing items stocked and their inventory
Telxon the	Hand held order entry unit designed to transmit over phone or through the computer.
Terms Terms	The defined conditions under which a sale is made. include pricing, mark-up, discounts, rebates and when payment is to be made.
Therapeutic Alternate or but Equivalent class.	<p>Drug products containing different main ingredients, are of the same pharmacologic and/or therapeutic</p> <p>They can be expected to have the same (equivalent) therapeutic effect when administered to patients in therapeutically equivalent doses.</p> <p>Tagamet and Zantac are in the same therapeutic class of drugs, H2 antagonists. They both produce the same therapeutic effect in patients, that is, they treat ulcers and/or symptoms produced by ulcers. Tagamet and Zantac do not, however, contain the same ingredients. They are not pharmaceutical equivalents. They are, however, therapeutic equivalents.</p>
Therapeutic Substitution	Dispensing a therapeutic alternate for the drug product prescribed. Therapeutic substitution is becoming increasingly popular in hospitals and managed care facilities. Many healthcare providers look for ways to
cut	

in a
care

special

Third Party Player
company,

the
of the

TM
merchandise.

Tote
merchandise

Tx

Unit of Measure
purchase,

Upcharge

costs. One way is to select only one or two products
therapeutic class to be on the hospital or managed
facility. By eliminating multiple products within
therapeutic class these organizations can negotiate
pricing with manufacturers for a lower cost of goods.

Organization responsible (usually an insurance
prepayment plan or government agency) for paying to
provider designated expenses incurred in the treating
insured patient.

Transfer memo, an inter-division transfer of

The container in which the pickers place the
that is shipped to each customer.

Treatment

Synonymous with selling unit. The smallest unit of
for example: 1 each, 1 carton, etc.

Synonymous with mark-up or cost-plus.

Value-added Programs
one
Services

offered

label

Vault

This is

Vendor Out

Vitatouch®
medicine.

Wellness Place
combination

WH#

Wholesaler Out
product.

Will Call

The special benefits a customer gains by selecting wholesaler as a prime or preferred supplier. Such benefits might include more efficient service, simplified billing, faster delivery, etc. May also include programs and services by the wholesaler such as generic sourcing programs, electronic inventory management systems and private products.

The highest level of security in the distribution center. where Schedule II (CII) narcotics are stored.

Occurs when a product is not available from the manufacturer. Vendor outs are typically not counted against service level.

Consumer interactive information on alternate

Retail program which markets nutraceuticals, a of vitamins, herbal supplements and natural medicine.

Warehouse number.

Occurs when the wholesaler does not have the Wholesaler outs count against the service level.

Orders for which the purchaser arranges delivery.