



ABSOLUTE SCOOP

DID YOU KNOW?

Medicare drug reform and mounting policy pressures are threatening the sustainability of long-term care pharmacies and senior care providers nationwide.

THE CHANGING LANDSCAPE OF SENIOR HEALTH CARE

Written by Kevin Fearon, RPh, MBA, Chief Operating Officer

Who Moved My Cheese is a simple yet powerful motivational business book by Spencer Johnson, MD, about recognizing and adapting to change. For many years, long-term care (LTC) pharmacies relied on a familiar “cheese station”—brand-name drug reimbursement—to help offset the consistently low margins of generic medications. Generics, while lower cost, are just as expensive to dispense, manage, and monitor, and are equally critical to safe and effective patient care. **That cheese station has moved.**

Effective January 1, 2026, Medicare implemented the Inflation Reduction Act (IRA), a drug price-reduction initiative targeting the most expensive Medicare-billed drugs over the next five years. The IRA represents an estimated \$45 billion per year savings initiative for Medicare. While long-term care represents only a small portion of that total, it has been disproportionately impacted by the policy.

The institutional pharmacy industry has made concerted efforts to educate the Centers for Medicare & Medicaid Services (CMS) on the severe financial consequences of this change. Unfortunately, to date, no viable solution has emerged. **The economic impact is significant enough to threaten the sustainability—and potential closure—of many LTC pharmacies nationwide.**

More broadly, providers across the entire senior care continuum must unite to educate policymakers on the true complexity of caring for frail and vulnerable seniors. Only through collaboration can we help shape reforms that acknowledge the realities of institutional care and support a sustainable healthcare model amid escalating costs.

At the same time, we are navigating multiple industry-wide shifts:

- High volumes of mergers and acquisitions are disrupting long-standing provider and vendor networks.
- Medicare fraud enforcement, while necessary, can cloud the industry and create broader reimbursement and regulatory challenges for compliant providers.
- CMS changes to antipsychotic medication measures, shifting from facility-reported MDS data to claims-based Quality Measures (QM) and Quality Indicators (QI), represent a significant change in accountability and reporting.
- Skilled nursing facilities face rising clinical complexity, workforce strain, and reimbursement pressure, making Medicare Advantage and Institutional Special Needs Plans (I-SNPs) both an opportunity—and an increasing source of tension.





It is also important to place these challenges in the broader context of today's policy environment. Government attention and resources are stretched across numerous national and global priorities—navigating a new administration, funding the government and avoiding shutdowns, addressing tariff and trade pressures, managing bipartisan conflict related to the Middle East and Venezuela, improving insurance affordability, and responding to ongoing vaccine and public health issues.

In this environment, highly specialized sectors like senior care and institutional pharmacy can struggle to gain immediate visibility, even when the consequences are substantial. This reality underscores the importance of persistence, clarity, and unity to ensure our voice is heard.

The economics of senior health care are becoming increasingly unsustainable. Costs continue to rise, reimbursement continues to tighten, and policy decisions are often made without fully accounting for the operational realities of institutional care. Left unaddressed, these pressures risk destabilizing the very providers responsible for caring for our most vulnerable population. Yet, this moment also presents an opportunity.

Meaningful reform will require alignment, transparency, and collaboration across pharmacies, facilities, clinicians, payers, and policymakers. No single provider can navigate this landscape alone. By standing together—sharing data, educating regulators, and advocating for fair and sustainable reimbursement—we strengthen not only our individual organizations, but the entire senior care ecosystem.

Change is inevitable. How we respond—together—will determine whether senior care remains resilient, innovative, and capable of delivering the quality our patients deserve.

About the Author



Outside of work, Kevin enjoys time with his wife, Vicki, his adult children, and grandchildren. He loves pranks and activities including boating, snow-skiing, pickleball, and hiking.

Kevin Fearon is currently the Chief Operating Officer of Absolute Pharmacy. Since joining the company in 2011, he has played a key role in expanding product offerings, implementing advanced technology solutions, and growing services to support over 10,000 patients. Kevin brings more than 40 years of pharmacy experience, beginning his career in hospital settings and later transitioning to institutional practice in long-term care. He has held national leadership positions with Best Practice for over 15 years, working closely with Boards of Pharmacy and automation companies. Kevin earned his pharmacy degree from The Ohio State University College of Pharmacy and an MBA from Baldwin Wallace University. He is a past President of ASCP and previously served as Chairman of the Board. In addition, he currently serves on the Board of Directors for SCPC and on the advisory boards for MHA and Cardinal Health. Beyond his professional achievements, Kevin is known for adding a touch of fun to the workplace—often entertaining staff with his famous puppet shows.

Who is Frosty's favorite aunt?

Aunt Arctica.



How does an Eskimo build a house?

Igloos it together.