

**Protecting the Economic,
Political and Legal Interests
of Independent Pharmacy**



802 N. Carancahua Street, Suite 1830 ■ Corpus Christi, TX 78401 ■ 361-887-6100 ■ Toll Free: 877-634-5445 ■ Fax: 361-887-6111

Spring 2013 Shareholder Report

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Valued Shareholders,

It's a fast and furious time for APRx as we continue to deal with all the challenges facing independent pharmacy while navigating a legislative session that has major ramifications for us all.

Every legislative session is a jumble of threats and opportunities and this one is no exception. But Michael Wright and the TPBC lobby team have had a highly focused strategy and realistic goals from day one and are on the verge of securing the most successful session for retail pharmacy in years. See page 4 for an up-to-date report on TPBC's outstanding efforts, particularly on **audit and generic MAC reform**.

One rewarding challenge we are dealing with is our shareholder growth, which continues to add strength and validation to our organization. The steady expansion of APRx has underscored the need to beef up our resources and infrastructure to deliver the support you need and deserve. To that end, **we have hired John Cooper as our new vice president of generics**. John works every day to make sure that you and American Pharmacies are maximizing the value of your generic purchasing (*see page 7*).

We have also executed a badly needed **overhaul of our website** that brings content management in house and greatly expands our ability to bring you news and resources. Be sure to check out the new APRx.org, which now features individual shareholder accounts, event registration and payment capabilities, plus a Business Center with expanded resources to support your pharmacy (*see page 7*).

We also are continuing to enter into vendor partnerships and agreements that bring you more opportunities to increase the cash business in your store. Our new partnership with **Prodigy Animal Health** is a great way to gain a firm foothold in the lucrative pet wellness market with **top-quality Pet-RITE products and great margins**. Be sure to talk to your sales team member or visit the APRx website to learn more (*see page 11*).

I hope to see each of you at our **2013 Shareholder Retreat** to be held September 20-21 at the beautiful J.W. Marriott in San Antonio. This is our signature annual event and it's an unbeatable bargain at \$75 for you and a guest, which includes all events and meal functions. We've expanded our CE offerings this year with an optional session on maximizing the value of your generic purchases (*see page 8*).

On behalf of our Board of Directors and staff, thank you for your continued membership and support, which empower us to defend the business model of independent pharmacy.

A handwritten signature in black ink that reads "Mike Gohlke".

Mike Gohlke, President
American Pharmacies



APRx President Mike Gohlke

APRx Continues Fight With Appeals in Medicaid Managed-Care Cases

Appeal in Progress in APRx's 2nd State Suit Against HHSC

APRx is the sole plaintiff in a state suit filed in Austin against HHSC over its failure to ensure that PBM payments to pharmacies are at levels consistent with the methodology set in Texas's Medicaid state plan and produce a pharmacy network that ensures adequate access to care as required by federal law. APRx is also the sole plaintiff in an appeal asking the Texas Court of Appeals to reverse an April trial court judgment and require HHSC to determine reimbursements to Medicaid pharmacy providers through a methodology established in the open with public input and not in secret and at the sole discretion of a PBM. That appeal is pending.

The Third Court of Appeals in Austin heard arguments on Feb. 13 from American Pharmacies outside counsel Miguel Rodriguez in the appeal of APRx's lawsuit to require HHSC to fairly regulate Medicaid reimbursement to Texas pharmacies, as state law requires. Rodriguez argued that HHSC is obligated by state law to establish rules and standards governing the determination of medical assistance (Medicaid) payments made to pharmacy providers, even if those payments are made by managed care organizations (MCOs) and PBMs. After hearing arguments, the three justices took the matter under advisement. They did not indicate when they would issue a ruling, but APRx will communicate it to you as soon as it is made.



Ruling Expected on Appeal in Managed-Care Transition Case

On August 29, 2011, APRx filed suit in Travis County over HHSC's failure to comply with state procedural requirements for meaningful public notice and comment concerning its waiver request to CMS and the carve-in of Texas Medicaid drug benefits into managed care. HHSC submitted the waiver request before enabling legislation was signed and three months before its effective date, and **without providing proper public notice or a meaningful opportunity for interested parties to comment.**

On November 3, 2011, **Judge Stephen Yelenosky of the 345th District Court** heard APRx's Motion for Summary Judgment (MSJ), essentially a request to rule immediately on the merits of the lawsuit. Prior to the MSJ hearing, HHSC challenged the court's authority to hear the case, arguing that the court lacks authority to hear APRx's legal challenge for various reasons, and that any challenge to HHSC is improper until the managed care program took effect March 1. Judge Yelenosky granted HHSC's plea and dismissed the case. **APRx appealed the ruling to the Third Court of Appeals in Austin.**

On September 12, 2012, outside counsel Miguel Rodriguez appeared before the court of appeals to explain why HHSC was required to provide public notice and receive comments before acting to carve prescription drugs into Medicaid managed care. A ruling is expected at any time.

Stand Up & Join the Fight

Help APRx Legal Defense Fund Reach Its \$250,000 Goal

APRx is proud to be a 100% member-owned cooperative and the PROVEN LEADER of legislative, legal, and regulatory initiatives to defend Texas independent pharmacy. Our lawsuits are critical to protect your business model, but they are costly and we need your help. **Please support us by contributing to the APRx Legal Defense Fund (LDF).**

Through May 2013, we have received **\$161,950 in contributions** from individual pharmacists and state/national pharmacy groups in Texas and 14 other states. These contributions are an important source of financing for the active lawsuits we have filed to defend fair competition, adequate reimbursement and patient rights. **We are almost two-thirds of the way to reaching our goal of \$250,000, so please help us get the rest of the way there by contributing online today at aprx.org!**

To contribute by check, please mail donations to: APRx Legal Defense Fund, 802 N. Carancahua St., Suite 1830, Corpus Christi, TX 78401. To donate online by credit card, go to: www.aprx.org | [Issues & Advocacy](#) | [Support GPAC](#).



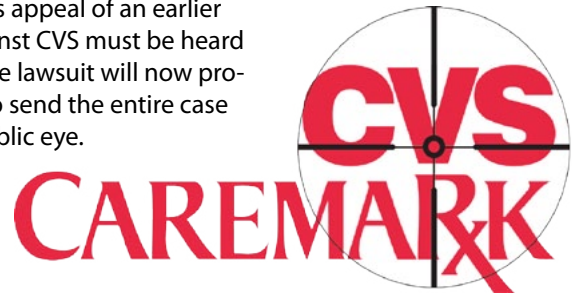
For years we've said that American Pharmacies is much more than a buying co-op. We've steadfastly fought for independent pharmacy in the Legislature, Congress, and state/federal agencies. Now we're fighting in the courtroom.

APRx Moves One Step Closer to an Open Trial

On Feb. 11, 2013, APRx moved one step closer to an open court trial in its landmark 2010 lawsuit against CVS Caremark that alleges RICO violations and trade secret misappropriation (RICO = Racketeer Influenced & Corrupt Organizations Act).

In February, the 5th U.S. Circuit Court of Appeals rejected CVS-Caremark's appeal of an earlier federal court ruling that most of American Pharmacies' RICO lawsuit against CVS must be heard in open court. The February 11 ruling by the three-judge panel means the lawsuit will now proceed on the merits of the case. CVS Caremark has continuously sought to send the entire case against it and its subsidiaries to arbitration to keep the suit out of the public eye.

On March 13, the 5th Circuit issued its final mandate affirming the lower court decision. **CVS-Caremark had until May 13 to appeal the 5th Circuit's ruling to the U.S. Supreme Court and elected not to do so, meaning the case will now proceed to trial at an undetermined date.**



The class-action suit was filed in September 2010 by six APRx board members on behalf of all non-CVS pharmacies. The plaintiffs are: Rogers Pharmacy, Victoria; Brookshire Brothers Pharmacy of Kirbyville; Hometown Pharmacy, Fairfield; Hibbs Pharmacy, Bay City; Kinsey's Pharmacy, Tyler; and De La Rosa Pharmacy, Weslaco. The lawsuit has spawned copycat suits in Illinois, Mississippi, North Carolina and West Virginia.

The RICO lawsuit alleges that CVS Caremark violates the firewall between its retail pharmacy and PBM entities as required by the Federal Trade Commission when it approved the CVS-Caremark merger in 2007. Instead, the lawsuit alleges, the combined company built an information technology platform that straddles all its business segments, capturing in-depth patient data for marketing and other purposes in violation of HIPAA patient privacy laws, resulting in the misappropriation and misuse of independent pharmacy data for the benefit of CVS Pharmacy stores.

The plaintiff pharmacies are asking the court for the following relief on behalf of all non-CVS pharmacies:

1. That CVS Caremark refrain from violating the privacy rights of patients; and
2. That CVS Caremark not use patient information against the pharmacy that supplied it: the plaintiffs claim CVS Caremark uses this information to obtain new customers and to scout and acquire new pharmacy locations.

APRx Suit Against CMS Over Fair Competition & Patient Choice (Humana/Walmart PDP)



Background

On July 11, 2011, APRx filed a federal suit against the U.S. Dept. of Health and Human Services (DHHS) and the Center for Medicare and Medicaid Services (CMS) to stop them from allowing illegal, anti-competitive, preferred pharmacy networks that violate the Medicare Act's mandate for fair competition. The APRx lawsuit asserts that CMS' network preferred model violates Congress' **Any Willing Pharmacy Requirement** by allowing preferential treatment of some in-network pharmacies. APRx's landmark suit has already spawned one copycat suit in North Carolina.

The Humana Wal-Mart Preferred Rx Plan that took effect in January 2011 is the first such large plan, allowing Walmart pharmacies to charge lower co-payments for generic and brand-name drugs than non-preferred pharmacies in the same network are allowed to charge. The suit asks the federal court to declare the Preferred Pharmacy Rule illegal and order it set aside.

DHHS and CMS argued in September that APRx has no standing to bring the suit, and that the Medicare Act bars APRx's lawsuit before HHSC can conduct its own internal agency review.

Current Status

On December 5, 2011, U.S. District Judge Nelva Ramos held that her court lacked jurisdiction to hear APRx's claims against DHHS and CMS. APRx appealed that ruling to the U.S. 5th Circuit Court of Appeals, which heard oral argument of the dispute on November 6, 2012.

UPDATE: On May 1, the 5th Circuit denied our appeal in the Humana Preferred networks case. American Pharmacies is currently weighing its legal options in the case.

TPBC's MAC & Audit Bills Close to Passage as Session Nears End

With about 10 days left in the session, TPBC is on track to accomplish its stated goal of passing meaningful bills to provide significant incremental gains for independent pharmacy. Vital TPBC-sponsored bills to reform PBM audit practices and bring more transparency and stability to generic MAC pricing are close to final passage as the session end nears.



Sen. Charles Schwertner

Both bills have broad-based state and national support: the Texas Federation of Drug Stores, Texas TrueCare, Walgreens, HEB, United Drug Stores, Texas Pharmacy Association and National Community Pharmacists Association – NCPA sent letters of support on both bills.

SB 1106 (MAC Reform) by Charles Schwertner of Georgetown has cleared the House Public Health Committee and has been placed on the General Calendar for May 17. Because of extensive negotiations with PBMs that produced a consensus on its provisions, there has so far been no opposition. The companion bill is HB 1137 by Rep. John Davis, which was heard in House Public Health on May 16 and left pending.

SB 1106 would restore much of the generic pricing transparency and safeguards in effect when HHSC ran the Medicaid/CHIP Vendor Drug Program on a fee-for-service basis. The bill would require each PBM to:

- disclose the price source of each drug on its MAC list and update MAC lists every 7 days;
- establish a process to eliminate products from the MAC list or modify MAC prices in a timely manner consistent with price changes and product availability in the marketplace;
- establish reasonable procedures for network pharmacies to challenge a listed MAC price and that the PBM respond to such challenges within 15 days;
- disclose if it uses separate MAC lists for drugs dispensed at retail vs. mail order; and
- establish a process to provide network pharmacies ready access to the PBM's MAC list.

In testimony before the House Public Health Committee, APRx member Jaime Solis of McAllen told the committee, "MAC prices have a huge impact on my claims payments, yet the prices are a mystery to me and every other retail pharmacist. When I am reimbursed at a loss on a generic drug, I have no idea how the MAC price for that drug was determined or if the price reflects actual market supply and price trends. I have to accept the payment with no recourse."

House Audit Reform Bill Clears Senate Committee; Scheduled for Final Floor Vote

HB 1358 by Rep. Todd Hunter of Corpus Christi cleared the Senate State Affairs Committee on May 13 and has been placed on the Senate's Local & Uncontested Calendar. The TPBC-drafted bill was modified after hours of tough negotiating sessions involving Rep. Hunter, TPBC, and representatives of the health plan and PBM lobbies. The companion bill is SB 591 by Sen. Leticia Van de Putte of San Antonio, which passed the Senate and is sitting the House insurance Committee.

HB 1358/SB 591 address the problems many pharmacies experience during audits. The bill places appropriate limits on payment to auditors, establishes proper notification requirements, defines standard auditing procedures, limits recoupment and prohibits the use of extrapolation in audits.

Hunter is a longtime pharmacy supporter who chairs the powerful House Calendars Committee that determines which bills make the House calendar for floor vote. **During the 2011 session, he co-authored HB 2292, which established important prompt payment and audit requirements for PBMs.**



Rep. Todd Hunter

Essential proposals in HB 1358:

- Requires PBMs to disclose audit terms & procedures in their contracts;
- Prohibits paying auditors by commission or fee based on a percentage of audit findings;
- Sets timelines for audit determinations, notifications & pharmacy response;
- Sets standards & limits for recoupment;
- Prohibits the use of extrapolation in audits; and
- Prohibits the use of clerical errors as evidence of fraud or as the basis of recoupment unless the plan, PBM or patient were harmed.

Status of Other TPBC-Supported Bills

SB 404 by Schwertner

The bill proposes numerous due-process protections for pharmacists facing disciplinary actions at the Texas State Board of Pharmacy. It would allow complaints only for incidents not more than seven years old, require better record-keeping in disciplinary actions, require disclosure of the identity of the complainant, create advance notice and disclosure requirements, create an option for a pharmacist remediation plan and require an attorney at disciplinary hearings.

Status: Passed Senate; Pending in House Public Health Committee after hearing on 5/8

SB 1100 by Van de Putte

The bill would give the Texas State Board of Pharmacy greater authority to regulate both in-state and out-of state compounding pharmacies. It would establish licensing and inspection requirements for out-of-state compounding pharmacies and prohibit out-of-state compounders not licensed in Texas from shipping/mailling products to Texas.

Status: Passed Senate; Left pending after House Public Health on 5/13

HB 500 by Hilderbran *et al.*

This bill makes several changes to the Texas franchise tax, including key provisions allowing pharmacies to exclude these items from income: payments received from Medicaid/CHIP, Medicare, TRICARE and Workers' Comp; the cost of vaccines; and the cost of uncompensated services. It also preserves the current exemption of the first \$1 million of income.

Status: Passed House on 5/8; referred to Senate Finance on 5/9 & sent to Subcommittee on Fiscal Affairs

HB 595 by Kolkhorst

The bill repeals a variety of sunset provisions, including a critical one that would allow HHSC control over the Medicaid/CHIP formulary (Preferred Drug List) to expire on August 31, 2013, thereby allowing each PBM in the Vendor Drug Program to use its own formulary.

Status: Passed House on 5/4; hearing scheduled for 5/14 in Senate Health & Human Services

HB 1536 by Guerra | SB 785 by Hinojosa

The bills would grant pharmacies the right to an administrative hearing in cases where HHSC's Office of the Inspector General (OIG) is attempting to recover alleged overpayments in the Texas Medicaid program. A pharmacy could also file a judicial appeal if it has been ordered by the OIG to repay an amount that exceeds \$50,000.

Status: HB 1536 reported favorably to House Calendars on 4/23 | SB 785 dead in Senate HHS

SB 1013 by Taylor | HB 2222 by Wu | HB 2938 by Laubenberg

These bills would expand the immunization authority of Texas pharmacists by adding immunizations -- such as Tdap -- that can be administered by a pharmacist to patients 8 and older without a physician referral.

Status: SB 1013 dead in Senate HHS | HB 2222 dead in House Public Health | HB 2938 dead in House Public Health

SB 644 by Joan Huffman | HB 1032 by John Zerwas

The bill would require the Texas Dept. of Insurance to appoint a stakeholder group to develop a single, standardized form for requesting prior authorization of prescription drugs. Health plan sponsors and PBMs would be required to use the form, and would have to respond to a PA request within two business days of receiving it.

Status: SB 644 passed House on 5/2; referred to House Insurance on 5/3 | HB 1032 sent to House Calendars on 4/26

As Session End Nears, Critical Bill Deadlines Loom in House & Senate

The regular session ends at midnight on Monday, May 27, but there are several critical deadlines rapidly approaching for those hoping to pass legislation:

May 15 – Last House Local & Consent Calendar with local House bills must be distributed

May 17 – Last day House can consider local House bills on 2nd & 3rd reading

May 18 – Last day House committees can report out Senate bills or joint resolutions

May 20 – Last House Local & Consent Calendar with Senate bills must be distributed

May 21 – Last day House can consider Senate bills or JRs on 2nd or 3rd reading as part of the daily/supplemental calendar

May 22 – Last day Senate can consider all bills & JRs on 2nd or 3rd reading; last day House can consider L&C Senate bills

May 24 – Last day House can act on Senate amendments

May 26 – Last day House & Senate can adopt conference committee reports or concur in amendments received from other chamber.



GPAC

**Get Involved Today
to Protect Your
Business Model,
Fair Competition
And Patient Rights**



802 N. Carancahua St., Suite 1830
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www.aprx.org

Join the Fight. Support GPAC.

These are critical times for independent pharmacy and the patients we serve. Powerful, well-funded PBMs are using managed care to limit the scope of pharmacy practice, cut payments, stifle competition and restrict patient choice. These issues are shaped by elected leaders — many new in office — who usually don't understand your profession or your business model.

GPAC is the political action committee of American Pharmacies. Contributions to GPAC are used for:

- Financially aiding legislators and candidates who understand community pharmacy's vital role and support our issues;
- Helping elected leaders understand how their decisions affect the economic and competitive welfare of independent pharmacy;
- Holding events to recognize and support the legislative friends of Texas community pharmacy; and
- Educating APRx members and other community pharmacists about the impact of the political process on our business model.

It's Easy to Contribute to GPAC

Just fill out the pledge form below and send it to APRx. You can contribute immediately by check or credit card, or specify a donation amount to be withheld from your annual APRx shareholder dividend/rebate payment. However you pay, you are doing your part to ensure the economic viability of independent pharmacy in meeting patient needs.

YES — I Will Contribute:

\$2,000 \$1,000 \$750 \$500 Other _____

Name: _____ Pharmacy Name: _____

Address _____ City _____ State _____ ZIP _____

Phone: _____ FAX: _____ Email: _____

Pay By Check: Send check payable to **American Pharmacies GPAC** to:
APRx, 802 N. Carancahua St., Suite 1830, Corpus Christi, TX 78413

Pay By Credit Card: Visa MasterCard AMEX
Card #: _____ Exp. date: _____ Security code: _____
Cardholder Name: _____ Phone: _____

Billing Address _____ City _____ State _____ ZIP _____

You may Fax your completed payment form to: 361-887-6111.

Dividend/Rebate Deduction*:
I authorize American Pharmacies to deduct my **GPAC contribution** from my annual dividend/rebate.
Name: _____ SSN: _____
Signature: _____

*** Contributions to GPAC made by dividend/rebate deduction are considered personal income and must be reported to the IRS under your own SSN, not your pharmacy's Tax ID number.**

All donations to GPAC are used for political purposes and are not deductible for federal income tax purposes. All contributions must be made from personal funds.

APRx Website Gets Major Facelift, Better Content

Be sure to watch in the next week for the unveiling of the new and greatly improved American Pharmacies website: www.aprx.org. We've modernized the look and functionality of the site and added important new features for current and prospective members:

- Individual password-protected accounts with member & store data;
- Up-to-date news & events;
- Expanded resources for current & prospective members, including FAQs;
- Online event registration and payment;
- A calendar of events;
- Online donations for GPAC/Legal Defense Fund;
- Resource pages on legal activities, PBMs, audits & Medicaid/managed care; and
- A new Business Center with partner/vendor info, business & legal advice and useful links.

Look for a newsletter soon that contains information about how to log in to your new member account.

We know you will find great value in our improved website, which also gives the staff greater control and flexibility in managing site content and capabilities. It's still a work in progress, so look for more new features and content to be added in the weeks ahead.

The screenshot shows the American Pharmacies website homepage. At the top, there is a navigation bar with tabs for 'About APRx', 'Our Co-op Advantage', 'News & Events', 'Issues & Advocacy', and 'Business Center'. Below the navigation, there is a 'News' section with several articles, including 'Important Update on Medicaid Cardless', 'APRx Insider: Enchanted with APRx', and 'ALERT: AARP's Medicare Rx Plan Bars Independents from Preferred Network'. A large featured image shows a JW Marriott hotel with the text 'You Can Have It All at Our 2013 Shareholder Retreat'. To the right, there is a 'Our Mission' section and a 'What We Do' section with bullet points. At the bottom, there is a grid of four service categories: 'About APRx', 'The APRx Advantage', 'Issues & Advocacy', and 'Business Center'.

Generics VP John Cooper Working to Save You Money

Generic products play a critical role in the financial success of your business. Market dynamics change daily and it is critical that we have expertise to help you navigate the shifting trends, challenges and opportunities in your generic business.



John Cooper

Accordingly, John Cooper, our new Vice President of Generics and Vendor Relations, is meeting regularly with our two wholesalers as well visiting some member pharmacies to discuss their generic business. John is working closely with McKesson Drug and AmerisourceBergen to help both APRx and our members maximize their profitability.

John joined APRx on January 1 after spending the past five years as Executive Director of Generic Business Development at AmerisourceBergen in Valley Forge, PA. He previously was Director of Generic Sales for AmerisourceBergen's South Region, managing specialists from Texas to Florida and gaining significant experience with Texas customers.

"I believe American Pharmacies holds a unique and significant presence in the generics marketplace and has tremendous ability to build on its achievements and buying power," Cooper said. "I look forward to helping APRx and its members strengthen their competitive position."

He has more than 18 years of experience in health care, 10+ of it working in generics in the drug wholesale industry. For the past five years he has been Executive Director of Generic Business Development at AmerisourceBergen in Valley Forge, PA.

John has won several national awards for his innovation and leadership in delivering the strongest generic value proposition to his customers. He will work closely with our shareholders and wholesale partners to bring the strongest generic solutions in the industry to you and our co-op.

APRx continues to solidify its position as the leading organization for independent pharmacy by providing a level of generic expertise that is unmatched by any other purchasing organization.

You can learn firsthand from John's expertise by attending the 2013 Shareholder Retreat, where he will give an optional CE session on managing your generic purchases to improve profits.



High-End & High-Value

Shareholder Retreat Offers Big Bang for Few Bucks With Golf, CE & Networking in the Lap of Luxury



September 20-21, 2012

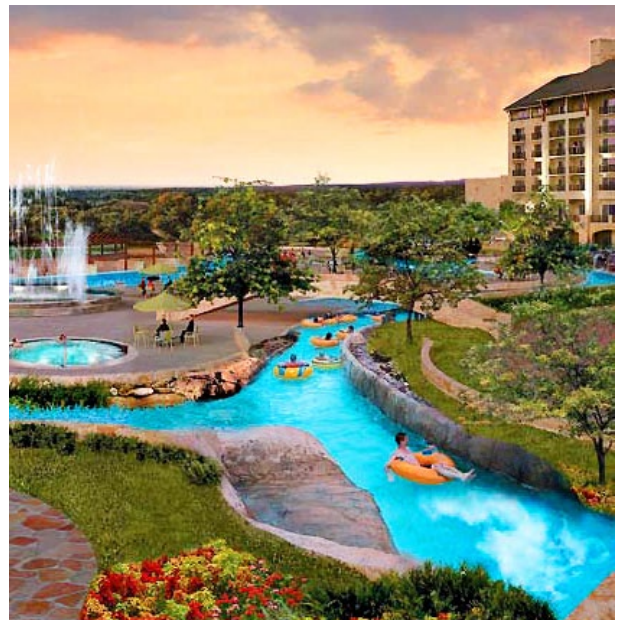
Be sure to mark your calendars now for the 2013 Shareholder Retreat, our signature annual conference to be held September 20-21. This year's event will be better than ever: we've lined up a golf outing at the stunning AT&T Oaks course, the same course that PGA tour pros play. We've got critical CE sessions on legal and legislative affairs, plus we're adding an optional CE session on how to manage your generic purchases to increase your profits. We'll also have top pharmacy exhibitors, shopping and kids' activities and an banquet with live music under the stars. It all takes place at the luxurious J.W. Marriott San Antonio Hill Country Resort & Spa just north of the city.

More than 200 member and non-member pharmacists attended last year and we expect 2013 attendance to be even higher. Our event doesn't use any APRx shareholder funds because it's financed by sponsorships and registration fees.

Meeting registration (which includes one guest) is just \$75 for members and \$100 for non-members and exhibitors. Additional guests are \$50. Your registration fee provides access to discounted golf, all three CE sessions and meetings, the opening reception, the Saturday lunch with exhibitors and the gourmet Saturday banquet. **And you can now register and pay online at www.aprx.org.**

We've negotiated a special \$229 room rate at the J.W. Marriott for a King or Double room. The \$229 rate is good through Sept. 4 and covers the five-day Sept. 18-22 period, so come early and stay late!

If you've never stayed at the J.W. Marriott Hill Country, you are in for a real treat. Carved into the soaring Hill Country landscape, this huge, upscale property has something for everyone: TPC championship golf, award-winning restaurants and the luxurious Lantana Spa. The six-acre River Bluff Water Experience will delight you and the kids with multiple pools, water slides and the 1,200-foot float river.



The River Bluff Water Experience's Lazy River

Call 866-882-4420 to reserve your room and use the rate code "American Pharmacies" to get the special \$229 rate. You can also book your room online at <https://resweb.passkey.com/go/amerpharm>. Our golf tournament kicks off at 1:30 p.m. on Friday, Sept. 20 at the AT&T Oaks Course -- the \$90 golf registration fee we're charging is less than half the usual \$199 greens fee. The scramble format will feature \$250 prizes each for longest drive and closest to the pin. If you want to play TPC on your own, check out the resort's special golf offer for APRx guests.

Our Shareholder Retreat is a great way to support APRx and Texas Pharmacy Business Council, catch up with colleagues and gain some knowledge and CE credits while enjoying an affordable, high-end getaway. It's one event you don't want to miss!

APRx 2013 Shareholder Retreat

MEETING REGISTRATION FORM

Registrant Name: _____ Name for Badge: _____

Spouse/Guest Name: _____ Name for Badge: _____

Additional Guest: _____ Name for Badge: _____

Pharmacy Name: _____

Address _____ City _____ State _____ ZIP _____

Telephone _____ Fax _____ E-Mail _____

REGISTRATION FEES


SUBTOTAL

- | | | |
|---|--------|----------|
| <input type="checkbox"/> Stockholder & 1 Guest | \$ 75 | \$ _____ |
| <input type="checkbox"/> Member Pharmacist & 1 Guest | \$ 75 | \$ _____ |
| <input type="checkbox"/> Non-member & Guest | \$ 100 | \$ _____ |
| <input type="checkbox"/> Additional Guest or Child 12 & Older | \$ 50 | \$ _____ |
| <input type="checkbox"/> Each Child 2-12 (No charge for 2 & under)) | \$ 25 | \$ _____ |

TOTAL PAYMENT DUE: \$ _____

PAYMENT

- Pay By Dividend Deduction:** Total charges to be deducted from your APRx annual dividend/generic rebate.

Sign to authorize deduction  _____

- Pay By Check:** Please mail check payable to American Pharmacies to:
American Pharmacies, 802 N. Carancahua St., Suite 1830, Corpus Christi, TX 78413

- Pay By Credit Card:** Visa MasterCard AMEX

Card #: _____ Exp. date: _____ Security code (back of card): _____

Billing Address: _____ City: _____ State: _____ ZIP: _____

Cardholder Name: _____ Phone: _____

Fax your completed registration & credit card payment to: 361-887-6111.

Registration Refunds: Please send refund requests in writing to: American Pharmacies, 802 N. Carancahua St., Suite 1830, Corpus Christi, TX 78401. **All refund requests must be received no later than August 26, 2012.**

MAKE YOUR HOTEL RESERVATIONS NOW! \$229 Group Rate Good Through 9/4/2013.

Hotel costs are not included with registration. American Pharmacies has a **special group rate of \$229** plus tax for a King or Double room. Call the J.W. Marriott Resort at 1-866-882-4420 to reserve your room or go to <https://resweb.passkey.com/go/amerpharm>. The special group rate is available through Sept. 4 only for stays from September 18-22, based on availability. **When calling, use the "American Pharmacies" group code to get the \$229 rate.**

RxAlly Unveils Major Discount on Flu Vaccine

1 Million+ Doses of Fluvirin® & Flucelvax® Available at Prices 15% - 30% Below Other Offers

RxAlly has selected Novartis Vaccines to acquire influenza vaccine for its nationwide network of RxAlly pharmacies. **Novartis has agreed to set aside 1 million+ doses of Fluvirin® and Flucelvax® exclusively for RxAlly members**, and RxAlly has the option to access additional doses. If there is more demand than supply, all orders will be filled on a first-come, first-served basis.

Product:

- Fluvirin® multidose vials (ages 4 & up)
- Fluvirin® prefilled syringes (4 & up)
- Flucelvax® cell-based vaccine prefilled syringes (ages 18 & up)



Price:

- Fluvirin® multidose vial = \$7.21/dose + .75 FET per dose
- Fluvirin® prefilled syringe = \$7.99/dose + .75 FET per dose
- Flucelvax® cell-based vaccine = \$9.87/dose + .75 FET per dose

Fluvirin® vaccine (trivalent) is a purified subunit vaccine for intramuscular injection. Fluvirin® is prepared from the extraembryonic fluid of inoculated chicken eggs and contains thimerosal in the amount of 25 mcg mercury per 0.5-mL dose. Flucelvax® (trivalent) is also a purified subunit vaccine for intramuscular injection. It is prepared from virus propagated in canine kidney cells and contains no thimerosal.

Based on member feedback, RxAlly says the vaccine prices are 15% -30% below other pricing in the marketplace. You must be an RxAlly member to take advantage of this offer.

Product will be shipped in three waves:

- 25% of order by 8/30 (Order by July 1 for first-wave shipment)
- 25% of order before 9/30
- Remainder by 10/30

RxAlly expects to start taking orders the week of May 20. Orders will be accepted by email, fax or telephone. Payment will be due 60 days from the date of shipment and up to 20% of your order can be returned for full credit. **FINAL DETAILS WILL BE ANNOUNCED SOON.**

New Performance Platform for MTM/Clinical Services

Testing began last month on the **RxAlly Performance Platform**, the MTM/clinical services support system for RxAlly's Medicare drug plan, SmartD Rx.

After analyzing three months of data for more than 90,000 SmartD enrolled beneficiaries, RxAlly has begun assigning about 8,900 qualified MTM cases identified in some 3,000 RxAlly pharmacies. The MTM caseload is spread out roughly equally over chain and independent pharmacies.

RxAlly will begin enrolling SmartD network pharmacies that have MTM cases into the Performance Platform in June. Eligible beneficiaries will receive MTM welcome letters from SmartD Rx starting May 22.

- ▶ **As a founding member and major investor in RxAlly, American Pharmacies is fully committed to its success. To learn more about RxAlly and SmartD Rx, visit RxAlly.com for FAQs and an informational webinar, or contact RxAlly at SmartDRx@RxAlly.com.**



CMS Sanctions SmartD Rx; Plan Enrollments Suspended

Smart Insurance Co., the sponsor of SmartD Rx plans, has been notified by CMS to suspend all new enrollment and marketing activities at this time. Smart Insurance Co. is cooperating fully with CMS to address the operational issues.

At this time, RxAlly has requested that SmartD Rx Preferred Network pharmacies:

- **Immediately remove all SmartD Rx marketing materials from display** to comply with CMS requirements;
- **If an inquiry is received, inform prospective members that SmartD Rx is not accepting enrollments at this time.** Encourage them to visit www.Medicare.gov to review other available plans; and
- **Direct current members with any questions to the SmartD Rx customer service team at 1-888-328-0420.**

This action does not affect current SmartD Rx members. **SmartD Rx members who enrolled on or before April 23 or were assigned into our plan by CMS will experience no change in eligibility.** These include members that may have start dates through June 2013.

Current member medications, prior authorizations and SmartD Rx plan design will not be interrupted.

If you have further questions, please contact the Pharmacy Help Desk at 888-907-0050.

Introducing Pet-RITE Pet Wellness Center

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American Pharmacies & Prodigy Animal Health have partnered to bring you some of the best pet wellness products available for dogs and cats in a simple & profitable turnkey program:

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The OTC Kiosk Contains

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What Our Members are Saying About American Pharmacies



“I do my homework before I pull the trigger on anything. The advocacy of AP was a missing piece that independents so desperately need to fill. There really isn’t an organization in in this state that supports independent pharmacy. When you add in the better buying power, it clearly was an obvious decision.”

David Lansford
Roden-Smith Pharmacy, Clovis, NM



“It’s a large, diverse group and a good cross-section of Texas independents. We’re all in the same boat and have the same issues. American Pharmacies was the best of the options I saw out there as far as helping you with more than just the cost of goods.”

Dan Jespersen
Ben Franklin Pharmacy, Duncanville, TX

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On the Move

APRx Value & Message Resonate Well Beyond Texas

APRx has built a strong reputation as the leading force fighting for the independent pharmacy business model in Texas. It was inevitable that word of our economic, legal and legislative strength spread from the Lone Star State.



APRx now has 34 stockholder members in Louisiana, Oklahoma and New Mexico, and we are expecting many more.

We are proud to have out-of-state independents in our ranks who share our commitment to the future of independent pharmacy. **Welcome to the APRx family!**

Help Spread the Word About APRx

As we take on greater legal and advocacy challenges, our continued growth is vital to our ability to advance and defend your interests. We need your help in spreading the word about the power of APRx. Here’s what you can do:

- ▶ Forward APRx & TPBC news to colleagues.
- ▶ Give sales team some referrals.
- ▶ Tell a colleague about everything APRx & Texas Pharmacy Business Council do for independent pharmacy.

To get more actively involved in recruiting new American Pharmacies stockholders, just contact our sales team (left).