



2018

THINKING BACK, LOOKING FORWARD

It's Been an Incredible Year, But the Best is Yet to Come!

Dear American Pharmacies Member,

"It's been a remarkable year," the old saying goes every December. Honestly, all years should be considered remarkable, but some do stand out as especially meaningful or transformative. 2017 was such a year for American Pharmacies.

The vision and values that were carefully planted 15 years ago came to full fruition in 2017.

And while our success the past year may be rewarding, it is equally important as a major validation of our commitment to excellence, value, integrity and transparency.

American Pharmacies Goes National

In April, we signed a landmark alliance agreement with the St. Louis-based Pharmacy Franchisees & Owners Association (PFOA), bringing a large group of PFOA pharmacies aboard as affiliate members in states from California to Florida. The alliance strengthens both organizations — PFOA's members get our industry-leading economics while American Pharmacies gains market strength and spreads its value proposition across a broader area.

In all, we grew by 157 shareholders and affiliate pharmacies in 2017. These include new shareholders in Tennessee, Georgia and Mississippi. We now have shareholders or affiliate members in 19 states, giving us a national reach for the first time.

Continued Financial Success & Rebate Advances

Annual rebates for FY 2016 — distributed this past Spring — were 30.5% higher than the distribution for FY 2015. **More importantly, we continued to meet our goal of returning 94% of all revenue to our shareholders.** Past performance doesn't guarantee future results, but our strong growth and the expert management of our contract with AmerisourceBergen should mean a healthy annual distribution for our shareholders and affiliates next Spring.

To help your cash flow, we started a new Rebate Accelerator Program to give you approximately half of your monthly American Pharmacies rebate around the 15th of each month — two weeks earlier than your regular rebate payment. The partial mid-month rebate is a fixed amount based on your previous monthly rebates earned on AmerisourceBergen purchases.

RxLEGACY Paying Big Dividends as Well

Our RxLEGACY pharmacy ownership program, operated in partnership with AmerisourceBergen, celebrated its first birthday this fall and has far exceeded expectations. **General Counsel Amanda Fields facilitated the sale of three shareholder pharmacies to new owners in 2017 while keeping all three on the APRx rolls. She also helped an out-of-state owner purchase nine Texas independent pharmacies, and he subsequently moved all the business to APRx.** Fields also helped an Oklahoma shareholder draw up and execute a junior partnership agreement.

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RxLEGACY was the subject of 2.5-hour CE session at our 2017 annual conference and was the backdrop for a successful student-pharmacist reception. As a program with considerable resources for recent graduates and young pharmacists, RxLEGACY is becoming a useful springboard for building relationships with independent-minded pharmacy students.

RxCOMPASS Becomes the Industry-Leading Data Analytics Program

We launched the RxCOMPASS data analytics program in 2016 to harness the power of your transactional data. Built to APRx specifications in partnership with FDS, RxCOMPASS analyzes your data to provide a Daily Performance Report and other advanced reporting features. RxCOMPASS is free to all qualifying members, and more than 275 APRx pharmacies use this powerful program, which is a growing force in the marketplace and a driver of our shareholder growth.



Earlier this month, Love Oak Pharmacy in Eastland, Texas, observed its one-year anniversary of working the Refills on Time Report to identify missed refills and patient revenue opportunities. Over 52 weeks, a Love Oak technician doing an average of 7.5 hours of patient outreach week produced \$303,000

in revenue gained on 3,503 fills, a gain of \$179 of revenue per patient. **Just as vital is the staff time/cost in relation to the gains: the tech's weekly work gained an average of 8.98 scrips and \$776.92 in revenue per hour. RxCOMPASS is a game-changing program that is free to you and supported by the expertise of our field consultants and support staff.**

On the Hunt for Value-Based Reimbursement

The retail pharmacy business model is evolving rapidly, and American Pharmacies took a big step to prepare for the arrival of new revenue channels with the hiring of Rick Goebel — former Vice President of PBA Services at AmerisourceBergen — as a special consultant on networks and managed care. **Goebel's role at APRx will be to monitor and review emerging high-performance pharmacy networks for American Pharmacies, assess the readiness of APRx to participate in such networks and to develop managed network opportunities that provide improved reimbursement for patient-centered care programs.**

Our Rebranded Conference

As a national organization with growing reach and new affiliate members who are not shareholders, we needed a more dynamic and **inclusive name for our growing annual conference. We've renamed it APEX and we look forward**



to welcoming many PFOA affiliates in 2018, as well as new shareholders from far afield. Mark your calendars for June 7-9 at the Hyatt Hill Country Resort in San Antonio. More information is coming shortly, as online registration opens Jan. 1. Join us next June for CE, networking, family fun, vendors and lots of valuable business resources.

Advocacy Successes Continue

Texas Pharmacy Business Council continued its unprecedented success, passing an anti-clawbacks bill and stiffer penalties for pharmacy crime during the 2017 legislative session. TPBC is the pre-eminent state advocacy organization in the country and is the first created by a group purchasing organization. **TPBC and its sibling organization in New Mexico are emphatic proof of American Pharmacies' commitment to assertively advancing and defending your business model model on all fronts.** In just its second year of existence, New Mexico Pharmacy Business Council marked its first full legislative session with the passage of the nation's second ban on PBM transaction fees.

Strong Partners Mean a Bright Future

AmerisourceBergen is our most critical strategic partner and continues to help drive our success and open new opportunities to us. We are also blessed to have strong relationships with other vital partners, such as ParMed and FDS, who work closely with us in delivering tremendous economic value for our members. This year we have really accelerated our efforts to identify additional partners who can bring game-changing value to your operations.

As we celebrate our success in 2017 and look forward to a bright 2018, we must especially thank our most vital partners of all — dedicated owners like you, who work hard every day to help patients and advance independent pharmacy. Your support has driven our growth, strengthened our finances and inspired our economic and advocacy efforts. **Our mission and our motivation all flow from you.**

**On behalf of
the entire
American
Pharmacies
Board & Staff,
may the New
Year bring joy and
prosperity to you
and your family!**



The Board and staff thank you for your continued loyalty — We are always here for you!

Mike Gohlke

Laird Leavoy

President

Sr. VP, Sales & Operations