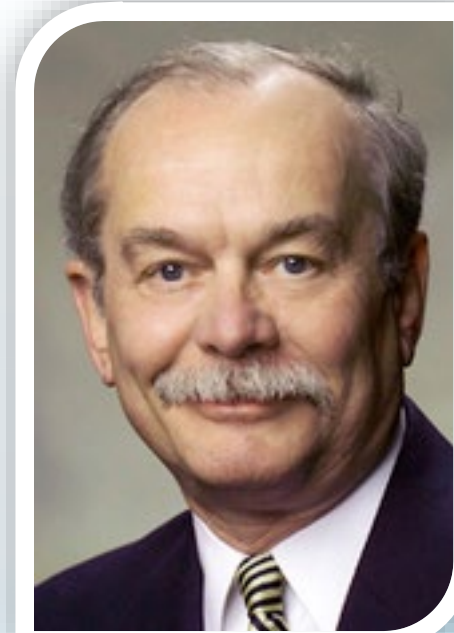


Michael Wright, VP of Government Affairs

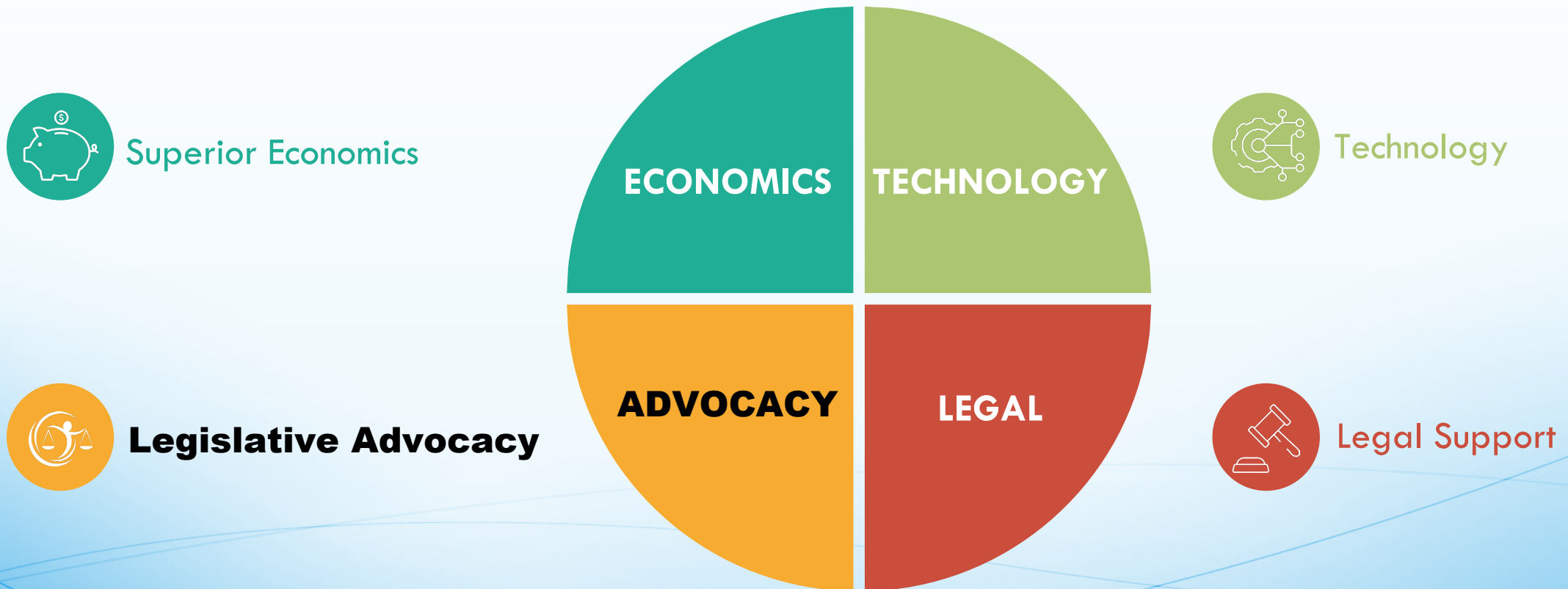
- Executive Director of the Texas/New Mexico Pharmacy Business Councils.
- Works with National & State Organizations to Protect, Defend & Enhance the Business Model of Independent Pharmacy.
- 30+ years as a government relations executive for Hoffman-La Roche, managing regulatory affairs for TX, OK, AR, LA & NM.



Learning Objectives

- Describe the major bills that passed in the 2023 Texas session & their impact on community pharmacy.
- Describe key bills passed in other states & their impact on community pharmacy.
- Discuss the ongoing advocacy issues, challenges & priorities for community pharmacy across the nation.
- List major issues/legislation before Congress and the FTC that affect community pharmacy.

American Pharmacies Cornerstones of Value





TPBC's Guiding Principles

- **Focus on Achievable Goals You Can Build on.**
- **Take a Long-term View:** Alliances & Foundations Built Today Reap Future Cooperation & Success.
- **Always Be Willing to Discuss & Negotiate Differences.**
- **Credit Those Who Help** – and Expect Credit for Your Help.
- We Are the Advocacy Leader for Independents. **Our Board & Our Members Expect Us to Lead.**

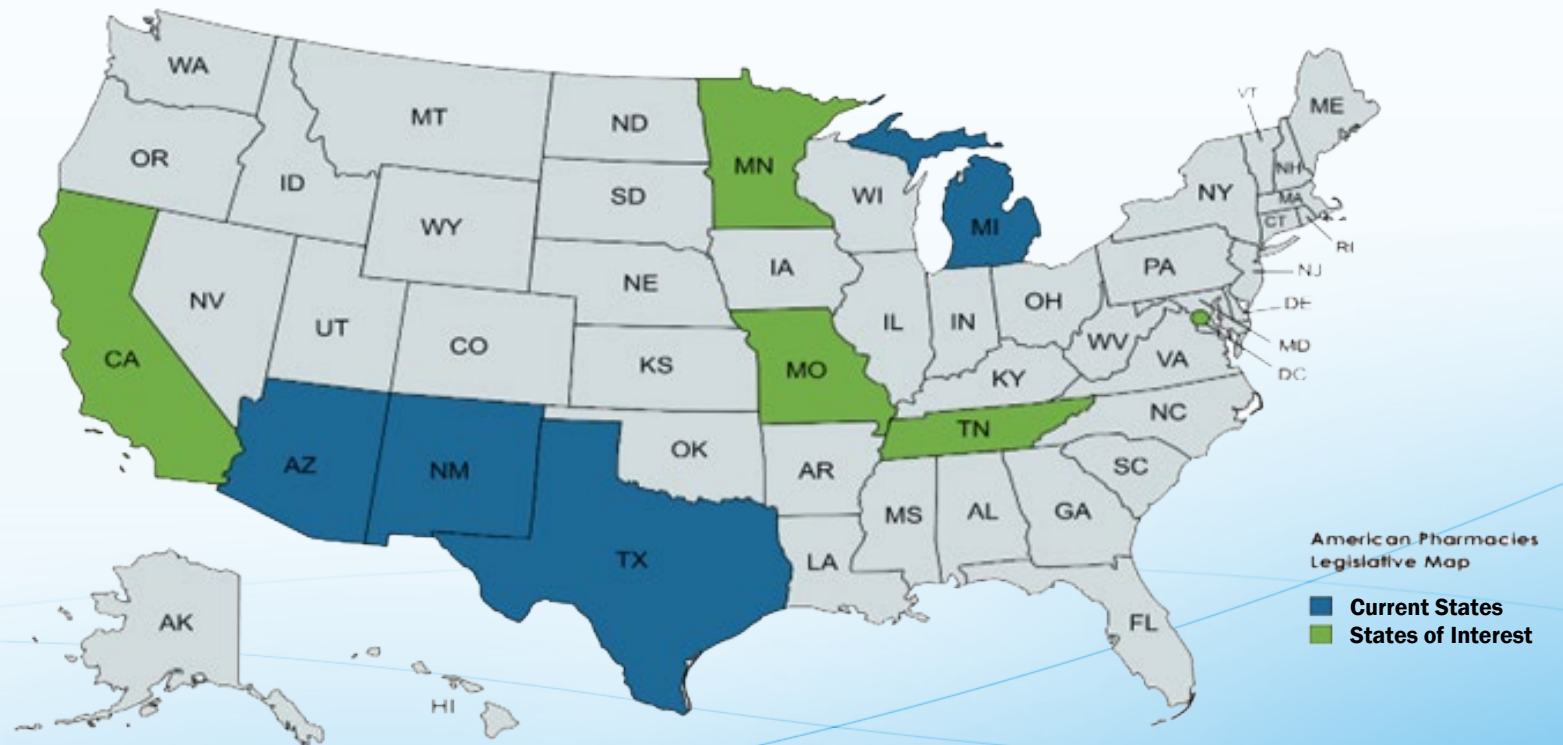
Our Government Affairs Commitment

- Michael Wright, VP Government Affairs,
- Miguel Rodriguez, General Counsel
- Chuck Waters, VP of Marketing & Communications
- Consultant Lobbyists:
 - Arizona-Dianne McAlister
 - Michigan-KJL Team-Ryan Burtka
 - New Mexico-Jason Thompson/John Thompson
 - Texas- Gregg Knaupe/Adam Leggett/Jerry Valdez
 - Washington DC- Steven Irizarry Roberti Global

A Growing National Footprint

States of High Interest/Opportunity

- California
- Minnesota
- Missouri
- Tennessee
- Washington DC



Vertical Integration in the Insurance/PBM Space

Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, and Providers, 2021



1. Cigna partners with providers via its Cigna Collaborative Care program. However, Cigna does not directly own healthcare providers.

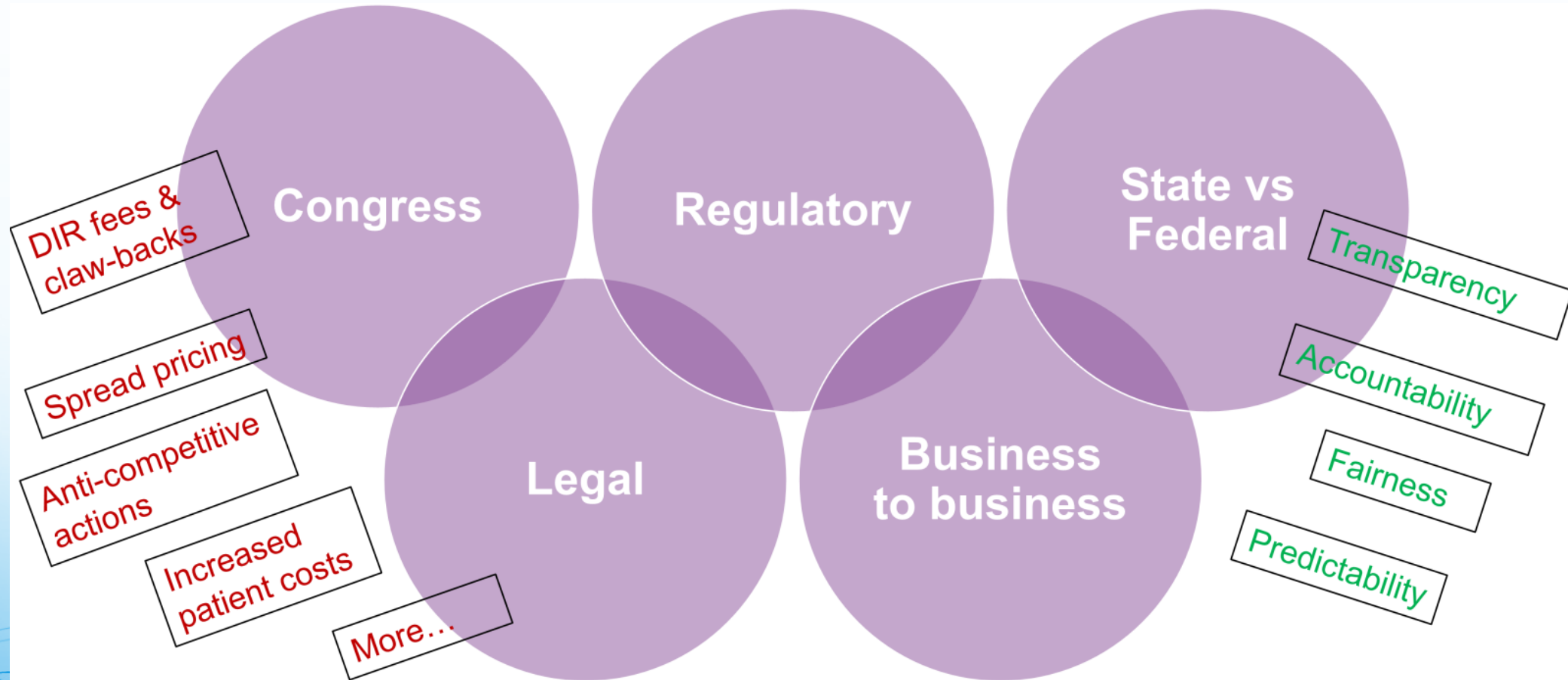
2. AllianceRx Walgreens Prime is jointly owned by Prime Therapeutics and Walgreens Boots Alliance.

3. Since 2020, Prime sources formulary rebates via Ascent Health Services. In 2021, Humana began sourcing formulary rebates via Ascent Health Services for its commercial plans.

Source: Drug Channels Institute research; Companies are listed alphabetically by insurer name.

This chart appears as Exhibit 210 in *The 2021 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*. Available at <http://drugch.nl/pharmacy>

PBM Oversight: A Multi-Pronged Approach



Arizona

- **Senate Bill 1382: PBMs Certificate requirements (Sen. Champ)**
- Requires PBMs to obtain a Certificate of Authority to operate and gives Department of Insurance & Fin. Institutions (DIFI) jurisdiction over PBMs.
- Gives DIFI authority for cease & desist order, suspensions, certificate revocation.
- Prescribes civil penalties for violations.

HB 4348 Michigan

- **HB 4348: Part of a sweeping bipartisan legislative package driven by House Speaker Jason Wentworth**
- There had been **NO** PBM reform legislation ever introduced in Michigan prior to HB 4348
- The largest omnibus PBM bill in the U.S. ever introduced at state level – 31 pages.
- Bill filed by Rep. Julie Calley, R-Portland, MI
- APRx retained KJL Lobby Team

HB 4348 Michigan

Licensing & Oversight of PBM's by Michigan Dept. of Insurance:

- DIFS authority over PBM License for specified violations.
- Requires quarterly transparency reports on wholesale acquisition costs, rebate disclosure and total rebates & fees not passed through to health plans.
- DFIS to prepare annual report on all PBM adjudicated claims to identify cost savings.
- **Rule-making has started and APRx has submitted comments.**

Michigan

- **HB 4276 – Pharmacy Reimbursement**
- For pharmacies with not more than 7 retail outlets: NADAC plus a formula-based dispensing fee for brands & generics.
- Moves issue to statute vs. annual renewal & appropriations of fee.
- Expansion of Immunization Authority :
 - **HB 4316 & HB 4435**

New Mexico

- **HB 451: Reimbursement Rates for Community-Based Pharmacy Providers**
- Ensures that community-based pharmacy providers are fully reimbursed for the ingredient cost and professional dispensing fee for outpatient drugs in all Medicaid programs. The department shall identify and update, at least annually, a list of community-based pharmacy providers.
- Premise:
 - Mimic Managed Care FFS dispensing fee in Medicaid Managed Care Plans.

American Pharmacies Texas Advisory Panel

Chair: John Hickman, Dyer Drug Store – Farmersville

AP Liaison: Mike Muecke, Muecke Prescription Shop – Bay City

Bryan Abernathy, Medical Arts Pharmacy – San Angelo

Kendra Korthauer, Norman's Pharmacy – Brenham

Russell Pelzel, Pelzel's Hometown Pharmacy – Pilot Point

Vanessa Recio-Rawls, Richard's Pharmacy – Mission

John Rogers, Rogers Pharmacy – Victoria

Mark Vogler, Martin Tipton Pharmacy – Amarillo

Texas 2023 Defense

- **Repeal of HB 1919 & HB 1763 from 2021 Session – #1 DEFENSIVE PRIORITY**
- **HB 1001/ HB 3286**
- **SB 2414**
- **Mandate Reviews & Repeals: Multiple Bills**
- **Physician Dispensing: Three(3) bills**
- **Telepharmacy rules on distance**

HB 1763: Protecting Patient & Pharmacy Rights

- Prohibition of Retroactive Fees (Tx. Ins. Code §1369.553)
- No Prohibition of Mail or Delivery
- No Extra Professional Standards or Accreditations
- Reimbursement Parity
- Disclosure of PSAO Contracts
- Retaliation Prohibited
- Waivers by PBMs Prohibited

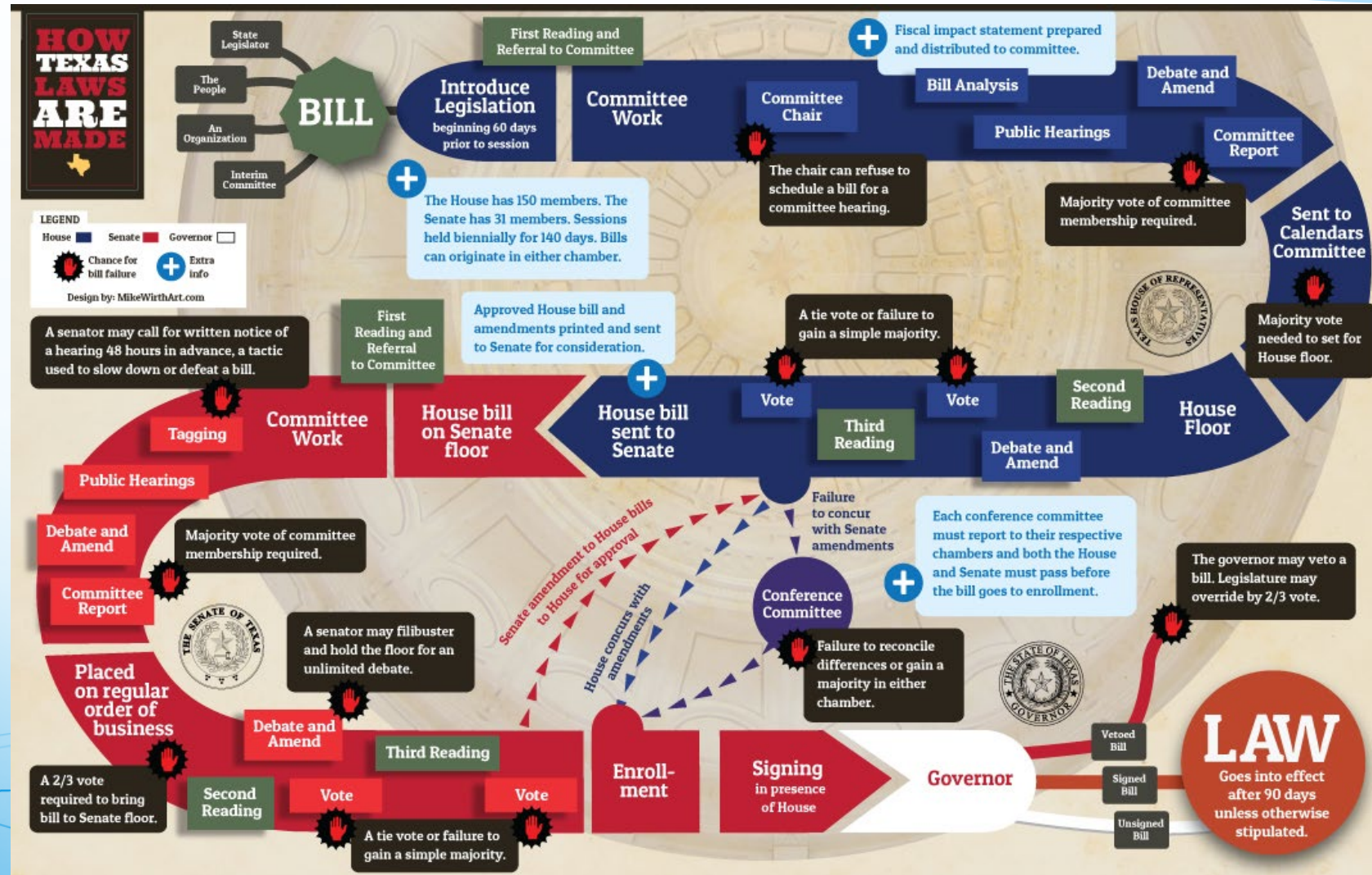
Fierce PBM Opposition to HB 1919



HB 1919: Anti-Steering of Pharmacy Patients

- Prohibits Requiring or Inducing Use of Affiliated Pharmacy (Tx. Ins. Code §1369.555)
- Prohibition of Steering Communications
- No transferring of records

Passing a Bill Is No Easy Task



Texas 2023 Proactive

- **HB 1105/SB 749:** Expansion of pharmacy immunizations
- **HB 2021/SB1137:** TDI reform bill for ERISA/Out of state plans
- **HB 2079:** Test & Treat
- **HB 1293:** NADAC plus FFS dispensing fee in Medicaid Managed Care
- **HB 1283:** Medicaid Formulary HHSC 2033

Texas 2023 Misc.

- **HB 4990:** Texas Pharmaceutical Initiative State run PBM
- **SB 1581:** Establishment of Texas Health Insurance Mandate Advisory UH
- **HB 25:** Wholesale importation of prescription drugs to Texas
- **SB 2173:** Pilot Program on safe disposal of prescription drugs
- **HB 2180:** Co-Pay Accumulator
- **SB 1915/HB 3916:** DME reimbursement Medicaid

American Pharmacies Federal Advisory Panel

Chair Joe Ochoa, Ochoa's Pharmacy Central – Edinburg, TX

John Hickman, Dyer Drug Store – Farmersville, TX

Steve Hoffart, Magnolia Pharmacy – Magnolia, TX

Theresa Dickenson, Melrose Pharmacy – Phoenix, AZ

Jeff Gross, Mickey Fine Pharmacy & Grill – Beverly Hills, CA

Grant Brown, Advanced Care Pharmacy Services – Jackson, MI

Deb Keaveny, Keaveny Drug – Winsted, MN

Micah Lansford, Roden-Smith Pharmacy – Clovis, NM

Rob Bullington, Preferred Pharmacy – Sevierville, TN

Jason Turner, Moundsville Pharmacy – Moundsville, WV

American Pharmacies Federal

Federal Trade Commission Taking Action – Finally:

- June 8, 2022: FTC launches (6)(b) study
 - Scrutinizing PBM Business Practices
 - Examining the impact of PBM Practices
 - FTC seeking compulsory orders

American Pharmacies has participated in live time discussions with FTC attorneys on a host of topics and plans further meetings in D.C.

American Pharmacies Federal

Major Congressional Focus on PBMs:

- House Oversight & Accountability Committee announces PBM investigations.
- Senate Judiciary & Senate Commerce Committee has already marked up PBM legislation.
- Senate Finance has held a hearing on PBMs.
- House Energy & Commerce Committee had a hearing on transparency with a focus on PBMs.
- Senate HELP Committee has met in Executive Session on PBM Transparency: **S. 1339, The Pharmacy Benefit Manager Reform Act.**

Key Federal Legislation APRx is Working

The Pharmacy Benefit Manager Transparency Act (S.127):

- Bans deceptive unfair pricing schemes, including spread pricing.
- Prohibits arbitrary clawbacks.
- Requires PBMs to report to the FTC revenue made through spread pricing and pharmacy fees.
- Incentivizes Fair & transparent PBM practices.
- **Passed out of Committee on a bipartisan 188-9 vote**

Key Federal Legislation APRx is Working

- **H.R. 1770:** The Equitable Community Access to Pharmacist Services Act
- **H.R. 1613:** Drug Price Transparency in Medicaid/S. 1038 Companion
H.R. 2880: Protecting Patients from PBM Abuses Act
- **H.R. 2679:** PBM Accountability Act
- **S. 1339:** Pharmacy Benefit Reform Act

Grassroots Advocacy Stars

No legislative agenda can succeed without the involvement of dedicated constituent advocates.

We are excited to recognize and honor the APRx members who have been critical contributors to our efforts this year.

2023 Advocacy Awards



Deb Keavney — Winsted, MN



- Owner of Keavney Drug
- Chair of PUTT Board of Directors
- Founder & leader of MNIndys- Minnesota Independent Pharmacy Group
- Singlehandedly drove the agenda of MN Medicaid Carve Out Bill: H.F. 1752

Russell Pelzel — Pilot Pont, Texas



- Strong advocate in both 2021 & 2023 Texas Sessions.
- Multiple trips to Austin to effect positive outcomes.
- Connor Pelzel -Son- 2023 Session
- Member of Texas Advocacy Panel.
- His influence during the 2023 TX Session with a key senator reversed the tide on HB 1001.

Monique Whitney — PUTT

- Executive Director of Pharmacists United for Truth & Transparency
- Has worked steadfastly for years to inform the public and policymakers about PBM abuses and drive the need for major PBM reforms.
- Instrumental in forming independent pharmacy advocacy coalitions & passing reforms in multiple states.
- A key legislative partner of American Pharmacies.



Why You Must Engage!

Your Profession & Business Are Highly Regulated:

- Your Education & Licensing Requirements
- How You Buy, Store & Dispense Products You Sell
- The Stores You Own and Work in
- The Patient Records You Keep
- How You Get Paid; How Much You Get Paid
- **What You Can or Cannot Do as a Health-care Professional — Now or in the Future**



How Can You Get Involved?

Become *Politically* Active

- Be Informed on pharmacy legislative issues.
- **Invite Candidate to YOUR Pharmacy or Local Meeting.**
- Support election campaign.
- Visit district office.
- **Offer to be a resource on pharmacy issues.**
- **Be prepared to come testify.**
- **Use our resources & support.**



Thank You for Your Dedication

To Your Profession,

Your Career,

Your Patients,

YOUR FUTURE!

Lobbist Panel Discussion

Ryan Burtka

Khoury Johnson Leavitt, Lansing, MI

Steven Irizarry

Roberti Global, Washington D.C.

Jason Thompson

Jason Thompson Government Affairs, Alb., NM

Jerry Valdez

Jerry Valdez Government Affairs, Austin