

LOOK BEFORE YOU SIGN



American Pharmacies is committed to full transparency in all dealings with independent pharmacies. Our member agreements are open-ended with a simple 60-day exit clause and clear disclosure of all terms. Unfortunately, we hear from owners about contracts with buried auto-renewal clauses, and about repeated delays in getting a copy of the executed contract. Many wholesalers, PBMs and vendors require you to sign a contract, so follow these guidelines to better protect your pharmacy.

Review Every Written Agreement With These Cautions in Mind

Don't Bind Yourself to An Extended Term. Scrutinize the term of the agreement. What is the time for performance? When does it expire? Does the agreement renew annually — is it automatic or must you provide written notice to terminate or renew? **Do not bind yourself to an extended contract term. Consider a 1-year term instead.**

Scrutinize the Termination Clause. The agreement should define the circumstances by which the parties can terminate the contractual relationship. **Request a clause that allows you to terminate for any reason (with or without cause) with 30 days notice.**

Don't Rely on Oral Agreements. Although oral agreements are often legally binding, a written agreement is less uncertain than an oral agreement because you have a document that clearly states each party's obligations. The signed agreement can be the final word.



Insist That Details Are Correct. Include the date in the first paragraph so the agreement is easily referenced after execution. Ensure that the parties are properly identified, names are spelled correctly and addresses are accurate.

Thoroughly Read the Agreement. Review every agreement before you sign, especially those that will have the most significant impact. Communicate with the other party and ask questions.

Eliminate Ambiguity. Do not accept the other party's oral explanation of a perplexing term, or assume that the party defines those terms in the same manner you do. **If there is any uncertainty, add language to ensure clarity.** Thoroughly articulate each party's obligations. It can be helpful to affix attachments to demystify complex issues.

Negotiate With the Right Individual. Work with the individual(s) who have the authority to negotiate and who have a vested interest in ensuring that the agreement is negotiated and executed appropriately.

Define Your Priorities & Stick to Them. Articulate terms on which you are unwilling to compromise, and those on which you are flexible. **Be prepared to trade off on less essential issues to win concessions on your priorities.**

Eliminate Arbitration Clauses. Instead, state that the parties will attempt in good faith to mediate disputes (and split the costs evenly). Work out disputes with a neutral third party and avoid the stress of arbitration or litigation.

Insist on a Copy of the Signed Agreement. It is essential to maintain the original contract for your records. Don't agree to any modification of terms except by written, signed amendment to the original agreement (retain a copy).

Questions? Please contact APRx General Counsel Amanda G. Fields at afields@aprx.org.



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