What a Six Months It’s Been!

Valued Shareholders,

It's hard to believe that we are barely into the second half of 2015. So much has happened so quickly since the start of the year. The pace of success can make your head spin!

A little more than six months ago, we launched an exclusive, long-term primary vendor agreement (PVA) with AmerisourceBergen that is reshaping the Texas marketplace and driving our growth in other states. The PVA is bringing millions of dollars in value to our members and has recent enhancements, including a great ABDC signage offer (p 4).

We also have gone through another six-month legislative session that brought a landmark ban on transaction fees for Texas retail pharmacy (p 2) while cementing the reputation of our Texas Pharmacy Business Council as the pre-eminent state pharmacy lobbying group in Texas — if not the entire nation. Our creation and ongoing funding of TPBC as an independent entity to focus full-time on advocacy needs was a national first — and is setting the bar for independent pharmacy.

We’ve asked you before to support GPAC — our political action committee (p 10) — but you can expect to hear that message louder and more often from now on. It is absolutely critical that the top independent pharmacy advocacy group in Texas is backed by the biggest pharmacy PAC in the state. Let’s make that a reality by 2017.

It’s a great time to celebrate being an APRx member and there is no better place to do it than at our 2015 Shareholder Retreat. This year's event is bigger and better with a new venue, more CE and reduced hotel and golf costs. Please join us there in celebrating our success and your vital importance as shareholders.

On behalf of our Board of Directors and staff, thank you for your continued membership and support, which empower and motivate everything we do.

Mike Gohlke, President
American Pharmacies
TPBC Repeats 2013 Success With Huge Session Wins

Capitalizing on relationships and respect built over the last four years, TPBC again had a stellar legislative session, gaining both positive, incremental changes and a bold victory that sets the standard for state-level pharmacy advocacy. Our strategic focus, our ethics and our considerable resources continue to deliver results.

Just two years after making Texas the first state to adopt MAC and audit reforms in the same legislative session, TPBC scored another first by passing the nation’s first major comprehensive ban on transaction fees assessed by PBMs on pharmacy claims — SB 94 by Sen. Juan Hinojosa of McAllen. We also passed SB 332 by Sen. Charles Schwertner of Georgetown, expanding our vital 2013 MAC transparency reforms to commercial and public health plans.

You can read all about the good, the bad and the ugly for Texas retail pharmacy in our 2015 End of Session Report, which was distributed by TPBC newsletter on June 23 (you can also see it online at aprx.org).

Every session has its share of exultation, disappointment and drama over 140 days; 2015 was no exception. There was no enhancement made in the horribly low dispensing fees in Medicaid managed care. But all in all, Texas retail pharmacy had a very good session, scoring some important wins and avoiding catastrophe:

- TPBC’s ban on PBM transaction fees that will save pharmacies millions (effective Sept. 1);
- TPBC’s expansion of MAC transparency reforms to commercial and public health plans (effective Jan. 1);
- Preservation of the franchise tax exemption for the first $1 million in revenue & a 25% cut in the tax rate;
- Transfer of the controlled drug monitoring program from DPS to the Texas State Board of Pharmacy, plus elimination of the duplicative requirement for state-level registration of pharmacists & MDs;
- For the second straight year, we held off a bill to authorize physician dispensing of aesthetic drugs, with Texas pharmacy groups providing unified opposition;
- Bills authorizing Texas physicians and pharmacies to prescribe/dispense EpiPens to school districts without a specified patient name and allowing pharmacists to legally administer an autoinjector to an individual in an emergency situation; and
- Increased regulation and stronger fraud definitions for the operators of prescription discount card programs.

“We provided significant financial relief for Texas retail pharmacies this session,” TPBC Executive Director Michael Wright said. “The transaction fee ban is a game-changing win. We will continue our strategy of targeted incremental gains for pharmacy to protect the business model of independents.”

Advocacy Success the Right Way — The Importance of Values

TPBC continues to succeed by doing it the right way. Armed with the right people and a strong funding commitment from American Pharmacies, it establishes reasonable, achievable goals and works hard year-round to achieve them. TPBC is always willing to discuss differences and always honors its word. It is committed to building relationships and reputation as the foundations of future success.

Wright said TPBC cooperates as best it can with other pharmacy groups in Texas, even though such efforts are sometimes frustrating and too often unproductive. He said cooperation and collegiality are important values, but he stressed that being the pharmacy advocacy leader in Texas means often having to set your own course — “We are the leader and our Board and our members expect us to lead,” he said.

“We are proud of the way we do business and don’t apologize for the considerable resources we use on your behalf, he said. “You deserve every effort we make, and we will continue to represent you with focus, professionalism and — most of all — results.”
APRx and TPBC are hosting four dinner forums around the state to discuss our legislative victories in the 2015 Session and ongoing advocacy challenges for independent pharmacy. There is no charge to attend and a complimentary dinner will be served at 7 p.m. at each forum. All independent pharmacists are welcome to attend.

TPBC Executive Director Michael Wright will discuss our 2015 session victories: our groundbreaking ban of transaction fees assessed by PBMs, and the expansion of MAC transparency reforms to commercial and public health plans. He will address other wins and issues, as well as ongoing advocacy challenges affecting the independent business model. Questions and input are welcome.

To attend one of the forums, please RSVP to the appropriate contact person in the schedule at right.

All independent pharmacists are welcome and there is no charge to attend any of the forums. Dinner will be served at 7 p.m. and the program will begin at 7:30. Please RSVP to the designated contact person above so we will have an accurate count of attendees.

Don’t Miss This Vital Review of the 2015 Legislative Session & the Ongoing Challenges Affecting Your Business Model
SIGNS OF PROGRESS

AmerisourceBergen Steps Up With Sponsored GNP Signage Packages for Qualified Members

As further proof of its long-term commitment to the business model of APRx, AmerisourceBergen has launched a major store signage initiative in the Texas independent market that will allow qualified APRx-member stores to receive a Good Neighbor Pharmacy signage package at no cost!

**Good Neighbor Pharmacy is offering these sponsored signage packages exclusively to American Pharmacies members.**

There are three signage packages available for stores of different sizes: View the Packages. The new signs are the work of Hanlon Creative, the Pennsylvania-based branding strategist that ABDC engaged to freshen and update the GNP brand.

**Mitch Tully, Texas-based Director of Strategic Accounts for ABDC, said stores must meet eligibility criteria for the sponsored signage packages:**

- You must be an APRx shareholder with an active ABDC account in good standing;
- The signage package you are eligible to receive will be dependent on the size (square footage) of your store(s) and will be determined by your AmerisourceBergen sales associate;
- Packages are available to all active APRx members in all states; and
- Sign packages cannot be customized with individual colors or configurations.

Pharmacies that qualify for larger packages can receive installation and cost assistance from AmerisourceBergen.

To discuss if your pharmacy qualifies for a sponsored Good Neighbor Pharmacy signage package, contact Mitch Tully: mitchtully@amerisourcebergen.com.

**Still Time to Register for 2015 ThoughtSpot Conference in Vegas**

There is still time to register for the annual tradeshow sponsored by AmerisourceBergen and Good Neighbor Pharmacy. The four-day conference takes place July 29 - Aug. 1 at the MGM Grand Hotel in Las Vegas and offers a wealth of value:

- **Education** – CE sessions, certificate courses and seminars on a wide range of topics.
- **Buying Opportunities** – Exhibitors offering special pricing incentives for Branded, Generic, OTC & other products.
- **Networking events & programs** designed to drive interaction and relationship-building.

ThoughtSpot opens with a kickoff party on July 30 at the MGM Grand pool to start the event off right. Enjoy live music, plenty of fabulous food and relaxing quality time with your peers. ThoughtSpot closing night parties are legendary, and this year’s event features Pat Monahan, the Grammy-winning, multi-platinum-selling lead singer of Train.

Breakfast and lunch are provided to attendees Tuesday, July 28 through Saturday, Aug. 1. Heavy hors d’oeuvres will be served at the opening night reception on Thursday, July 30 and dinner will be served at the closing.

For more information about the event, contact AmerisourceBergen at thoughtspot@amerisourcebergen.com.
DON'T MISS THIS OFFER
Sept. 24-26, 2015 | Hyatt Regency Hill Country Resort & Spa in San Antonio

Register now for our 2015 Shareholder Retreat, our signature annual conference to be held Sept. 24-26. We’ve moved to the upscale Hyatt Hill Country Resort in San Antonio, with a $209 rate — $30 less than last year. Golf fees are lower, too. Our free hotel night offer continues: the first 150 to book their room get their first night free — a $209 value. So hurry!

Two-day registration is $150 for members/$225 non-members and includes all CE and meetings on Friday & Saturday, nightly receptions, the exhibit hall and Saturday lunch, and the Saturday night banquet. The three-day package with Thursday CE is just $225 for members/$275 for non-members.

- Resort Property with Hiking Trails, Onsite Spa & 4-acre Water Park
- Reduced $209 Room Rate (wifi Included)
- Optional Pharmacy CE Package on Thursday, 9/24
- Friday Golf Tournament With Reduced $75 Entry Fee
- Receptions, Breakfast, Lunch & Saturday Banquet with Live Music

$209 Hyatt Room Rate With First Night Free!*

The Hyatt Resort sits on 300 scenic acres of a former Hill Country ranch and features 500 recently remodeled rooms, 27 holes of championship golf and an onsite spa. It has extensive hiking trails, a 4-acre water park and organized kids’ activities. It is next door to SeaWorld and is just 15-20 minutes from Fiesta Texas, shopping and the River Walk. We have a special rate of $209 with free Wifi for a King or Double room for stays Sept. 21-27.

*Rate Good Through 8/31; Free Night Limited to First 150

Register & Connect: Find “2015 Shareholder Retreat” at Eventbrite.com
APRx, ABDC Give $50,000 for Entrepreneur Course at TAMHSC

American Pharmacies and AmerisourceBergen have partnered to donate $25,000 each to the Irma Rangel College of Pharmacy at Texas A&M Health Sciences Center (TAMHSC) in Kingsville to support the development of a pharmacy entrepreneurship elective and seminar series at the school.

APRx President Mike Gohlke and Alan Wilson, AmerisourceBergen's vice president of national buying groups, presented an oversized ceremonial check for $50,000 to Pharmacy College Dean Indra Reddy at a ceremony held May 18 at the TAMHSC campus in Kingsville.

“We are excited to partner with AmerisourceBergen and the Rangel College of Pharmacy on this initiative,” Gohlke said. “Dean Reddy and the College strongly support the vital role that independent pharmacies play in our health-care system as locally owned businesses. The educational resources that these grants produce will help future independents succeed as both business owners and health-care providers.

“We greatly appreciate that our wholesale partner shares this commitment and we thank AmerisourceBergen for generously matching our grant to the College,” Gohlke said.

“This generous support is an incredible opportunity for us to prepare our students as future leaders and change agents,” said Reddy, professor and founding dean of the Pharmacy College.

A pharmacy professor who will teach the entrepreneurship elective at the Kingsville campus said independent pharmacists are innovative and effective in meeting the needs of their patients, but added that it is critical that they have the business skills to keep their doors open.

“When an independent pharmacy closes, often there is nothing to take its place, and the community suffers,” said Charles Douglas, Ph.D., MBA, assistant professor of pharmaceutical sciences. “This generous grant will help give pharmacists the necessary business skills so they can continue to provide vital pharmacy services in their communities.”

APRx member owners Bill Moore of Moore’s Pharmacy in Sinton and Nick Harrel of Harrel’s Pharmacy in Kingsville—both of whom are very active supporters of the pharmacy college—also attended the presentation.

Four APRx Board Members Re-elected to New Three-Year Terms

No candidate nominations for the four open American Pharmacies Board of Directors positions were received during the 11-day open nominations period that concluded on July 10. Therefore, in accordance with the provisions of the APRx Bylaws, the four incumbent directors are considered to be re-elected by acclamation. All four had sought re-election to the Board and will now start new three-year terms.

The four re-elected directors are pharmacists Robert Kinsey of Tyler, the current Board chairman; Mike Muecke of Bay City, the current vice-chair; Joe Ochoa of Edinburg; and Bruce Rogers of Victoria. Rogers chairs the separate Texas Pharmacy Business Council Board, of which Muecke and Ochoa are also members.

The APRx Board of Directors are all shareholder pharmacy owners just like you. They make all decisions about the cooperative’s strategic direction, operating expenses and budget.
Established Medicaid Providers Must Recertify by 3/24/2016

Provisions in the Patient Protection and Affordable Care Act (PPACA) require the periodic enrollment revalidation of all providers participating in the Medicare and Medicaid health insurance programs. Texas Medicaid providers that enrolled before January 1, 2013, must re-enroll in the program by March 24, 2016. Failure to meet the revalidation deadlines can result in the suspension or cancellation of your billing privileges in these programs.

To comply with federal law, all Medicaid providers are required to re-enroll at least every three to five years:

▪ DME providers are required to revalidate enrollment information at least once every three years; and
▪ All other provider types must revalidate their enrollment information at least once every five years. During re-enrollment, the provider screening will be repeated.

The Provider Enrollment Portal operated by the Texas Medicaid & Healthcare Partnership (TMHP) has been updated with new features:

▪ You can now upload supporting documentation;
▪ You can sign the enrollment agreements electronically (e-sign); and
▪ The application now has expanded error messages that provide guidance as you work on the application.

For additional guidance please visit the TMHP Provider Re-enrollment page at tmhp.com/Pages/Topics/ACA.aspx. For help re-enrolling, contact a TMHP provider enrollment representative at 1-800-925-9126, Option 2.

TMHP is also conducting a series of Provider Recertification workshops at locations around the state from September through November. You can check dates and register for the seminars at tmhp.com/Pages/Education/Ed_Reg.aspx.

HIPAA Risks Will Soon Rise With Expanded Federal Compliance Audits

Does your pharmacy carry adequate data compromise insurance coverage as part of your business owners’ protection? If you do not have it, you should strongly consider getting the coverage to be prepared for the worst-case scenario of any inadvertent breaches that result in significant penalties or civil damages.

The U.S. Department of Health & Human Services’ Office of Civil Rights (OCR) is gearing up for a massive wave of random compliance audits of smaller healthcare providers — including pharmacies. These audits were scheduled to begin in late 2014 but were delayed for several months so the OCR could implement new auditing technology.

OCR investigations previously occurred only if the agency received a report of an alleged HIPAA breach. The new proactive auditing is designed to detect risks and vulnerabilities to privacy in providers’ settings that investigations and security breach reports cannot typically detect.

The OCR will be looking at audited providers to obtain:

▪ Evidence that your pharmacy regularly conducts periodic risk analyses;
▪ Evidence of your overall compliance and documentation of policies and procedures; and
▪ A list of your business associates that includes contact information and denotes the services they provide.

The OCR has the power to assess non-compliance penalties and/or exclude non-compliant pharmacies from participating in any health-care programs that are directly or indirectly funded by federal funds — Medicare, Medicaid, TRICARE, etc. You should make sure that your pharmacy is fully prepared on all aspects of HIPAA compliance and has adequate insurance protection from liability for potential data breaches.

Shareholders can refer HIPAA-specific questions to APRx General Counsel Amanda Fields at afields@aprx.org. General compliance help is available from PRS Pharmacy Services: prspharmaceyservices.com/hipaa; data compromise insurance provided by Pharmacists Mutual can be viewed at phmic.com/IC/business/Pages/DataCompromise.aspx.
Get Your Rebate $$ Faster & Safer With Electronic Deposit

Electronic Funds Transfer (EFT) offers many distinct advantages over a traditional rebate check:

- Immediate availability of funds — no transit time for postal delivery means you get your payment quicker.
- No more lost or missing checks — these are inconvenient for you and require time and expense for APRx to reissue.
- No special trip to the bank needed — your money will be right in the account you choose each month with no action required on your part.

EFT is quick, secure and convenient for you and it reduces work and expenses for American Pharmacies. Signing up is easy — just complete the EFT Authorization Form on the next page and send it to APRx with a voided check or deposit slip. You can give the completed form to your APRx sales representative, fax it to 361-887-6111 or mail it to:

American Pharmacies | 802 N. Carancahua St., Suite 1830 | Corpus Christi, TX 78401.

Once you authorize EFT, it will remain in effect until canceled in writing. APRx will notify you by email each month when your rebate is paid by EFT and your related Value Statement is viewable in your member account at aprx.org.

Appeal Arguments Scheduled in CVS Lawsuit

On Sept. 30, 2014, the federal judge overseeing the APRx-supported RICO lawsuit against CVS Caremark adopted a magistrate judge’s recommendation that the independent pharmacies’ claims against CVS Caremark in federal district court be dismissed and the entire case be moved to arbitration. (CVS Caremark has continuously sought to send the lawsuit to arbitration to keep it out of the public eye.) The plaintiffs appealed that decision to the U.S. Fifth Circuit Court of Appeals last October and are now scheduled to make oral arguments before the court on August 4.

CVS Caremark had withdrawn an earlier motion to compel arbitration last year, but refiled its motion in the wake of an April 2014 decision by the Fifth Circuit on an appeal in a Mississippi copycat case. In that case, the Fifth Circuit upheld a lower-court ruling dismissing the Mississippi pharmacists’ similar lawsuit and sending that case to arbitration.

The class-action suit was filed in September 2010 by six APRx board members on behalf of all non-CVS pharmacies. The suit alleges that CVS Caremark violates the firewall required between its retail and PBM entities by the Federal Trade Commission when it approved the CVS-Caremark merger in 2007. Instead, the lawsuit alleges, the new company built an information technology platform that straddles all its business segments, capturing in-depth patient data for marketing and other uses in violation of HIPAA, resulting in misappropriation and misuse of independent pharmacy data for the benefit of CVS stores.

Please Contribute to the APRx Legal Defense Fund

Our lawsuits are critical to protect your business model, but they are costly and we need your help. APRx has received more than $175,000 in contributions from pharmacists and pharmacy groups in Texas and 14 other states. These contributions help finance the lawsuits and other legal actions we initiate to defend fair competition, adequate reimbursement and patient rights.

You can contribute online at: https://www.aprx.org/issues-advocacy/legal-defense-fund. You can mail checks to: APRx Legal Defense Fund | 802 N. Carancahua, Suite 1830 | Corpus Christi, TX 78401.
Electronic Funds Transfer Authorization

I hereby authorize Southwest Pharmacy Solutions, Inc. d/b/a American Pharmacies to directly deposit my rebates into the bank account or accounts listed below. A voided check or deposit slip has been attached to this form for the account listed below. This authorization is to remain in effect until American Pharmacies receives written authorization from __________________ (Shareholder/Member) that it is terminated or changed. I also grant American Pharmacies the exclusive right to electronically correct any Electronic Funds Transfer overpayment and the ability to deduct any excess funds from the account listed below that do not rightfully belong to me. Should there be insufficient funds in my below listed account to satisfy any overpayment correction, I understand I am hereby liable for that amount.

Shareholder Name: ____________________________________________________________

Pharmacy Name: ____________________________________________________________

Wholesaler: ___________________ Wholesaler Account#: _________________________

Address:_________________________ City:________________ State:_____ Zip:________

Telephone: (_____)_______________

Signature: _________________________ Date: _____/_____/_______

Printed Name: _____________________ Title: _______________________________

Account #1) Checking [___] or Savings [___]

Financial Institution: __________________________________________________________

Address:_________________________ City:________________ State:_____ Zip:________

Telephone: (_____)_______________

Bank Account # ___________________ ABA Routing # _____________________________

Email Address for Your “Value Statement”: ______________________________________

NOTE: Your “Value Statement” will be sent to you by email on the date of your direct deposit.

Fax this form & your voided check or deposit slip to 361-887-6111 or mail to:
American Pharmacies | 802 N. Carancahua St., Suite 1830 | Corpus Christi, TX 78401

APRx Use Only:

Effective Date: _____/_____/_______
IT’S TIME TO STEP UP

We Need Your Help NOW
To Support Our Friends

TPBC — and, by extension, Texas retail pharmacy — have experienced unprecedented legislative success the past two sessions. A large part of that success derives from the deep, productive relationships we have with some of the state’s most effective leaders. These lawmakers worked hard on your behalf to help us deliver major wins for you in 2013 and 2015: a groundbreaking ban on transaction fees, MAC pricing transparency and the nation’s strongest prompt-pay and audit protections. Victories don’t come without obligations, and it is critical that we stand up for the allies who made our success possible.

GPAC is the political action committee of American Pharmacies. Contributions to GPAC are used to advance the political power of Texas independent pharmacy. GPAC funds are used by Texas Pharmacy Business Council to:

- Financially aid legislators and candidates who support the success and vitality of community pharmacy;
- Help elected leaders understand how their decisions affect the economic and competitive welfare of independent pharmacy;
- Hold events to recognize and support the legislative friends of Texas community pharmacy; and
- Educate community pharmacists about the impact of the political process on our business model.

With GPAC, You Leverage The Power of Your Donations

There are many independent pharmacy groups with PACs that support them. Only one group — Texas Pharmacy Business Council — has proven that it has the resources, strategic focus and values to consistently win at the Capitol. In the last three sessions, we have delivered the nation’s first ban on PBM transaction fees, MAC transparency reform for Medicaid and commercial health pans, plus the nation’s strongest audit regulations and prompt-payment laws.

When you support GPAC, you support the state’s most powerful and effective advocacy force for independent pharmacy — and the legislators who enable our successes. American Pharmacies and TPBC are the proven leaders in advocacy for Texas independent pharmacies. It’s time that we have the #1 Pharmacy PAC to support our efforts.

It’s Easy to Contribute to GPAC

Just fill out and detach the pledge form on the next page to make your contribution to GPAC today. You can contribute immediately by check or credit card, or specify a donation amount to be withhold from your annual APRx shareholder dividend/rebate payment.

However you pay, you’ll be doing your part to ensure the economic viability of independent pharmacy by steering your PAC dollars to the organization that has proven it has the best strategy and resources to succeed.

Are You Doing Your Part?

SUPPORT GPAC & BE PART OF THE POLITICAL SOLUTION.
**Join the Political Fight For Independent Pharmacy**

GPAC is the political action committee of American Pharmacies. GPAC donations are used to advance the political power of Texas independent pharmacy. Contributions to GPAC are used for political campaigns and are not deductible for federal tax purposes.

To contribute by credit card, complete this card and fax it to 512-992-1391. Please make all checks payable to “GPAC” and mail with this completed form to: GPAC | 823 Congress Ave., Suite 650 | Austin, TX 78701

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### YES! I Want to Support GPAC Now

(You may contribute up to $5,000 to GPAC in any calendar year.)

- **Monthly Contribution of:**
  - $250
  - $100
  - $50
  - Other Amount: _________

- **One-time Contribution of:**
  - $5,000
  - $2,500
  - $1,000
  - $500
  - $365 ($1 a Day)

(Both annual & monthly contributions will continue year-to-year on a recurring basis until you cancel them.)

Name: ___________________________________ Pharmacy Name: ___________________________

Home Address: _________________________________________________________________

City: __________________________ State: ___________ ZIP: __________________________

Phone: __________________________ FAX: __________________________

Job Title: __________________________ Email: __________________________

### CREDIT CARD PAYMENTS

Visa | MC | AMEX

Card #: ___________________________ Exp. Date: ___________ Security Code: ________

Name as it Appears on Card: ______________________________________________________

Signature: _________________________________________________________________

### DIVIDEND/REBATE DEDUCTION:

I authorize American Pharmacies to deduct the contribution elected above from my annual dividend/rebate payment:

Name: ___________________________________ Signature: __________________________

Please Check This Box to Verify The Following Statements:

1. I am making this contribution with my own personal funds. (Corporate contributions are not allowed.)
2. I am a U.S. citizen or legal resident and I am not a federal contractor.
3. The funds I am contributing are not provided by any other individual or entity and I am not being reimbursed or compensated for making this contribution.
4. I understand that my contribution will be used to support candidates in state elections and that the contributions are subject to the provisions of state and federal campaign finance laws.
5. I understand that my designated contribution will continue on a recurring basis until such time that I instruct GPAC in writing to halt those contributions.