

**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

## Fall 2012 Shareholder Report

### Board of Directors

**Chairman**  
Robert Kinsey, R.Ph.  
Tyler

**Vice Chairman**  
Mike Muecke R.Ph.  
Bay City

**Secretary/Treasurer**  
Ray Carvajal, R.Ph.  
San Antonio

**Past Chairman**  
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Fairfield

Lynn Everett, R.Ph.  
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Katy

Joe Ochoa, R.Ph.  
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Bruce Rogers, R.Ph.  
Victoria

Dennis Song, R.Ph.  
Flower Mound

### Executive Staff

**President,**  
American Pharmacies  
Mike Gohlke

**Vice President,**  
Sales & Operations  
Laird Leavoy

**Executive Director,**  
Texas Pharmacy  
Business Council  
Michael Wright

### Valued Shareholders,

Whoever said “the more things change, the more they stay the same,” wasn’t an independent pharmacist. Changes are coming so fast and furious for independent pharmacy that you no doubt wonder if this is the same business you entered after getting your pharmacy degree.

There’s no shortage of pressing challenges with slashed Medicaid reimbursements, commoditization of pharmacy by PBMs and big-box retailers, the rise of preferred networks and dwindling access to specialty drug markets. Not to mention our ongoing problems with audits, slow payments, MACs, government red tape, lack of PBM transparency and rising operating costs.



The key to surviving and thriving in this challenging environment is to continuously find ways to lower your costs and operate more efficiently while adapting to changing trends. We understand that’s often easier said than done, but we have taken some major steps to help provide solutions.

Our wholesaler agreements with AmerisourceBergen and McKesson help you and independent pharmacy by delivering greater economic value for your business and strengthening APRx’s financial resources for protecting your business model.

We hired State Rep. Chuck Hopson as a non-legislative pharmacy advisor to help APRx more effectively identify and respond to the clinical and financial challenges facing independent pharmacy. Chuck’s name recognition and 30+ years of experience as an independent make him a vital addition to our team (see page 4).

One of Chuck’s challenges is to help us increase our value to patients and diversify revenue with clinical services. We must also gain a firm foothold in preferred networks or risk losing the Medicare market. As a founding member of RxAlly, APRx believes that independents’ groundbreaking alliance with Walgreens offers you the best chance to do both. RxAlly has already launched an immunization program, MTM services and an in-pharmacy BP monitoring program. But it is the new SmartD Rx plan that offers you access to a Medicare Part D market that would otherwise exclude independent pharmacy (see page 9).

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.

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

On April 24, State District Court Judge John Dietz dismissed American Pharmacies' lawsuit against HHSC over the implementation of managed care for Medicaid pharmacy benefits. **On April 26, APRx filed an appeal with the Third Court of Appeals in Austin seeking to overturn the trial court's ruling. On October 1, 2012, attorneys for APRx and the state completed their briefings to the Court of Appeals.**



APRx filed suit against HHSC on February 17 in Travis County, asking the district court to find that the Texas Vendor Drug Program payment rates in effect through Feb. 29, 2012, govern payments made through managed care organizations (MCOs). It also asked the court to strike down HHSC's new regulations for failing to consider less onerous alternatives. APRx believes strongly that HHSC's decision to allow MCOs and their subcontracted PBMs to arbitrarily establish drastically lower reimbursement rates clearly violates state law.

During a one-day trial in Austin, APRx outside counsel **Miguel Rodriguez** argued that state law obligates HHSC to set rules and standards to govern determination of Medicaid payments to pharmacy providers, even if the payments are made by MCOs and PBMs. Giving no reasons, Judge Dietz denied our request for an injunction. APRx's appeal seeks to overturn that decision.

## Ruling Expected on Appeal in Managed-Care Transition Case

On August 29, 2011, APRx filed suit in Travis County over the Texas Health & Human Services Commission's (HHSC) failure to comply with state procedural requirements for meaningful public notice and comment concerning its waiver request to CMS and the carve-in of the 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 within the next few months.**

## 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 August 16, 2012, **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](http://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: <https://secure1.mintecommerce.com/~aprx/contribute.php?>



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 Still in Waiting Game After CVS Denied on Arbitration Requests

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 (RICO = Racketeer Influenced & Corrupt Organizations Act) 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. APRx also alleges that CVS Caremark's contract requirement that patient requirement that patients buy maintenance medications only from CVS Caremark violates the Texas "Any Willing Provider" law. American Pharmacies is financing this critical lawsuit.



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;
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; and
3. That the court enforce Texas' Any Willing Provider law, which requires that pharmacy networks remain open to any willing provider (and prohibit CVS Caremark from restricting patients' access to the pharmacy of their choice).

CVS Caremark had asked to send the entire case to arbitration to keep the lawsuit out of the public eye. **On February 23, U.S. Magistrate Judge Nancy Johnson denied CVS Caremark's request and ruled that the plaintiffs' claims against CVS Pharmacy and parent company CVS Caremark should be heard in open court.** Judge Johnson said only the claims against Caremark LLC, a subsidiary, should be heard in arbitration. Federal Judge John Rainey accepted those rulings and CVS appealed the rulings to the U.S. Fifth Circuit Court of Appeals, filing its brief with the court on July 5. APRx filed its brief with the federal appeals court on August 24 and is awaiting the Fifth Circuit's ruling.

## APRx Suit Against CMS to Defend 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. Fifth Circuit Court of Appeals, which will hear oral argument of the dispute on November 6, 2012. A decision from the court of appeals is expected in the months thereafter.**

## Changes on Your APRx Board of Directors

# Board Names New Officers After 4 Win New 3-Year Terms



*Robert Kinsey, Chairman*



*Mike Muecke, Vice Chair*



*Ray Carvajal, Sec./Treasurer*



*Joe Ochoa*



*Bruce Rogers*

The American Pharmacies Board met September 20-21 in San Antonio and elected new officers. The Board elected Robert Kinsey of Tyler as its new chairman and Mike Muecke of Bay City as Vice Chairman. Ray Carvajal of San Antonio was elected Secretary/Treasurer.

### 4 Elected to New Terms on Board

Kinsey, Muecke, and directors Joe Ochoa of Edinburg and Bruce Rogers of Victoria were recently elected to new three-year terms on the Board. No nominations for the four director slots were received during the advertised one-week nomination period that concluded Sept. 7. Because all four of the directors wished to continue serving on the Board and all were unopposed, in accordance with the APRx Bylaws, all four are considered elected by acclamation.

## Longtime Legislator Hopson Joins APRx as Rx Advisor



*Rep. Chuck Hopson*

State Rep. Chuck Hopson of Jacksonville, a longtime independent pharmacist and a fierce ally of all Texas pharmacists, has signed a contract with American Pharmacies to serve as a non-legislative pharmacy advisor.

Hopson, who will begin his duties November 1, will advise the APRx board and staff on pharmacy professional and clinical issues, and work with members to promote the RxAlly performance network. APRx is a founder and major investor in RxAlly, a groundbreaking initiative to expand the health-care role of the pharmacist and diversity pharmacy revenue.

A Jacksonville native, Hopson was elected to the Texas House in 2000 and will soon end his sixth term representing District 11 in East Texas. In July, he narrowly lost his re-election bid in a close runoff.

A University of Houston pharmacy graduate, Hopson bought May Drug in Jacksonville in 1973 and operated the independent pharmacy for more than 30 years until he sold it in early 2011. He is a longtime member of the Texas Pharmacy Association and a past president of the Texas Society of Hospital Pharmacists. Before his legislative service, he served on the Jacksonville School Board and the City Council.

APRx President Mike Gohlke said American Pharmacies couldn't pass up the chance to secure the services of a pharmacist who is as knowledgeable, experienced and respected as Hopson.

"Chuck is well-known among the independent pharmacists of Texas," Gohlke said. "He has championed our causes for a decade and has invaluable knowledge about the professional challenges that independents face. He's a highly respected pharmacist who will help our members and our co-op transition into a new era of retail pharmacy."

In 1999, Hopson was named "Businessman of the Year" by the Jacksonville Chamber of Commerce. In 2002, he was chosen "Best Elected Official" by readers of the *Jacksonville Daily Progress*, as well as "Citizen of the Year" by the Jacksonville Chamber. He and his wife, Billie, a retired educator, live in Jacksonville and have three children and seven grandchildren.

# TPBC Hard at Work Preparing for High-Stakes Session

The 82nd Texas Legislature convenes in less than three months and the Texas Pharmacy Business Council is hard at work preparing for what is expected to be a very challenging 140 days.

New TPBC Executive Director Michael J. Wright hit the ground running in June, and TPBC has accomplished a lot in less than five months:

- Moving the TPBC offices to larger, more convenient quarters with no increase in operating costs;
- Updating the TPBC logo and brand;
- Restructuring the consultant team;
- Working with the TPBC Board to set a legislative policy agenda for the 2013 session;
- Meeting with pharmacy groups in the Rio Grande Valley, San Antonio, El Paso and elsewhere to discuss legislative issues and challenges;
- Presenting a legislative CE session at the APRX Shareholder Retreat in September; and
- Meeting with legislators, state agencies and other pharmacy groups in preparation for the session.

## TPBC Consultant Team Is Armed & Ready

Wright has assembled a seasoned consultant team for the 2013 legislative session, one that collectively has 80+ years of advocacy experience. Though the team is set for now, Wright said he may consider adding other consultants if the need arises before or during the session.

“The collective level of enthusiasm, commitment, focus and political expertise in the group is outstanding,” Wright said. “It gives me high hopes for the upcoming legislative session.”

### Meet the TPBC Consultants:

#### Robert Floyd

An original member of the TPBC team when it was formed in 2008, Robert Floyd joined the Hance Scarborough Woodward & Weisbart law firm as a legislative consultant in 2003. He has lobbied before the Texas Legislature and Congress for 30 years. He began his lobbying career in 1973 as Director of Government Relations for the Texas Motor Transportation Association, later serving as the President and CEO.

In 1996, he became President and CEO of the Texas Society of Association Executives. He is actively involved with the government relations efforts of the American Society of Association Executives in Washington, D.C. Robert currently serves on the board of the Texas Association of Nonprofit Organizations. He is a member of the adjunct faculty of government at Austin Community College. He received his B.A. in Government from Texas State University and his M.A. in Political Science from the University of Arizona.



#### Greg Herzog

The newest member of the TPBC consultant team, Greg was Associate Director of Legislative Affairs at Texas Medical Association before coming to TPBC in June of this year. Greg holds a bachelor's degree in political science and history from the University of Texas-Austin and worked five years as Associate Director of Public Affairs at the Texas Academy of Family Physicians before serving as committee clerk and committee director for the (Texas) House Committee on Public Health.

#### Cheri Huddleston

The daughter of two longtime Texas pharmacists, Cheri has deep personal ties to pharmacy. She worked more than 14 years in the Texas Senate – 11 of them for a ranking member – helping research issues, draft legislation and analyze bills.

Cheri holds a B.S. in Speech Communications from the University of Texas-Austin and joined the Hance Scarborough firm in 2006 as an advocacy specialist, representing clients before the Texas Legislature and providing bill tracking and issue management support. A member of the TPBC team since it was created in 2008, she is actively involved in her parents' Rock of Ages Foundation, which helps low-income seniors buy prescription medications.

#### Rusty Word

An original member of the TPBC consultant team, Charles B. "Rusty" Word has 25 years of experience representing associations and corporations in legislative affairs. After attending the University of Texas-Austin and Texas State University, he was Legislative Liaison for the Texas Attorney General's Office, then Assistant Executive Director and Governmental Affairs Director for the Texas Society of Professional Engineers (TSPE). He later held the same position for the Texas Chiropractic Association (TCA).

Since 1999, he has been an independent lobbyist and consultant representing TPBC, TSPE, TCA, Texas Civil Justice League and other clients.

# Legislators, 300+ Supporters Rally for Independent Rx

Embracing the state's besieged community pharmacists, Texas legislators told a concerned San Antonio audience on August 28 that perseverance and political activism are needed to improve the state's flawed Medicaid Rx reimbursement scheme.

Seven Texas lawmakers joined pharmacists, pharmacy students, health-care workers and citizens at the Friends of Texas Pharmacy event at Oak Hills Country Club. The forum was jointly sponsored by American Pharmacies, the Alliance of Independent Pharmacists and the Texas Pharmacy Business Council. It was planned and carried out by APRx staff, Board members and shareholders with help from TPBC.

The strong legislative turnout prompted State Sen Leticia Van de Putte, R.Ph., to comment, "I don't recall ever having so many of my legislative colleagues together for one cause outside of Austin."



U.S. Rep. Charles Gonzalez of San Antonio opened the legislative remarks by telling area pharmacists that "You belong to a cherished and important profession. It's absolutely about quality (patient) relationships."

Van de Putte didn't sugar-coat the Medicaid reimbursement challenge. The longtime pharmacist said lawmakers faced a huge budget challenge in the 2011 session and were forced to cut spending. As for the impact of managed care on pharmacies, Van de Putte said, "I don't think your legislators knew the devastation it would cause."

"The current Medicaid reimbursement system does not respect you," she said. "It does not respect your clinical abilities."

Van de Putte said she recently spent 20 minutes counseling a Medicaid patient on four prescriptions, for which the pharmacy earned a total of \$6 in PBM reimbursements.

"We can't stay open like that," Van de Putte said. "We have to either stop talking to patients or close our doors."

State Sen. Juan Hinojosa of McAllen said it's time for Texas community pharmacists to "get organized and fight back."

Other legislators who attended the event were State Rep. John Garza of Helotes, State Rep. Ruth Jones McClendon of San Antonio, State Rep. Jose Menendez of San Antonio and State Rep. Chuck Hopson, R.Ph., a Jacksonville pharmacist.

APRx Board Member and San Antonio pharmacist Ray Carvajal provided opening remarks and was followed by TPBC



August 28 | San Antonio



1 State Sen. Leticia Van de Putte delivers some frank observations. 2 APRx Board member Ray Carvajal (center) thanks the audience with (L-R) State Rep. Jose Menendez, U.S. Rep. Charles Gonzalez, Van de Putte & State Rep. Chuck Hopson. 3 Hopson (left), accepts an award from APRx President Mike Gohlke for his many years of service to Texas pharmacy.



Executive Director Michael J. Wright, who introduced the legislators and outlined the severity of the managed-care crisis.

San Antonio pharmacist Rudy Davila, an APRx shareholder, narrated a presentation detailing the loss of jobs and tax revenue from pharmacy closings due to diversion of millions in Medicaid revenue to out-of-state PBMs. He said pharmacists had three goals in bringing legislators to the forum:

- thank them for their past support;
- explain the economic impact on pharmacies and patients from Texas Medicaid's switch managed care; and
- ask their help to carve pharmacy care out of managed care or return reimbursements closer to former levels.

Laird Leavoy, APRx's vice president of sales, wrapped up the event by thanking the legislators and asserting "Out-of state PBMs are no substitute for Texas community pharmacists in caring for Texas' most vulnerable citizens. Nobody can take care of Texans better than Texans."

## 200+ Enjoy Golf, CE, Exhibits & Relaxation at Shareholder Retreat



September 21-22, 2012

More than 200 APRx shareholders, guests and vendors mixed business and relaxation at our 2012 Shareholder Retreat held September 21-22 at the J.W. Marriott San Antonio Hill Country Resort.

Pharmacists from Texas, New Mexico and Louisiana connected with friends and colleagues, played golf, learned important information, picked up CE hours and enjoyed the many attractions of the J.W. Marriott. The meeting received major funding support from AmerisourceBergen and McKesson.

On Saturday, they received a legal update with CE credit from **APRx General Counsel Amanda Fields** and **APRx consulting counsel Miguel Rodriguez** on the status of APRx's major lawsuits: the legal challenge to CMS over restrictive, anti-competitive preferred networks in Medicare Part D, the lawsuit against Texas Health and Human Services Commission over the shift to managed care for Medicaid pharmacy benefits, and APRx's RICO lawsuit against CVS Caremark.

Following the legal CE session, **RxAlly Chief Operating Officer Gerry Purcell** spoke to the attendees about **RxAlly's goals and initiatives**. During a frank Q & A session period following his presentation, Purcell conceded that not all independents will accept RxAlly and he addressed concerns about Walgreens' role in the initiative and about the new SmartD Rx Plan for Medicare that RxAlly recently unveiled. He also praised APRx for its strong advocacy for independent pharmacy.

"What you're doing with the Business Council (TPBC) is ahead of its time, he said. "No one else in the country is doing that."

Following Purcell, **Texas Pharmacy Business Council Executive Director Michael J. Wright** delivered a CE session outlining independent pharmacy's needs and challenges for the upcoming 2013 legislative session. During the session, Wright introduced and thanked State Rep. Chuck Hopson for his 40 years of service as an independent pharmacist and 12 years of service as a Texas House member.

**Laird Leavoy, APRx's Vice President of Sales and Operations**, closed out the sessions with a brief wrap-up on APRx's mission and growth.

After a lunch buffet with vendors in the exhibit hall, attendees had Saturday afternoon off before enjoying an outside barbecue buffet with live music from the Fletcher Goodman Band on the J.W. Marriott's event lawn.

On Friday, more than 70 attendees enjoyed a challenging round of golf on at the beautiful **AT&T Canyons Course**, with \$100 gift cards awarded to both men and women for longest drive of the day, and for closest shot to the pin on each of the four par-3 holes. The first day ended with an evening reception with vendors in the Exhibit Hall.

Members gave high marks to both the conference and the hotel, which hosted the gathering for the second straight year.

"The meeting was informative, fun and invigorating," wrote **Nario Cantu of Cantu's Pharmacy in Edinburg**. "It gave us great opportunities to synergize and share action plans on all the challenges we are facing. Thanks AP, for defending our profession!"

**APRx Board member Ray Carvajal of San Antonio** said he thought those attending learned important information about how APRx is working on multiple fronts to ensure the survival and strength of independent pharmacy.

"I think they got a clear understanding of the important role our town hall meetings play in seeking Medicaid reform," he said.

Some pharmacists found the chance to get away to a five-star resort just as important as the learning and networking opportunities, and they are already looking forward to next year's event.

"The whole retreat was enjoyable. It was very informative and was at an extremely relaxing resort," said **Kelli Schley of Yoa-kum Discount Pharmacy**. "We are definitely looking forward to attending next year."

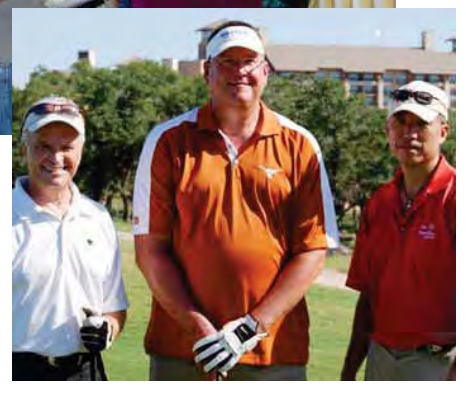




Rio Grande Valley attendees  
 Front Row (L-R): APRx Board member Joe Ochoa, Selina Cantu, John Calvillo, Cynthia Martinez, Rene Martinez, Jesus Saenz, Elvia Saenz, Danny Vela. Back Row (L-R): Carlos Solis, Nario Cantu, James Olivarez, Ramiro Barrera, Adelaide Harper-Delgado, RC Perez, Betty Perez



(L-R) APRx Board member Lynn Everett with APRx VP of Sales Laird Leavoy.



**Above:**  
 (L-R) McKessons' Dennis Milsow and John Jay with APRx Board member Dennis Song.

**Winning Team (Left):**  
 (L-R) Darian Mock, Scott Snyder & Ron Manchester of AmerisourceBergen teamed with APRx stockholder Doug Eakman to win the golf tournament.



(L-R) Pharmacist Nario Cantu, APRx Board Vice Chair Mike Muecke & APRx staffer Nathan Rawls



Fun moments at the Opening Night Reception in the Exhibit Hall



# SmartD Rx Plan Lifts Medicare Outlook for Independents

*APRx Joins Groundbreaking Initiative to Build National Performance Network of 22,000 Pharmacies*

RxAlly is a groundbreaking alliance of independent pharmacy buying groups, small chains and Walgreens, the nation's largest drug chain.

APRx is a founding member of RxAlly and has made a financial and strategic commitment to this revolutionary venture. The success of RxAlly – and your ability to enjoy new revenue from expanded services – depends on pharmacy enrollments. **To date, about 200 APRx pharmacies have enrolled in APRx, representing about 30% of our membership.**

It's still not too late to enroll in SmartD Rx, RxAlly's groundbreaking new Medicare Part D Plan. You can be added to the CMS online provider list as it is updated each month. Patient enrollment for Medicare Part D plans goes through Dec. 7, 2012, so you still have plenty of time to enroll and promote the plan to your patients!

## SmartD Rx benefits for you and your Medicare patients:

- \$0 co-payments on popular preferred generics and low co-payments on brands;
- No mail order – 90 day supplies allowed at retail;
- No MAC for single-source generics;
- A two-week MAC resolution policy to protect you if a MAC drops below cost;
- Opportunity to provide MTM services at above-market rates;
- A retail-centric specialty Rx solution;
- Robust marketing resources, including on-site sales agents.

**RxAlly negotiated a guaranteed average discount rate off AWP for MAC generics – an innovation rarely available to independent pharmacies – and that discount will be recalculated every 30 days.**

Medicare's Plan D Annual Enrollment Period for 2013 is in full swing. Patients can enroll in a new plan now through December 7. DrugChannels.net lists 16 PDPs with preferred network structures, including SmartD Rx and AARP.

**Marketing materials and ad templates are available at the SmartD Rx Resource site.** CMS Reporting of SmartD Rx marketing events with agents is underway.

## SmartD Rx Premiums Are Under the Benchmark!

SmartD Rx qualified in 28 PDP regions for new dual-eligible and LIS patients. Most Part D plans qualified in fewer regions than last year. SmartD Rx will be assigned a high number of patients for "special assistance."

But there is far more to SmartD Rx than just the premium... Given the plan's broad \$0 generics, competitive brand co-pays and a smart formulary, SmartD Rx plans show well vs. other top plans in most evaluations. Plus, the SmartD Rx pharmacy network is the largest Part D provider network in the nation.

If you have questions about SmartD Rx, visit the RxAlly website to see FAQs and an informational webinar, or contact RxAlly at [SmartDRx@RxAlly.com](mailto:SmartDRx@RxAlly.com).



*Gerry Purcell, RxAlly's  
chief operating  
officer, spoke Sept.  
22 at the APRx  
Shareholder Retreat  
in San Antonio.*

## Rural & LTC Pharmacy Rates Available

**If you are a rural or long-term care pharmacy, SmartD Rx has special rates to meet your special needs.** Both rural and long-term care pharmacies will be contracted through the SmartD Rx non-preferred network.

Rural and long-term care pharmacies are eligible to provide MTM services through an amendment to the RxAlly member agreement. **To enroll as a rural or long-term care pharmacy, contact Benecard directly at 877-723-6004 or [Nancy.Fouts@benecard.com](mailto:Nancy.Fouts@benecard.com).** For information about the rural or long-term care rates, contact [SmartDRx@RxAlly.com](mailto:SmartDRx@RxAlly.com).

## Know Your Medicare Patients!

1. How many are in Part D plans? Which are in plans with preferred networks? What percentage of them use generics? How many are dual eligible or are receiving special assistance? Which medications are they most prescribed?
2. Review the top plans. Which have mail order? Whose discount cards are redeemable at other pharmacies? What are the co-pays and co-insurance costs? How are medications tiered on their formularies? How many medications require PA or step edits?

# 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.*



American Pharmacies

# GPAC

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



802 N. Carancahua St., Suite 1830  
Corpus Christi, TX 78401  
877-634-5445 Toll Free  
Fax: 361-887-6111  
[www.aprx.org](http://www.aprx.org)

# Road Warriors

## *APRx Sales Team Covers a Lot of Ground to Spread our Unique Value Proposition*

It's been a fast-paced year for the APRx sales team, with new wholesaler contracts executed last spring, business growing in multiple states, legal and advocacy issues bubbling hotter and our groundbreaking alliance with RxAlly.

The team also played a major role in planning and putting on the Friends of Texas Pharmacy Events held May 24 in McAllen and August 28 in San Antonio (see page 6). APRx places high value on the FOTP events and looks forward to being involved in more legislative outreach events in the future.

**Sales Director Ryan Gevara** played a leading role in planning and coordinating APRx's 2012 **Shareholder Retreat** held Sept. 21-22 in San Antonio (see pages 7-8).

### Hitting the Conference Circuit

The sales team attended as exhibitors at the Texas Pharmacy Association's 2012 Conference & Expo held July 26-28 in The Woodlands. Sales team representatives also attended the New Mexico Pharmacists Association's annual convention in Albuquerque in June, the Oklahoma Pharmacists Association convention in Dallas in June and the Louisiana Pharmacists convention and trade show in Lafayette in July.

**On July 31, the sales team hosted a special APRx presentation for independent pharmacists in El Paso. More than 20 area independents attended to learn about the APRx value proposition and hear a report on Medicaid managed care and other vital legislative issues from Michael Wright of the Texas Pharmacy Business Council.**

Sales team members also maintain close ties with regional pharmacy groups in Texas, regularly attending meetings and events of the Rio Grande Valley Independent Pharmacists Association and attending the West Texas Pharmacy Association convention in April to present an APRx-funded scholarship.

### Ongoing Member Contact is High Priority

When you add up all the miles the team routinely covers throughout the year just to visit hundreds of APRx members and prospects at their pharmacies, it's clear that the group burns through rubber like a NASCAR team, even if it doesn't drive quite as aggressively between destinations!

However they travel, the APRx sales team are our "boots on the ground" to make sure you receive whatever service, support and information you need to operate more effectively as an independent pharmacist. To contact the sales team, refer to the staff listing and contact information on page 11.



*Exhibiting at the Texas Pharmacy Association's July 2012 convention in the Woodlands were (L-R, front row): Business Development Manager Nathan Rawls, Sales Director Ryan Gevara, BDM Marissa Lansford & BDM Chris Benest. Back row, L-R: BDM John Foley; Laird Leavoy, VP of Sales & Operations; Chuck Waters, Director of Communications & Member Services.*

# The APRx Advantage Fuels Our Success & Growth



*“American Pharmacies is the missing piece of the puzzle for my business. They bring more value to community pharmacy of any organization I have seen. APRx’s strong legislative, legal, and economic efforts bring me great comfort because I know they are fighting for our future.”*

Doug Eakman  
Medical Arts Pharmacy, San Angelo



## Meet Your APRx Sales Team

**Laird Leavoy**  
VP, Sales & Operations  
817-296-2710 | [lleavoy@aprx.org](mailto:lleavoy@aprx.org)

**Ryan Gevara**  
Sales Director  
956-245-7971 | [rgevara@aprx.org](mailto:rgevara@aprx.org)

**Chris Benest**  
Business Development Manager  
903-244-4480 | [cbenest@aprx.org](mailto:cbenest@aprx.org)

**John Foley**  
Business Development Manager  
972-369-6104 | [jfoley@aprx.org](mailto:jfoley@aprx.org)

**Nathan Rawls**  
Business Development Manager  
956-497-9823 | [nrawls@aprx.org](mailto:nrawls@aprx.org)

**Marissa Lansford**  
Business Development Manager  
806-786-7478 | [mlansford@aprx.org](mailto:mlansford@aprx.org)

**American Pharmacies**  
802 N. Carancahua, Suite 1830  
Corpus Christi, Texas 78401

877-634-5445 Toll Free  
Fax: 361-887-6111  
[www.aprx.org](http://www.aprx.org)

## On the Move

*Our Unique Message Sparks Growth Outside 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.
- ▶ Call a colleague to talk about everything APRx & Texas Pharmacy Business Council do for independent pharmacy.
- ▶ Leave an APRx brochure with a colleague or hand them out at meetings.

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