

## Business Plan Competition Results!

# Independent

August 2007

## Chapter Activity Ideas

As you plan your chapter's activities this year, here are some ideas to ponder. (Chapters that submitted a Chapter of the Year application with outstanding activities and ideas are represented below; if there is no specific school cited, multiple schools performed the activity.)

### Neighborhood Community Service

- Create a 5-K race
- Health fairs and screenings
- Brown-bag review of medication at local senior centers (USN, UU)
- Educate children about the difference between medicine and candy (UA)
- Wellness Challenge: screen blood pressure, weight, lipids

### Creating Members

- Establish a point system to reward members for their involvement (WU)
- Create a chapter newsletter (USN)
- Promote the benefits of membership (USN):
  - Discounted registration to annual meetings
  - *America's Pharmacist*, NCPA's magazine
  - Access to the members-only section of the website [www.ncpanet.org](http://www.ncpanet.org)
  - Up to \$12,500 in loans per student for the last 3½ years of school
  - Scholarships totaling \$42,000 per year nationwide
- Give snack packets to students taking the PCAT (UWy)
- Make t-shirts or polos with your chapter's logo on it

### Promoting Independent Pharmacy

- Road trips to independent pharmacies (UW, UK)
- Hypertension screening in a community pharmacy (USC)
- Provide a day of labor for a community pharmacy in return for sponsorship of a student to an annual convention (UK)
- PCCA Compounding Boot Camp (USC)
- Utilize pharmacy owners:
  - Offer services such as free health fairs
  - Ask for speakers
  - Write thank-you letters for their help
- Hold a mini business plan competition from among students at your school and select the best plan to submit to the NCPA Pruitt-Schutte Business Plan Competition

### Legislative Action

- Voter registration (USC, ON)
- Show your legislators what pharmacists can do: have cholesterol, blood pressure, or lipid screening for legislators (UA)
- Encourage local pharmacists' involvement in politics
- Invite political candidates to debate at your school (USC)
- Create a Lobby Day at your state capitol
- Invite your legislators to know your legislator letter-writing campaigns (WSU)
- Invite your legislators around (USC)
- Invite your legislators (UU)



University of Utah NCPA Chapter tour an independent pharmacy

name badges  
pressure cuffs, stethoscopes,  
pestles, spatulas with your  
supplies needed for school  
to drug manufacturers  
tion to sponsor (USC)  
wholesalers for products  
on disease states

### Top Ten Winners Receive \$300 Each

New this year, NCPA will also be recognizing the Top Ten winners of the business plan competition. Other than the three finalists, the remaining seven teams in the Top Ten will receive **\$300 dollars** per person (including the advisor), which will be distributed at the NCPA Annual Convention and Trade Expo in Anaheim, California, from October 13 to 17, 2007. Participants must attend to receive their award.

The remaining Top Ten, listed in alphabetical order, are:

- Idaho State University
- University of Arizona
- University of Arkansas
- University of Georgia
- University of the Pacific
- University of Utah
- Western University

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## Business Plan Competition Results

### Finalists

Congratulations to the following three finalists, listed in alphabetical order, of the Fourth Annual Pruitt-Schutte Business Plan Competition!

- University at Buffalo
- University of Washington
- Washington State University

October 13-17, 2007:  
Annual Convention in  
Anaheim, CA

November 15, 2007:  
NCPA Foundation  
Student Loan Appli-  
cation Deadline for  
Spring 2008

January 15, 2008:  
Executive Residency  
and Summer Intern-  
ship Application  
Deadline

January 18, 2008:  
Student Regional  
Council Application  
Deadline

January 31, 2008:  
NCPA Chapter Mid-  
term Report Deadline

## AMP Update

You have probably heard of AMP, and you may have asked yourself, what does it mean? To me? To the pharmacy profession? Well, it all started with the Deficit Reduction Act (DRA) of 2005, an act passed with the intent to help save the government money. The act cut government spending in many areas, and a large part of those cuts were pharmacy reimbursement of generic prescriptions in the Medicaid program. The DRA mandates that the new Federal Upper Limit, or FUL, for generic prescriptions in the Medicaid program be based on a benchmark called the Average Manufacturer Price, or AMP. The DRA replaced AMP with Average Wholesaler Price, or AWP, with the purpose of reimbursing pharmacies at a rate that more accurately reflects what they pay for prescriptions. However, the AMP benchmark represents just a fraction of what pharmacies pay for prescription drugs.

AMP is supposed to be used as a means of reimbursement for pharmacies, and should reflect what a pharmacy pays for generic drugs in Medicaid. However, as it is defined now, AMP reflects the prices paid by many different pharmacies, including mail-order facilities. Community pharmacies will be reimbursed based on this AMP even though different types of facilities, like mail-order are included in its calculation, many of which never see Medicaid patients face-to-face but are, nonetheless, able to purchase drugs for much less than community pharmacies can. Even though pharmacies will be reimbursed at AMP + 250%, this new benchmark will reimburse pharmacies far below their costs.

Three independent reports, outlined in the column to the right, show that if this issue is not fixed, then pharmacies will be forced to decide whether to provide Medicaid coverage; the information regarding these reports set forth herein was taken from the NCPA Legislative Affairs website at <http://www.ncpanet.org/leggovaffairs/index.php>.

### State Solution: Hold Harmless Proviso

Department of Health and Human Services Secretary Michael O. Leavitt encouraged states to increase the Medicaid dispensing fee for generic prescriptions. Following the precedent of Kansas and Iowa, states can enact a "hold harmless proviso." Under this proviso, a state's Medicaid pharmacy expenditures would not increase. Instead, states would "hold" pharmacy expenditures at the same levels as they have been in the past, thereby shifting the expenditures from "ingredient cost" to "dispensing fee." Since the only part of pharmacy reimbursements affected by AMP is the ingredient cost, the dispensing fee can be changed to make up the difference in losses expected for pharmacies.

### Report I: From the Government Accountability Office

The December 22, 2006 report by the Government Accountability Office, which was released January 20, 2007, found the new AMP-based FUL to fall, on average, 36% below a community pharmacy's acquisition cost.

### Report II: From the Office of the Inspector General

The June 2006 Office of the Inspector General Report, entitled *The Deficit Reduction Act of 2005: Impact on the Medicaid Federal Upper Limit Program*, found that 12 of the 19 drugs studied had average pharmacy acquisition costs that would have been more than double the new reimbursement limit. This means that a pharmacy will lose 50% for dispensing prescriptions affected by the FUL. Among the report's most troubling aspect is that once a dispensing fee to cover the cost of doing business is factored in, reimbursement for only one of the 25 drugs studied will allow community pharmacies to recover their basic operating costs.

### Report III: From the Grant Thornton, LLP, Cost to Dispense Study

A large, nationwide, independent study completed in 2006 by Grant Thornton, LLP, a well respected accounting firm, surveyed over 22,000 pharmacies to determine the cost of dispensing a prescription by a pharmacy. The study took into account labor, utilities, rent, insurance, and other items that contribute to overhead. According to the study, the national average for the cost to dispense a prescription before any profit is recognized is \$10.50 per prescription.

### Federal Solution: H.R. 3140

- Encourage your congressmen to pass the Saving Our Community Pharmacies Act of 2007, H.R. 3140. This act will create an accurate pharmacy reimbursement benchmark, RAC, to replace the inaccurate AMP currently in place.
- Retail Acquisition Cost (RAC) is the median price for each drug based on a quarterly survey of actual invoices subject to audit from a 5% representative sample of pharmacies nationwide
- A FUL based on RAC will allow states to pay pharmacies accurately and preserve patient access.



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