Thank you so much, Bruce. Welcome to sunny southern California. I am so excited that you all have chosen to be with us here in beautiful Orange County this week. I am looking forward seeing old friends, learning a few things, and having a lot of fun, and I hope you are too.

This has been an exciting year for me serving as your president. The pictures you just saw are some from the travels my wife, Karen and I experienced over this past year. It truly has been our privilege to spend time in so many states, and associate with all the wonderful people we have met along the way. The memories we have from this year are ones we will always cherish.

I have spent the past 15 years as an officer, or Executive Committee member of NCPA. Through the years, I have had the privilege of working with pharmacy’s great leaders. None if more true, than of our current officers and Executive Committee of NCPA. I can assure you that the decisions that are made are made on your behalf, on what is best for independent pharmacy, and our practices. I am honored to have served with them.

I would also like to give special thanks to the greatest association staff. Our staff at NCPA works diligently on your behalf. They work many long hours, and always have our best interests in mind.

This year, with its travels and demands, would not have been possible without the support and assistance of so many special people. If you will indulge me, I would like to take a few moments to recognize my family, friends and co-workers who are here today…

It is difficult to recognize everyone, but one advantage of having the convention 14 miles from work, is that some of our pharmacy staff can attend. Without their help over the years, I would never have been able to make the commitments necessary to go through the chairs at NCPA. Joining me here today, are my business manager, Lorraine Roskelley, and her husband Steve, Linda O’Connell, Ana Campos, Olga Revelo, Caroline Vasquez, Ana Marie Solis, Gary Zweber, Margie Gonzalez, Raul Cabrera, and our pharmacists, Robert Root, Robert Fox, and his wife Jen, Trisha Avelino, and Rory Richardson and his wife Pam.

I would also like to introduce some family members joining me. My mother, Dorothy Tilley, my mother-in-law, Lois Diess, my brother-in law, Richard Diess, My sister-in law, Susan McDermott, my children, Erin Tilley, Shannon Tilley, Kirk Tilley, Alyson Tilley, and her boyfriend Kevin Tarvin who also is a pharmacy technician at one of our pharmacies, and last by certainly not least, my wife, business partner, and eternal soul mate, Karen.

I also would like to recognize two of pharmacy’s great leaders that are no longer with us. This past year, we lost two of NCPA’s Past Presidents -- Sal D’Angelo of Louisiana, and Don Arthur
of New York. Both men were dedicated to their families and to NCPA, and through their efforts, both left pharmacy a better profession. They enriched the lives of their patients and their communities. Would you please join me in a moment of silence to recognize and pay tribute to Sal and Don?

[Pause for moment of silence.]

Thank you.

While this past year has been very exciting for me, it has been very challenging for community pharmacy. From the advent of the Medicare Modernization Act of 2003, which brought us Medicare Part D, and its challenges; to the Deficit Reduction Act of 2005, which has now brought us AMP, and its challenges; independent community pharmacies have faced and will continue to face some hard times unless we take action. All of us. Not just those of us here, but our colleagues back home too.

That's why I made working on the legislative front a top priority during my year as your president.

Our PAC motto is, "Get Into Politics or Get Out of Pharmacy." It's never been truer. There are a number of bills before Congress today that can and will have a tremendous effect on community pharmacy. I want to take a few moments to outline those bills and the role you can play in making them a reality.

On the PBM front, we have two bills before Congress that will further our ongoing efforts to contain the undue influence and control the giant Pharmacy Benefit Managers exert on our pharmacies.

First, there is H.R. 1474, the Fair and Speedy Treatment of Medicare Prescription Drug Claims Act of 2007, co-sponsored by Rep. Marion Berry, a Democrat from Arkansas, (the only pharmacist in Congress, by the way), and Rep. Walter Jones, a Republican from North Carolina. The bill, which has more than 200 bipartisan cosponsors, would require PBMs to pay pharmacies electronically within 14 days of receiving a claim.

As pharmacy owners, we typically have to pay our wholesalers every 14 days. I'm pretty sure that I speak for every pharmacy owner here when I say I have no desire to serve as a lender to the obscenely profitable giant PBMs. And, that is exactly what they have been forcing community pharmacies to do. The advent of Medicare Part D has only worsened an already unfair situation.

The PBMs are an industry that takes little to no risk, demands its money up front from the payer, never sees the patient, never evaluates the patient’s needs, does not have a relationship with the doctor or the patient, and yet, dictates changes in prescription therapy. What’s wrong with this picture?
But it gets worse. In addition to making money on rebates from manufacturers, product switching, and playing the spread, they hold our payments for sometimes 30 days or longer—and we have a study from the University of Texas that proves it. This must end and it must end NOW. The time is NOW for passage of this prompt pay bill. Visit the NCPA homepage and click on the Capitol dome to see how to make independent community pharmacy’s voice heard on this and our other legislative issues.

We also have been working diligently on H.R. 971, the Community Pharmacy Fairness Act of 2007, which also relates to the PBM Industry. This bill, introduced by Rep. Anthony Weiner, a Democrat from New York, and Rep. Jerry Moran, a Republican from Kansas, would allow pharmacies that are not publicly traded, like the big chains, to collectively negotiate with PBMs without fear of violating the nation’s anti-trust laws. I mean CVS can speak for its 6,000 pharmacies across the country, but I can’t talk across town in Downey, California about a lousy contract? Is that fair?

A good example is a recent contract from a major PBM, that most of us received reducing our rate by ½ % each year. I’m not suggesting that you sign or not sign the contract. That is completely each pharmacy’s choice. But, the language reads that we are not to speak any disparaging remarks about the PBM or the contract. What happened to our First Amendment rights? Do we not have the right to speak out when there are inequities? This is not Hitler’s Germany, or Stalin’s Russia. We were also told this contract is non-negotiable. We as business owners must always study the PBM contracts, and make the best decision regarding our own business. But, we can never stop speaking to the public or to members of Congress about how the PBMs are furthering the commoditization of pharmacy, and ruining our profession.

I know H.R. 971 is something we have been working on for many years, but we must not grow weary in this battle. We are making progress. The bill has nearly 200 cosponsors.

Unfortunately, our lawmakers and government are often slow to act unless pushed and prodded. Remember, it took 20 years to get pharmacists on the label of OTC products, but we did it. We can do this too; and in a shorter time frame, I believe. We just need to keep working.

Victor Hugo called perseverance the "secret of all triumphs." Let's persevere and make pharmacist negotiations a reality.

It is important to point out that both of these bills have wide-spread bi-partisan support, which is crucial to enacting any piece of legislation in today's divided political environment.

As you all know, NCPA is neither a Republican nor a Democratic organization. We are an independent community pharmacy organization. We will work to enact legislation that benefits independent community pharmacies and the patients they serve.

We will work with, and continue to work with, any party, or members of Congress who support our issues.
Our goal is to build a "community pharmacy majority" in Congress, where we can count on members to support our profession when called upon.

You can help us achieve this goal by lobbying your senators and representative. Educate them on the issues affecting your practice and your patience. Invite them to your pharmacy and let them see how you interact with your patients. Your actions and their support of our legislative agenda can make the difference for all community pharmacies.

While PBMs continue to be a thorn in our side, the greatest challenge facing community pharmacists today remains a threat that is not yet a reality, though time is working against us. It is the Centers for Medicare & Medicaid Services’ final rule for Medicaid pharmacy generic prescription drug reimbursement that is based on an Average Manufacturer Price or AMP formula.

Because many independent pharmacies buy generic products at a price higher than what is deemed the AMP, beginning next year, they will be reimbursed at a rate below their actual acquisition cost.

The Government Accountability Office or GAO has determined that our sector will be reimbursed for generic products on average at 36 percent below acquisition cost. How can anyone be expected to stay in business, if they pay a dollar for a product and sell it for only 64 cents?

Some pharmacies could be forced to close their doors. An even greater number of independents could choose not to participate in the Medicaid program, reducing access for thousands of our nation's neediest. Both options are UNACCEPTABLE.

The whole idea of AMP is a perverse incentive to go back and use the more expensive branded pharmaceutical for Medicaid reimbursed prescriptions, since the generic will now be dispensed at a loss. Can someone explain to me how that will reduce the deficit? Only in Washington.

And while we are discussing AMP, let’s get back to the root of this problem. It is the discriminatory pricing practices of our friends in the pharmaceutical industry. As Independent pharmacies, and pharmacists, we offer superior services to our patients. We perform life saving interventions on a daily basis, but for the past 25 years, have not been afforded the prices, or rebates that others in our Industry enjoy. Let’s face it, we can compete with anyone, but when PBMs, Managed Care groups, Outpatient hospitals, and other entities, who are directly competing against our sector, buy their products at significantly lower prices than ours, based upon what we are told is a class of trade, but what is told to the public are volume discounts, then we are faced with a competitive disadvantage.

And why then do the pharmaceutical manufacturers sell or rebate to Mail Order Pharmacy, at much lower prices than to community pharmacies, when the PBM-owned mail order pharmacies are insisting to CMS that they are not a different class of trade, and are in fact retail. Make no mistake about it, we would not have to be here today talking about an Average Manufacturer’s Price if there were no prices to Average. Sometimes we forget to speak out about the inequities
in our Industry. Well, I am speaking out now, loud and clear. If you look at most of the problems facing community pharmacy over the past 25 years, you will find that most paths lead to discriminatory pricing.

Regarding AMP, if this final rule is implemented in January there will be dire consequences for community pharmacies and the Medicaid patients we serve – a group who can afford it the least.

Thankfully, there are still some in Congress that see the danger in allowing this ill-conceived plan to come to fruition. Two bills have been introduced – one in the House and one in the Senate, with strong bipartisan support – that would fix the Medicaid reimbursement rule. They are H.R. 3140, the Saving Our Community Pharmacies Act of 2007, introduced by Rep. Nancy Boyda (D-Kan.), and, in the Senate, S. 1951, the Fair Medicaid Drug Payment Act of 2007, introduced by Sen. Max Baucus (D-Mont.).

There is time to stop this threat from becoming a reality. Everyone here must act. Contact your representative and senators and urge them to cosponsor and support this legislation. Educate your patients and urge them to contact those in Congress who can stop implementation of this rule. Contact your colleagues who are not here and urge them to take action.

Time is short. We must act NOW! The future for a number of independent pharmacies is at stake. Yours may be one of them. Mine may be one of them. ACT NOW!

I would, in particular, like to especially thank one person at NCPA who has been our champion in addressing issues like these, as well as many Legislative issues over the past 25 years. He will be retiring next year, but hopefully still consulting for NCPA. His knowledge in the political arena has been invaluable to NCPA, and we all owe a tremendous debt of gratitude, to the 2003 Dargavel award winner our General Counsel, John Rector.

With the passage of the Deficit Reduction Act, which brought about AMP, there was some hope that the states would address the shortfalls in pharmacy reimbursement by increasing dispensing fees. I am happy to report that there has been some success in a few states on this front.

Through the work of NCPA and NACDS, the Coalition for Community Pharmacy Action was formed to address these issues, and attack the AMP problem at the state level.

The idea behind the coalition was that all of community pharmacy would speak with one voice on issues affecting retail pharmacy. That is sometimes difficult as interests vary and at times compete. However, it is important that we work together, whenever our interests align. We appreciate all of the support they have given us. We may have to agree to disagree on certain issues, but when we can come together we should – we must – in order to speak most effectively.

As NCPA continues to work on AMP issues in the states, WE will continue to fight for independent pharmacy.

On a personal note, I have to say it is a challenge talking to some state legislators, and governors. They just don’t get it.
The governors and state legislators often see AMP implementation as a way to save money on one of their largest budget items – Medicaid. They don't see the bigger picture or the ramifications that lie ahead.

For example, I was told recently by a state legislator, that if an independent pharmacy goes out of business, while sad, there is most likely a large chain down the street that can take the business. What kind of statement is that? He’s obviously never patronized, or even visited, an independent community pharmacy.

Many independents provide services that some of the large chains do not offer, such as:
- Delivery for those who are unable to get out or are homebound
- Special packaging for long term care, assisted living, or skilled nursing facilities
- Or compounding for hospice patients with special needs, just to name a few.

Maybe that independent pharmacy that is forced to close is in a rural area, where the nearest chain is 20 or more miles away. So, what is the answer? Make the Medicaid patient, who may or may not have transportation, drive 20 miles to the next closest pharmacy or better yet, have them fill their prescriptions through mail order? The giant PBMs and their allies would love that.

What if that pharmacy that is forced to close is in an urban area where a certain ethnic population is prevalent and the pharmacy has staff on hand that speaks the native language the patients. Who will serve them? Not the giant PBMs, that’s for sure.

AMP implementation is a lose-lose proposition. In the long run, I predict, it will not save the federal government or the states a single penny. On the contrary, I believe costs will rise due to the perverse incentive created to utilize branded drugs, as well as increased visits to emergency rooms and doctors offices brought about by decreased access.

We cannot – we will not -- stand idly by, and let this happen. Working together we can and will stop AMP in its tracks.

While working for the passage of individual pieces of legislation is vital to our future, one of my related priorities this past year has been to focus on changing independent community pharmacy's political stature---its power profile. We need to make NCPA a well-known commodity on Capitol Hill and in the White House, regardless of which party is in control.

In the past, we have spent a lot of our time on Capitol Hill educating representatives, senators, legislative aides and other Hill staffers on who NCPA is and on the importance of community pharmacy. My goal is to make NCPA, a brand name on Capitol, and in the White House.

It goes back to the idea of creating a "community pharmacy majority," which I mentioned earlier. How do we do that? Hard work from me and you.

- Take action. We all must be politically active. In addition to our lobbying efforts, we must invite members of Congress, as well as our state legislators, into our pharmacies. Show them
what you do each and every day. Give them the opportunity to see first-hand your value in your community.

- Get your patients involved. Have them write letters to their elected representatives. We are first and foremost patient advocates. In some cases we are advocates for the least of those in our communities -- those in nursing homes, the disabled, the mentally challenged, the Medicaid children, and the poor. We are their voice, literally their lifeline, on pharmacy issues.

They depend on us to provide their medications, as well as the expert counseling needed to take them properly. Just as we advocate for them, we need them to advocate on our behalf.

- Motivate pharmacy students to get involved. Tap that boundless energy and idealism. Go out and talk to the NCPA Student Chapter at your local College of Pharmacy. Students are a great resource. I have to say they have been very helpful this past year in writing to representatives and senators asking them to sign onto our bills. And, why shouldn't they be? If they want to practice in an independent setting one day, they have a vested interest in making sure that is a viable option.

As an aside, I have to say that in my travels to some of the NCPA Student Chapters this past year, I have been so impressed at our profession’s future leaders. The depth of their knowledge is awesome. Their devotion to our profession is inspiring. Their enthusiasm is contagious. I am thankful for the Deans and those advisors who help promote entrepreneurship. You are building the future of our great profession.

- Give to the NCPA PAC. Without a substantial PAC you don't get heard in Washington – to get anything done on Capitol Hill you have to contribute to politicians. They hear our pleas in direct proportion to the amount of money we give. Money alone doesn’t guarantee success, but it does guarantee access—a chance to make our case. We need a million-dollar PAC. We are close. We can get there with your help. Stop by the PAC booth to learn more about how you can give.

I want to ensure that there is a bright future for our profession, not only for the future pharmacists who are with us today, but also for pharmacists like myself, who have dedicated their professional lives to independent pharmacy. In order to do that, we ALL must do our part. We ALL must get involved.

Another of my priorities this past year was to increase the awareness, and viability of Medication Therapy Management Services, or MTM. One of the few bright spots in the passage of the MMA was that it mandated CMS pay for MTM services. This is a tremendous opportunity for independent pharmacists. It is a major step along the road to shifting the paradigm of pharmacy from a product-driven focus to a patient-care focus.

As the proposed cuts in Medicaid reimbursement demonstrate, it is time, actually way past time, for pharmacists to be paid for their professional knowledge and services.
Although this program has not been in place long, make no mistake about it, pharmacists are demonstrating positive outcomes. We are insuring proper medication usage for the patient, which translates into savings for the payer, all of which demonstrate the value of the pharmacist.

To this end, NCPA founded Mirixa. It started with a vision defined by the NCPA leadership. The Executive Committee focused its attention on a paradigm shift several years ago where the pharmacy benefit and the services of a pharmacist are broadly recognized by patients, providers, and patients alike. By “broadly recognized” I mean sought after and paid for. The outcome of this vision was the formation of CCRx with its new benefit design and Mirixa – a means to engage pharmacist in a systemized way where we can clearly demonstrate the outcomes of their effort.

We must continue to build on this, and have all pharmacists engaged in MTM, in order to reaffirm our role as health care providers.

In conclusion, let me just say how proud I am to be an independent community pharmacist. Independent pharmacy is the cornerstone of our profession. Before there were hospital pharmacies or managed care pharmacies or mail order pharmacies, there were independent pharmacies.

If you look at old photographs from the 1800s, you don’t see pictures of a PBM pill factory. What you see is a sign that says Drug Store or Drugs. It was the town pharmacy on Main Street or Elm. It was that way 100 or more years ago, and it is still that way today.

This is not to say that we have not changed with the times. I have seen many changes and challenges in pharmacy practice in my 30-year career – computers, robotics, PBMs. We have faced them all and survived, and even thrived.

We are ready for the challenges of today. We can and will compete with anyone, anywhere in America by providing personalized, knowledgeable, friendly service to one and all. We just ask for a level playing field, without financial incentives given to any one sector over ours. One that doesn’t force our patients into mail order. One that doesn’t offer us only take-it-or-leave-it contracts. One that doesn’t let powerful entities delay giving us what is rightfully ours. One that pays us fairly for the products, patients' services, and value we provide.

This is why today, I am asking for all in our industry to take a stand. We must ALL work together to ensure that level playing field is achieved. I have laid out how we can achieve it.

We still have work to do. Miles to go before we sleep, as the poet said. We need everyone to help, and we need all of your support. Not just today and tomorrow, but beyond. Together, we cannot be denied.

Before closing, it wouldn’t be right not to thank, and have the person beside me who has been there for me every step of the way. This year belongs as much to my wife, as it does to me. I would like to invite my wife, Karen, to join me on the stage. Throughout all the meetings, state
associations, colleges of pharmacy, and all the travel, Karen has either been with me, or taking care of our work, and family at home.

As most of you can attest, especially those of us who own pharmacies, our spouse, is usually there working with us, or taking care of the kids and families at home. Simply stated, they have the tougher and more important job, and I know I couldn’t have done it without you.

It has been my greatest privilege to serve NCPA, and represent you this year, and I thank all of you for the opportunity.

Thank you, and have a Great Convention!