



Capitol Agenda

THE INDEPENDENT FORUM

INDEPENDENT PHARMACY COOPERATIVE
November 2015

IPC's Government Relations Team Sees Tremendous State Level Success in 2015

Eight State Laws Enacted

In 2015, the IPC Government Relations Team enjoyed banner results with the passage of important state legislation designed to help independent pharmacies. This new legislation will combat abusive PBM practices that are detrimental to independent pharmacies' abilities to operate efficiently and maintain a high level of service to their patients. In total, IPC's work helped lead to the enactment of eight state laws. IPC also supported an important legal effort against lawsuit challenges by the PBM industry to Iowa's ground-breaking MAC law.

IPC Attends NCOIL and NAIC Conferences

IPC Pushes for Pharmacy Inclusion in Model Health Insurance Laws

IPC attended two key conferences this summer of state insurance policymakers – the National Conference of Insurance Legislators (NCOIL) and the National Association of Insurance Commissioner (NAIC) that are considering key health insurance related model legislation and regulations. IPC was there to promote the interest of its community pharmacy members to be included in draft legislation and regulations required by ACA for states to have mandates in their insurance plans, especially the health insurance exchanges, for adequate levels of provider networks.

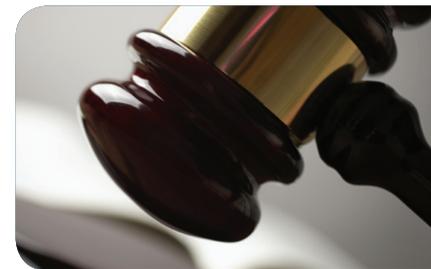
Iowa Passes Benchmark PBM Oversight Legislation

IPC worked collaboratively with the Iowa Pharmacist Association (IPA) to enact another strong measure in Iowa to regulate PBM practices in that state. The new law (HF 395/Chapter 24 of 2015 Iowa Acts) subjects PBMs to greater regulatory oversight by the Iowa Insurance Division. HF 395 makes any violations of PBM laws (i.e. MAC, audits, anti-mandatory mail-order, prompt pay) subject to an array of existing penalties (i.e. fines, investigations, operations revocation) enforced against all health insurance entities in Iowa.

Ohio Enacts Strong PBM MAC Transparency Legislation in the State Budget

IPC, working closely with the Ohio Pharmacist Association (OPA), saw great success in Ohio as the state enacted a significant PBM MAC transparency bill in the state budget (HB 64). This new MAC law mandates that MAC's: 1) be updated weekly, 2) gives pharmacies 10 days to require updated MAC lists, and 3) creates a 21-day MAC appeals process where PBMs must give Ohio pharmacies by NDC wholesalers where they can purchase denied MAC appeals at PBM MAC prices.

The Ohio MAC law also regulates PBMs as administrators under Ohio's insurance laws, subjecting their actions to state insurance



regulations, including enforcement penalties for non-compliance with MAC or audit laws. The Ohio MAC law is one of only a couple in the country requiring PBMs to disclose plan sponsors when they use different MAC lists to charge plans from the ones they use to pay pharmacies.

FDA Enforcement of DSCSA Pharmacy Requirements Enforcement Delayed Until March 1, 2016

Beginning March 1, 2016, the FDA will begin enforcing DSCSA dispenser requirements to track and receive documentation on every product they purchase, including: Transaction History (TH); Transaction Information (TI); and Transaction Statement (TS). This information will be supplied by drug wholesalers and manufacturers. DSCSA also requires pharmacies to verify, retrieve and provide FDA and

trading partners with TH/TI/TS within two business days of suspect product investigations.

Pharmacies must retain transactional data for six years, or enter into a written agreement with a third party to maintain the transaction data on the pharmacy's behalf. This delay does not impact the verification requirements related to suspect and illegitimate product. Importantly, payers and Pharmacy Benefit Managers (PBMs) will be auditing pharmacies for compliance with the law.



For details on these requirements, go to www.ipcrx.com.

Iowa MAC Law Withstands PBM Legal Challenges

IPC supported a coalition effort led by the Iowa Pharmacist Association (IPA) to fight a federal lawsuit by the PBM industry against Iowa's MAC transparency law, which in addition to requiring timely updates and appeals response, also requires PBM disclosure of MAC methodology to the Iowa Insurance Department. IPC provided strategic and financial assistance to the industry's support for Iowa to defend the law against this suit.

In September, community pharmacy scored a compelling victory when the court dismissed the entire PBM industry lawsuit against other commerce clause provisions. Besides dismissing the case, the federal judge wrote a strongly worded opinion making it very clear that this law applies to all PBM plans in Iowa, and that the state has a very compelling reason to regulate such PBM activities in order to protect the public. The PBMs are expected to appeal the ruling to the U.S. 8th Circuit Court of Appeals. IPC will continue to work with IPA to defend this law and is seeking determination of how Iowa will proceed in enforcing its MAC law.

For more Government Relations news, go to www.ipcrx.com.



1550 Columbus Street
Sun Prairie, WI 53590

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Mark Kinney

Mark Kinney is the Senior Vice President of Government Relations at IPC. With more than 15 years of state and federal legislative experience, Kinney represents independent pharmacy nationwide. He has participated in numerous legislative conferences and committees and is a noted speaker for state and national pharmacy events.



Jim Driscoll

IPC Director of Government Relations Jim Driscoll focuses his state efforts on community pharmacy issues, including Medicaid reimbursement, unfair audit requirements and PBM transparency. Driscoll targets individual state concerns and provides assistance for passage of pro independent pharmacy legislation relating to these topics.



John Covello

Director of Government Relations John Covello brings more than 20 years of rich background in governmental relations at the local, state and federal level. John directs IPC's legislative and regulatory initiatives in key states as well as assists on IPC's federal efforts for community pharmacy.



Brad Young

Brad Young brings extensive government affairs experience to IPC having served 11 years in the Colorado House of Representatives. Young has participated in effective lobbying efforts on issues such as Medicaid Reimbursement rates, pharmacy audits, drug substitution, drug discount cards, and many others.

IPC Government Relations Team

Email us at governmentrelations@ipcrx.com or call 800.755.1531.