



california **pharmacists** association

2010 ANNUAL REPORT

CPHA MISSION

Advancing the practice of pharmacy
for the promotion of health.

www.cpha.com

LEADERSHIP



FROM THE PRESIDENT

2010 brought two significant changes that will impact CPhA. First off was the passage of Health Care Reform. It opens up a true policy window that we need to take advantage of to move pharmacy forward from a product-oriented profession to a service-oriented profession. To that end, CPhA has been involved with the Department of Managed Health Care on the Right Care Initiative, which is a pilot program to demonstrate the value of clinical

pharmacists on the care team in both an institutional and a community setting. The RCI has not progressed as quickly as envisioned, and we hope that newly installed Governor Jerry Brown will continue this initiative. Also our physician colleagues at the CMA and the CMA Foundation have been meeting with CPhA and the Pharmacy Foundation of California to discuss how to move the pharmacist-physician partnership forward in regards to collaborative diabetes management and potentially other collaborative care opportunities. The second major change was the hiring of Jon Roth, CAE as the new CEO for CPhA to lead us forward through these times.

In addition to these activities, CPhA brought the APO, AMC, and ALTC together to discuss the pharmacy audits and to work towards creating standardized audit bill language to streamline this process. We also have continued to monitor the Medi-Cal lawsuits as they make their way through the courts. Many of these initiatives require a strong legislative presence and I am proud of the approximately 400 CPhA members who represented their profession at Legislative Day in April. On a local level, CPhA was successful in revitalizing the Ventura County Pharmacists Association and the Southeast Los Angeles Pharmacists Association. Our Academies and Locals have both been working diligently to provide more value to our members and I look forward to their continued growth.

We have many more exciting initiatives in the pipeline that we hope to unveil in 2011. Thank you all for your support of CPhA and our profession... One Profession, One Voice!



FROM THE CEO

CPhA had an exciting 2010, filled with changes and advancements all aimed at increasing the value of what it means to be a member. One of the most significant changes was the retiring of one CEO and the hiring of another. I am honored to become a part of CPhA and to contribute to the advancement of pharmacists.

When looking at the opportunity to become the next CEO, it became clear that the volunteer leaders all believed in the core mission of the association. The question became, "how do we build and convey that same sense of pride from leadership to every member?"

In 2010, CPhA achieved significant milestones in the advancement of that member value proposition through a number of objectives. Besides effectively navigating a CEO transition, the board and volunteers also accomplished success in:

- Expanding the role and scope of pharmacists through legislative action
- Strategically moving the Medi-Cal provider cut lawsuits through the courts
- Providing critical CE, networking, and House of Delegates policy-setting opportunities through the highly-valued Outlook Annual Meeting
- Expanding the reach of CPhA Academies to inform the Association on key policy issues.

All of these accomplishments are important for ensuring that pharmacists are recognized and valued in the delivery of health care services in California. Now, more than ever, it is critical for every pharmacist to understand the importance of being a member of CPhA in order to achieve that result. With the rapid pace of change in health care occurring today, there is little room for the pharmacy profession to be a silent observer and allow only a few to represent the majority. There is an old Latin proverb, *scientia ac labore*, which is interpreted to mean that one can only advance "through knowledge and hard work." Without every pharmacist in California stepping forward and working hard to help us make their voice heard through the unified efforts of CPhA, we run the risk of being denied the opportunity to define our future for the profession.

CPHA 2010 BOARD OF DIRECTORS

Eric Gupta, PharmD	President
Kenneth Scott, RPh	President-Elect
Jeffery Goad, PharmD	Immediate Past President
Jon Roth, CAE	Secretary & CEO
Ed Sherman, PharmD	Treasurer
Jarrod Mills, PharmD	Speaker
Pat Person, BS	Speaker- Elect
Doug Hillblom, PharmD	Trustee-At-Large, AMC Trustee
Merilyn Ross, BS	Region 1 Trustee
Veronica Bandy, PharmD	Region 2 Trustee
Paul Drogichen, PharmD	Region 3 Trustee
William Young, PharmD, JD	Region 4 Trustee
Jerry Fujiwara, PharmD	Region 5 Trustee
Sylvia Moore, PharmD	Region 6 Trustee
Aileen DeRevere, PharmD, MS	Region 7 Trustee
Steve Gray, PharmD, JD	Region 8 Trustee
Jerra Banwarth, PharmD	Academy of Compounding Pharmacists Trustee
Chris Woo, PharmD	Academy of Employee Pharmacists Trustee
Helen Park, PharmD	Academy of Hospital Pharmacists Trustee
Lee Meyers, PharmD	Academy of Long Term Care Trustee
Sam Shimomura, PharmD	Academy of Pharmacy Educators Trustee
IR Patel, BS	Academy of Pharmacy Owners Trustee
Daniel Wills, MBA	Academy of Pharmacy Technicians Trustee
Jason Lebowitz	USC ASP Trustee
Ohannes Kandilian	UCSD ASP Trustee
Jackie Morcos	CNCP ASP Trustee
Caroline Lindsay	UCSF ASP Trustee
Amy Ngo	Touro ASP Trustee
Elizabeth Chang	Pacific ASP Trustee
Stacey Nakatsuchi	WesternU ASP Trustee
Michelle Hoang	LLU ASP Trustee

2010 INSURANCE MEMBER BENEFITS

Workers' Compensation Program

- A 10% dividend was declared on the sponsored Workers' Compensation Program. CPhA members have received over \$3,300,000 in returned premiums over the past five years.
- Due to favorable program loss experience, workers' compensation rates on the program were reduced in December 2010.

Business Owner's Package Program

- Special practice of pharmacy wording protects members who compound or provide flu shots
- Participants in the workers' compensation program can get additional discounts

Medical Insurance

- HR guidance free from Mercer Select
- High deductible health plans reduce premium expense

Homeowners, Renters and Auto

- Discounts are available to all CPhA members
- Underwritten by Liberty Mutual

Long Term Care Program

- Member premium discounts are available on long term care policies for members and spouses

Pharmacist Professional Liability

Insurance

- Professional liability protection for employed pharmacists

CPhA and Marsh continue to provide quality insurance programs through "A-" or better rated carriers with excellent customer service, great savings, royalty income to CPhA. These programs also encourage non-members to join.



OUTLOOK 2010

Outlook 2010 took place in Long Beach February 4-7, 2010 and was a great success. Comments such as "Best Outlook in many years," "Best programming in a long time," were representative of so many that were received. Contributing to these comments was the fact that so many aspects of the conference outperformed members' expectations. Not only was the House of Delegates a lively forum of debate, but the keynote speakers provided outstanding presentations. The awards ceremonies were top-notch, while the social events were possibly more enjoyable than ever. One of the greatest draws for members was the CE programs, which were programmed to meet members' needs. No conference would be complete without a busy Exhibit Hall, and 2010 was no exception. Pharmacy vendors traveled from around the country to meet members and discuss their needs. Outlook 2010 brought together an outstanding group who were well-versed on the issues that CPhA members face in all practice settings.

**Save the Date for Outlook 2012: February 2-5, 2012
Sacramento, CA**

CALIFORNIA PHARMACISTS LEGISLATIVE DAY 2010

In April, more than 400 pharmacists, pharmacy interns and student pharmacists attended the annual Legislative Day event, held at the Sacramento Convention Center. There were a series of outstanding speakers on hand to brief attendees on the issues, including the Speaker of the Assembly, John Pérez. He awed the crowd as he discussed the state-of-the-state and demonstrated a deep and favorable understanding of pharmacy-related issues.

Following the morning briefing, attendees went over to the Capitol to meet with their Legislators. CPhA arranged for 110 legislative appointments which flooded the Capitol with white coats. The event ended with a de-brief and reception.

SYNERGY LEADERSHIP CONFERENCE 2010

Each year, CPhA and the Pharmacy Foundation host the Synergy meeting for pharmacy leaders and stakeholders. This year, there were more than 125 CPhA leaders in attendance from the Board of Trustees, Academies, Local Associations and CPhA Committees. Over the weekend, they learned about CPhA operations, governance and the strategic plan.

President, Eric Gupta, Past-President, Jeff Goad, CPhA Attorney John Cronin and Treasurer Ed Sherman, presented critical information about how CPhA is structured and governed, as well as the legal and financial responsibilities leaders are required to follow. In addition, new CEO, Jon Roth, made his debut at this meeting. Another important aspect of the Synergy meeting is the break out workshop sessions that provide attendees with the opportunity to focus on issues pertinent to the CPhA and to develop goals related to the strategic plan. The outcome of the meeting was a series of great ideas to improve the CPhA membership experience overall and move the profession forward.



MEMBERSHIP

FINANCIALS

A MESSAGE FROM CPHA TREASURER, ED SHERMAN, PHARM.D.

The year 2010 began with a promise of hope as we anxiously awaited the return of depressed financial markets and a lingering economic recession. The economy failed to deliver on that promise as the overall economic climate throughout the country remained challenging. As a result, revenue sources from outside entities that fund CPhA's major projects proved less rewarding than in prior years. The positive news was that the CPhA investment funds did recover modestly and posted gains over the prior year, which allowed some reserves to be used in offsetting operating expenses. While no one has a crystal ball, we are hopeful that this trend will continue for 2011 as our Investment Committee and financial advisors continue to strategically invest in CPhA's future.

Last year also brought another significant change with the retirement of one chief executive officer and the hiring of a new leader. With this executive transition, the Board of Trustees engaged in a thorough and deliberative process and allocated funding to retain the assistance of a professional search firm. Funds to pay for the search process were drawn down from the CPhA investment fund. With fresh new leadership at the helm of CPhA for 2011, we look forward to a prosperous 2011 and beyond.



CALIFORNIA PHARMACISTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION—NOVEMBER 30, 2010

ASSETS

Current Assets:

Cash and cash equivalents	\$ 175,907
Accounts receivable	152,495
Due from related parties	43,880
Prepaid expenses and other assets	120,210
Total current assets	492,492

Non-current assets:

Investments	4,617,380
Property and equipment, net	1,513,678
Total non-current assets	6,131,058
Total Assets	\$6,623,550

LIABILITIES & NET ASSETS

Current Liabilities:

Accounts payable	\$65,549
Dues to related parties	19,635
Accrued expenses	63,572
Deferred revenues	315,994
Total current liabilities	464,750

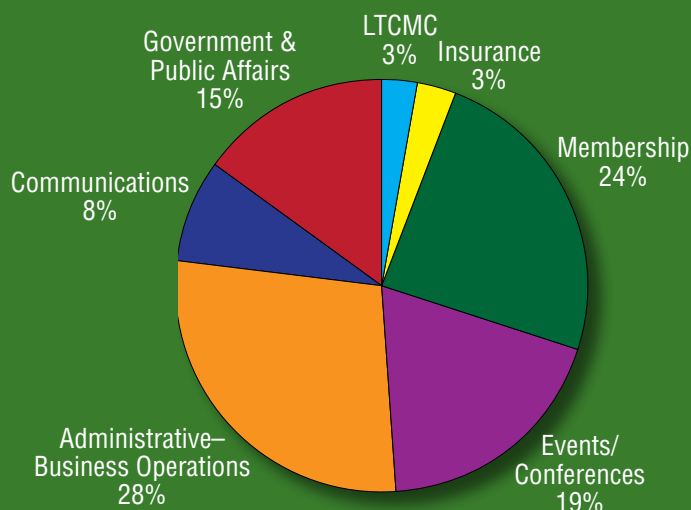
Long-term liabilities:

Capital leases	43,141
Deferred compensation	21,696
Total long-term liabilities	64,837

Total liabilities	529,587
Net assets - Unrestricted	6,093,963
Total liabilities and net assets	\$6,623,550

Unaudited, for presentation purposes only.

2010 OPERATING EXPENSE BY PROGRAM



LEGISLATIVE

LEGISLATIVE RECAP

As has been the case in recent years, the dominant force in the Legislative Session in 2010 was the dire financial situation for California's State Government. Throughout the 2009-2010 legislative session, both houses of the State Legislature spent considerable time, energy and words trying to deal with a projected budget deficit of \$19 billion. The state budget "debate" was marked by a lack of compromise as both the Democratic majority and the Republican minority dug in on their respective positions with no apparent way of reaching agreement. As a result, California once again entered the new fiscal year on July 1 without a State Budget. While a budget compromise was finally reached in October, the State's fiscal problems and the fast-approaching general election meant that this year's legislative session was relatively quiet for pharmacy and pharmacists. There were several bills introduced that could have had an impact on the profession, but in nearly every significant case, the bills failed to make their way through the legislative process.

Legal Actions

Several legal actions filed between 2008 and 2010 to challenge cuts in Medi-Cal reimbursement continue to make their way through the federal court system. The earliest

cases, involving legislative actions in 2008 to impose a fixed percentage cut in payments to pharmacies and other providers, made their way to the United States Supreme Court, where the State of California has been joined by 22 other states in asking the Court to hear their appeal. As of the end of 2010, that decision was still pending, but in response to the Court's request for input, the U.S. Solicitor General's Office had recommended that the State's petition be denied. In addition, the Center for Medicare and Medicaid Services (CMS) had denied approval of the Medicaid State Plan Amendment, which includes the payment cuts. CPhA, along with nearly every other health care provider group in California, expects a decision from the Supreme Court in early January 2011.

Additional budget cuts subsequently passed by the Legislature were also challenged – and blocked – by later lawsuits in which CPhA played a prominent role. Appeals of those legal decisions are pending before the Ninth Circuit Court of Appeals. Those appeals have been stalled pending a decision from the Supreme Court in the early court cases. Once the Supreme Court renders its decision, the future course of all these actions will become more clear.

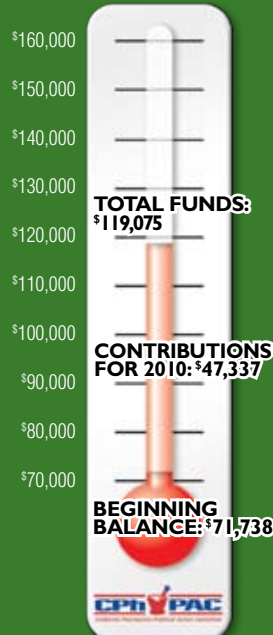


CPh-POLITICAL ACTION COMMITTEE

The political climate in 2010 was complicated by a slow economic recovery and desperate budget cuts throughout the state. In spite of these challenges, the work of the CPh-PAC continued, with a strong emphasis on supporting the Legislative efforts that were in support of pharmacists and their patients.

With carry-over funds from 2009, the PAC had a beginning balance of \$71,738. Combined with the total funds raised in 2010 of \$47,337 in 2010, the PAC was able to manage a total of \$119,075. Expenses and contributions amounted to \$76,832, leaving a balance of \$42,243 which will be carried over into 2011.

With healthcare reform taking place in the Legislature now, your contributions are needed more than ever.



PHARMACY DEFENSE FUND OF CALIFORNIA

In 2010, CPhA again led the effort to defend Medi-Cal pharmacy reimbursements in federal court. These efforts were funded by contributions to the Pharmacy Defense Fund of California. Funded by pharmacy owners and working with several other pharmacy organizations, CPhA joined in two lawsuits to stop the latest rounds of Medi-Cal cuts that threatened community pharmacies. Our efforts to block a rollback of AWP were denied, but a lawsuit filed by Lynn Carman to block changes to MAIC for generic drugs and to block a change in the definition of "usual and customary charge" were successful. There are multiple appeals that remain pending and the need for additional funding is expected to continue well into 2011.

PHARMACY FOUNDATION OF CALIFORNIA 2010 REPORT



The roots of the Pharmacy Foundation of California (PFC) lie in providing pharmacists with quality continuing education, and while CE continues to be a significant part of what we do (PFC provided California pharmacists

with thousands of CE units last year), 2010 also saw PFC make significant strides in serving its public benefit mandate.

During Outlook 2010, we announced a new partnership with MediGuard which allows PFC to provide consumers with free access to www.SafeMedService.org where they can obtain a free personalized “medication safety report” and

sign-up to receive free medication safety alerts and recall notices via email. I personally saw how valuable this tool can be when a relative of mine, who had spent two years suffering through bouts of kidney failure from an unknown cause, finally found out from a “specialist” that her problem was the quinine she had been prescribed for leg cramps.

Out of curiosity, I went to SafeMedService.org to see what kind of

information she would have received from our service and, found that a safety alert had actually been sent out to people on quinine last July encouraging them to discuss the use of quinine for leg cramps with their providers as several reports had associated it with kidney failure and even two deaths. While this experience showed me the life-

saving nature of the tool, it also illustrated how many of the people most likely to benefit from it are also those least likely to go online to use it.

For this reason, PFC began the development of a new project where we will provide students at the eight California schools of pharmacy with the equipment and training they need make our life-saving tool more accessible to at-risk individuals in their communities. PFC is currently raising funds for this new outreach project which is scheduled to be launched during Outlook 2011.

Our other major patient safety initiative in 2010 was the launch of a first-of-its-kind Safe Medication Use Alliance which brings together a diverse group of stakeholders from consumer, medical, pharmacy, purchaser, payer, safety/quality and liability insurance organizations who are focused on reducing preventable medication harm specifically in the outpatient setting. PFC held the kick-off summit for this Alliance on June 25, and spent the second half of 2010 working to identify specific best practices in pharmacies and medical offices which have been shown to reduce preventable medication harm. Once identified, PFC will use its new Alliance to promote and support the broad adoption and consistent performance of these best practices.

In closing, 2010 was a groundbreaking year for PFC. The establishment of several new patient safety initiatives and important collaborations with significant stakeholders, both in and outside of pharmacy, has set the stage for an incredible 2011.

Sincerely,



Michael J. Negrete, PharmD, CEO



The establishment of several new patient safety initiatives and important collaborations with significant stakeholders... has set the stage for an incredible 2011.