**Legislative and Grassroots Update**

**State and Local**

**FY 2016**

**Legislative Activity**

**Priority Issues:**
- Drug Abuse (Naloxone, Take-Back, etc.)
- Adherence
- Scope Expansion
- Minimum Wage (Local Preemption)

**Highlighted State Successes**

- **IA:** Walgreens defeated a proposed reimbursement rate change which mitigated a potential $1.2 million per month loss in gross profit per script.
- **IL:** Walgreens, and a community pharmacy, stopped the state's plans to reduce funding to a program by $400 million, which would have resulted in $12 million in lost revenue annually.
- **NY:** New York state approved a budget that rejected a reduction in Medicaid fee-for-service reimbursement rates for specialty drugs, which had a $7.3 million annualized pharmacy impact.
- **OK:** A 25% Medicaid provider cut was prevented, which would have meant a reduction of the pharmacy dispensing fee totaling $788,000 impact annually.
- **TN:** Walgreens mitigated proposed TennCare reimbursement cuts worth over $4 million.
- **PA:** In 7 states, combined reporting tax bills were defeated, saving Walgreens nearly $13.4 million annually.
- **PR:** Working in partnership with various business groups, the implementation of value-added tax and an increase in business taxes were repealed which will save Walgreens $700,000 annually in new taxes in Puerto Rico.
- **LA:** A proposed cut in the ad valorem refundable tax credits was mitigated, avoiding roughly $1.25 million in lost tax refunds.
- **9 states passed pharmacy adherence bills** allowing 90-day at retail and/or medication synchronization bills.
Issue Overview

Adherence
Adherence bills include “90-Day” legislation that allows pharmacies to refill 3 months of a medication at once, improving medication adherence and creating a savings for retail pharmacy. Medication synchronization (med sync) bills also relate to adherence as they may allow pharmacists to fill a partial prescription in order to “sync” a patient’s refill schedule with other medications. This is done to improve adherence, provide a convenience and co-pay savings to the patient, and achieve savings for pharmacy.

Biosimilars
These bills most often allow pharmacies to substitute biosimilars for brand name biologics in the specialty drug area. This often entails fighting for provisions that lessen or eliminate physician notification requirements.

Drug Abuse
States have been grappling to find solutions to the growing challenges of drug abuse and prevention. Some states have reexamined their state statutes and proposed broad package bills attempting to deal with a range of issues. Others have honed in on a particular problem or tried to enact a particular solution. The various facets of this issue that we see often in legislation include: pharmacist authority to dispense or administer Naloxone, coverage parity for abuse-deterrent formulas of opioid drugs, prescription and age requirements to purchase products containing PSE or DXM, changes to the Schedule level of controlled substances, PMP (Prescription Monitoring Programs), and drug take-back programs.

Immunizations
We track several components of immunization expansion, which refers to expanding a pharmacist’s authority to administer vaccinations. The issues here revolve around which vaccines a pharmacist may administer, to individuals of a minimum age, and whether this can be done without a prescription.

Labor & Minimum Wage
State legislatures have been busy in this area, with legislation related not only to raising a state’s minimum wage, but also related to preventing local governments from enacting a minimum wage that differs from the state’s (i.e., “local preemption”). Apart from minimum wage, labor legislation often attempts to provide paid leave (sick, family, vacation and other time off) to employees, including part-time employees. Scheduling predictability for hourly employees can also be seen as a topic in this legislative area.

Medicaid
While this topic covers many sub-issues, activity relevant to Walgreens tends to focus on Medicaid reimbursement for prescription drugs, specifically what formula the state uses to calculate the amount reimbursed, including AMP (average manufacturer’s price), NADAC (national average drug acquisition cost), or others. We also focus on dispensing fees for pharmacies and whether a state is planning to move to Managed Medicaid and away from Fee For Service.

PBM Regulation
PBMs may be regulated by requirements to be more transparent about their drug pricing as it pertains to reimbursement to pharmacies including their MAC (maximum allowable cost) drug lists. Bills may also relate to a pharmacy’s right to appeal MAC list pricing determinations or the ways PBMs conduct pharmacy audits, usually referring to the amount of notice they must give before conducting one.

Taxes
We track tax bills including legislative activity related to commercial property tax assessments, ad valorem refundable tax credits and other business/corporate tax issues.

Local Highlights

• **New York City** postponed enactment of new $0.05 bag fee to February 2017
• As a result of significant grassroots pressure, **Minneapolis, MN** Mayor removed the predictive scheduling provision in her proposed “Workers Bill of Rights”
• Successfully defeated plastic bag ban legislation, and worked with sponsor to explore imposing a fee, which retailers could retain, instead of banning plastic bags outright.
• **30 mayors from cities across the country** formally recognized Walgreens team members with 40+ years of service by issuing proclamations, letters of recognition, and public remarks at our request.
• Continued to represent Walgreens interests in industry groups including the National League of Cities, Community Leaders of America, the US Conference of Mayors, the Chicagoland Chamber of Commerce, the 100k Opportunities Youth Initiative, Lake County Partners, and more.
Priority Issue: Provider Status

Achieving provider status is about giving patients access to the valuable care that pharmacists provide. Becoming a “provider” in the Social Security Act means that patients can participate in Part B of the Medicare program and bill Medicare for services that are within their state scope of practice to perform. The Pharmacy and Medically Underserved Areas Enhancement Act (H.R. 592 and S. 314) is bipartisan legislation that will amend section 1861(s)(2) of the Social Security Act to include pharmacists on the list of recognized healthcare providers.

H.R. 592 | Co-sponsors by State

S.B. 314 | Co-sponsors by State

Priority Issue: Drug Abuse

Walgreens successfully advocated against a provision in the Comprehensive Addition and Recovery Act requiring pharmacists to check their state’s prescription drug monitoring program (PDMP) before filling every prescription for a controlled substance to be eligible for federal grant funding. As a result of Walgreens advocacy the provision was not included in the final legislation.

Walgreens, working in partnership with NACDS, was successful in having language allowing the use of real-time databases included in the Part D Medicare lock-in section of the Comprehensive Addiction and Recovery Act. The real-time database requirement recognizes Walgreens pharmacies as one entity for lock-in purposes and helps guarantee patient access to medications, even if the patient changes locations. Additionally, Walgreens was successful in ensuring the Act does not include a provision requiring prescriber notification of partial fills of controlled substance prescriptions.

Walgreens stopped legislation to mandate prescription drug take-back receptacles in every pharmacy nationwide.
Issue Overview

- **Drug Diversion and Drug Abuse**
  - Drug take-back: Worked to influence federal policy to encourage industry participation in drug diversion solutions, lessening the potential for onerous mandatory programs
  - Naloxone access: Crafted policy principles that have largely been implemented in naloxone access programs, allowing the program to work within our pharmacy systems with minimal extra requirements
  - Participated in White House Twitter Town Hall on prescription drug abuse and diversion
  - Participated in two in-person meetings with DEA staff to discuss, among other issues, drug diversion and abuse

- **Specialty Definitions**
  - Worked with industry partners to create a consensus definitions for “specialty medications” and “specialty pharmacy” that protects the interests of the company. The definitions can be used at the state and federal level, as well as in contract discussions.

- **CMS Policy**
  - Influenced industry policy on DIR fees that supports principles around transparency while also protecting the company’s position in preferred networks
  - Evaluated the final outpatient drug rule and helped our state team weigh in on approaches to methodology that best protect our reimbursement.
  - Expressed concern to CMS on CMS Part B audits that could potentially save the company $7-$10 million annually.

- **Adherence**
  - Helped state team implement favorable policy for 90-day fill and med sync programs
  - Submitted feedback to the Senate Chronic Care Working Group on the importance of Medicare policy around adherence services and diabetes programs
  - Worked to shape high cost interventions white paper through incorporating pharmacy-related interventional techniques

- **Regulatory Comments**
  - SNAP proposed rule
  - HHS Nondiscrimination rule
  - Managed Medicaid rule
  - 340B Omnibus Guidance
  - Compounding Guidance

- **EPCS**
  - NY became the first state to mandate e-Prescribing of all prescriptions including controlled substances (March 27, 2016). Since that time e-Prescribing in NY has gone from 57% to over 80%.
  - VT became the last state to allow EPCS for CIIs on August 28, 2015. EPCS is now allowed in all states and DC plus PR.

- **Billing Issues**
  - Added additional fields to the next version of the SCRIPT standard that will improve compliance on Medicare CERT audits for Diabetic supplies and transplant medications.
  - Delayed the implementation of a prescriber edit for PA Medicaid that would have severely impacted patient care. According to our analysis we would not have been able to fill 25% of all PA Medicaid prescriptions. Medicaid continues to work with providers to ensure minimal impact to the patient prior to implementation.
  - Delayed the compliance date of the Unique Device Identifier (UDI) by 5 years which will allow Walgreens time to properly enhance internal systems to be able to handle this identifier which is replacing the NDC on a medical devices such as diabetic testing supplies and contact lenses. This was accomplished through direct interaction with NCPDP and the FDA along with assistance from NACDS.
  - Delayed the implementation of the Part D Prescriber enrollment requirements from 6/1/2016 until January 2017 due to intervention of NCPDP. Continue to work through all the implementation details to ensure minimal impact to patients once these requirements become effective.
  - Convinced CVS Caremark to comply with unique BIN/PCN requirements as set forth by MI Medicaid
  - Obtained clarification from the enrollment department at DMACs through CMS on the Mass Immunizer Certification process. Walgreens Medicare enrollment department was concerned that we would not be able to continue to meet our Mass Immunizer status in the future due to the certification requirements which would have been disastrous to our company.
Drug Take-Back Events Completed To-Date

Federal, state, and local officials are participating in safe medication disposal events nationwide as part of our effort to educate policy makers about Walgreens programs that combat drug abuse. Many more take-back events are being planned as kiosks are installed across the country.

Members of Congress (11) | Governors (8) | Attorneys General (4) | State Legislators (34) | Mayors (11)

- April 22, 2016 | Bakersfield, CA

- April 28, 2016 | San Francisco, CA
  Board of Supervisors President Logan Breed, Officer Dr. David Woods, Representatives from the Office of Sen. Mark Leno, & Representatives from the San Francisco Police Department

- April 30, 2016 | Houston, TX
  US Sen. John Cornyn

- May 5, 2016 | San Diego, CA
  US Rep. Scott Peters

- May 9, 2016 | Cathedral City, CA
  US Rep. Raul Ruiz, City Councilmember Mark Carnevale, and Police Lt. Glen Haas

- June 15, 2016 | Spokane, WA
  State Rep. Marcus Riccelli, Mayor David Condon, and Emergency Response Officials

- June 17, 2016 | Kirkland, WA

- June 20, 2016 | Oklahoma City, OK

- June 22, 2016 | West Jordan, UT
  Gov. Gary Herbert and Mayor Kim Rolfe

- July 25, 2016 | Janesville, WI
  House Speaker Paul Ryan

- July 25, 2016 | Nashville, TN
  House Speaker Beth Harwell, Ben Simpson, Leg. Liaison with the TN Dept. of Health, State Rep. Cameron Sexton, Dr. Reginald Dillard, BOP Executive Director

- July 27, 2016 | Albuquerque, NM
  Gov. Susana Martinez

- July 29, 2016 | Hoover, AL
  Attorney General Luther Strange, District Attorney Joyce Vance, Health Dept. Officials, Hoover Mayor Gary Ivey, and Hoover Chief of Police Nicholas Derzis

- August 2, 2016 | New Bern, NC
  US Sen. Richard Burr, State Deputy Secretary for Health Services Dr. Randall Williams, and HHS Dept. Staffer Brian Perkins (the Governor’s liaison on drug abuse)

- August 3, 2016 | Belmont, NC
  State Rep. Patrick McHenry, Gaston County Sheriff Alan Cloninger, three local police chiefs including the Belmont Police Chief, Belmont City Manager Adrian Miller, and Doug Lucket, CEO of CaroMont Health, the largest hospital system in Gaston County.

- August 3, 2016 | Omaha, NE
  Lt. Gov. Mike Foley

- August 4, 2016 | Columbus, OH

- August 8, 2016 | Chicago, IL
  US Sen. Dick Durbin

- August 10, 2016 | Clive, IA

- August 15, 2016 | Naperville/DuPage, IL
  State Sen. Michael Connelly, Naperville Mayor Steve Chirico, DuPage County Board Chairman Dan Cronin, and DuPage County Health Dept. Director Karen Ayala

- August 16, 2016 | Tacoma, WA
  Tacoma Mayor Marilyn Strickland

- August 17, 2016 | Pekin, IL

- August 17, 2016 | Portland, OR

- August 23, 2016 | Hialeah (Miami), FL
  State Rep. Manny Diaz and State Sen. Rene Garcia, Miami-Dade County Commissioner Steve Bovo, Hialeah Vice Mayor Luis Gonzalez, and 3 members of the Hialeah City Council

- August 26, 2016 | Burlington, VT
  Gov. Shumlin and Health Commissioner Harry Chen

- August 31, 2016 | Toledo, OH
  US Sen. Rob Portman, Toledo Mayor Paula Hicks-Hudson, and Lucas County Sheriff John Tharp

- September 1, 2016 | Houston, TX

- September 2, 2016 | Phoenix, AZ

- September 7, 2016 | Quincy, MA

**Number of Walgreens Locations Visited by Legislators** 85

**Number of Legislators who Received a Walgreens Flu Shot** 175