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HEALTHCARE AND CONSUMER PRODUCTS SECTION

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DEAR SIR,

IN THE NOT TOO DISTANT PAST, SMALL BUSINESS WAS THE BACKBONE OF THIS COUNTRY. IT WAS WHERE THE MAJORITY OF THE JOBS RESIDED WITH ALL THE RESULTING BENEFITS TO OUR COMMUNITIES (WAGES, TAXES, ETC) AND BY EXTENSION, TO OUR STATES AND EVEN TO OUR COUNTRY. BY DEPARTMENT OF LABOR STATISTICS, SEVENTY-FIVE PER CENT OF ALL JOBS IN THIS COUNTRY QUALIFIED AS SMALL BUSINESS. ALABAMA WAS EVEN MORE DRAMATIC. SMALL BUSINESS RELATED JOBS ACCOUNTED FOR NINETY PER CENT OF THE JOBS IN OUR STATE. INDEPENDENT RETAIL PHARMACY COMPRISED A SIGNIFICANT SEGMENT OF THOSE JOBS, EVEN INTO THE SMALLEST OF COMMUNITIES. THIS ALSO AFFORDED THE OPPORTUNITY FOR THESE COMMUNITIES TO HAVE ACCESS TO A HEALTHCARE PROVIDER, ONE KNOWN TO THEM, ACTIVE IN AND SUPPORTER OF THEIR VERY EXISTENCE.

THIS IS MY BACKGROUND. I STARTED MY CAREER IN ONE OF THESE INDEPENDENT RETAIL PHARMACIES, WORKING PARTTIME SWEEPING FLOORS, EMPTYING TRASH, AND WORKING AS A CLERK. I SAW THE RESPECT FOR THE OWNER PHARMACIST AND THE VALUE TO THE COMMUNITY THAT HE REPRESENTED. THE LONG HOURS WORKED AND THE AVAILABILITY AT ALL HOURS WHENEVER NEED AROSE APPEALED TO ME, SO I DECIDED TO BECOME A PHARMACIST, EVENTUALLY BECOMING A PARTNER ALLOWING FOR OUR EXPANSION TO THREE PHARMACIES. THIS PROCESS BEGAN FIFTY-TWO YEARS AGO AND TIMES WERE MUCH DIFFERENT AND THE COMPETITION MUCH MORE COMPETITIVE. WE WERE HEAVILY REGULATED AND RIGHTFULLY SO. OUR POSITION WAS FOUGHT FOR AND EARNED THROUGH HEALTHY COMPETITION DETERMINED BY SERVICES PROVIDED AND THE VALUE PROVIDED.

PRESCRIPTIONS BECAME AN INEXPENSIVE BENEFIT TO EMPLOYEES AND WERE COORDINATED THROUGH COMPANIES, PHARMACY BENEFIT MANAGERS (PBMs), WHO PROVIDED A CONDUIT WHEREBY THE BENEFIT FROM AN EMPLOYER COULD BE PROVIDED THROUGH AN ESTABLISHED NETWORK TO THOSE PROVIDING THE SERVICE. COMPUTERS AFFORDED ACCESS TO DATA WHICH WAS MINED AND MARKETED AT VERY PROFITABLE LEVELS, WHICH IN TURN, MADE THESE COMPANIES VERY

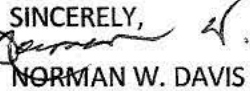
POWERFUL, SOMETHING UNINTENDED AT THEIR INCEPTION. THROUGH BENIGN NEGLECT LARGER COMPANIES WERE ALLOWED TO PURCHASE OR MERGE WITH THESE PBMs MAKING THEM EVEN MORE POWERFUL. THEY SEIZED THE OPPORTUNITY AND THROUGH MERGERS AND ACQUISITIONS BECAME EVEN MORE POWERFUL AND PROFITABLE. THEY BEGAN TO DICTATE THE TERMS TO THE COMMUNITY WHICH THEY HAD BEEN CREATED TO SERVE. THROUGH THE PBM PROCESS THEY WROTE THE CONTRACTS FOR THE PROVISION OF PRESCRIPTION SERVICES DICTATING THE TERMS OF AND LEVEL OF PARTICIPATION FOR PROVISION OF THESE SERVICES, NOT ONLY FOR THEMSELVES BUT ALSO FOR THEIR COMPETITORS, A VERY UNHEALTHY SITUATION FOR THEIR COMPETITORS. THESE PBMs WERE FURTHER EMPOWERED WHEN THE CMS DICTATED THAT THOSE IN THE PBM NETWORKS WERE DOWNSTREAM ENTITIES OF THE PBM AND REQUIRED TO COMPLY WITH ALL THEIR DEMANDS. WE BECAME FLOODED WITH PAPERWORK WITH WHICH WE HAD TO DEAL WITHIN VERY NARROW TIMEFRAMES. COMPUTER TIME WAS REQUIRED FOR COMPLIANCE FOR THESE DEMANDS, CREDENTIALING TO PROVE THAT WE HAD ALL THE DOCUMENTS REQUIRED BY OUR VERY EXISTENCE SINCE THE BEGINNING OF TIME. PROVISION OF THESE DOCUMENTS HAD TO OCCUR IN SHORT ORDER OR WE COULD BE EXCLUDED FROM THEIR NETWORKS WHERE OUR PATIENTS NOW RESIDED. WE HAD TO PRODUCE ALL THE LICENSING DOCUMENTATION REQUIRED FOR OUR OPERATION, PROOF OF INSURANCE, LETTERS OF CREDIT FROM OUR SUPPLIERS, ALL THE THINGS WITHOUT WHICH WE WOULD NOT BE ALLOWED TO OPERATE AND ENFORCED BY OUR BOARDS OF PHARMACY. IN ADDITION, WE HAD TO PROVE THROUGH COMPUTER GAMES THAT WE WERE GOOD PHARMACISTS, SOMETHING EVIDENCED BY THE COMMUNITIES HISTORICALLY. ALL THE WHILE, LEVELS OF REIMBURSEMENT WERE REDUCED AND OUR PROFITABILITY. FUNDS WERE NONEXISTENT TO ALLOW FOR INCREASED STAFFING TO COMPLY WITH ALL THE INCREASING DEMANDS ON OUR TIME.

I ALWAYS SAID THAT I WOULD CONTINUE TO WORK AS LONG AS I COULD AND ENJOYED WHAT I WAS DOING. I CANNOT BEGIN TO DESCRIBE THE FRUSTRATIONS ENCOUNTERED WITH BEING WHAT AMOUNTED TO AN INDENTURED SERVANT OF MY COMPETITORS ALL THE WHILE WATCHING THEM THUMB THEIR NOSES AT THE VARIOUS LEVELS OF GOVERNMENT WHICH HAD BEEN CREATED TO GOVERN THE EXISTENCE OF ANY BUSINESS AND TO PROTECT THE PUBLIC AND OTHER COMPETITORS FROM ANTICOMPETITIVE ACTIVITY. THE DOJ HAS ALLOWED MERGERS AND ACQUISITIONS. THE FTC HAS ALLOWED THESE BEHEMOTH CORPORATIONS TO DICTATE TERMS WHICH, THROUGH LEVELS OF COMPETITION, CAN FAVOR THEMSELVES AND PENALIZE THEIR COMPETITORS. AT THE VERY LEAST THEIR BEHAVIOR INDICATES THAT THEY ANSWER TO NO ONE. IT'S AS IF THE RULES AND REGULATIONS WERE CREATED FOR THEM AND PERMISSION IS NOT REQUIRED FOR THEIR OPERATION. WHENEVER CHANGE IS INDICATED, THERE IS ALWAYS A PERIOD REQUIRED TO ALLOW THEM TO ADJUST TO THE NEW MARKET CONDITIONS, WHETHER IT WAS THE VERY BEGINNING OF A PROGRAM (PART D) OR ANY SUBSEQUENT CHANGES. THOSE PROVIDING THE ACTUAL SERVICE HAVE NEVER BEEN AFFORDED A TIME FOR ADJUSTMENT. THE EFFECT ON US IS ALWAYS IMMEDIATE. WE HAVE TAKE IT OR LEAVE IT CONTRACTS. WE HAVE DIR, WHEREBY THE PAYMENT ON WHICH WE HAVE MADE OUR BUSINESS DECISIONS IS REDUCED AFTER THE FACT TO UNPREDICTABLE LEVELS OF PROFITABILITY. THE FEDERAL GOVERNMENT ALLOWED DRUG MANUFACTURERS TO DICTATE PRICE WITH IMPUNITY AND INSURANCE AND PBMs TO OBFUSCATE HOW TAX MONIES ARE EMPLOYED THROUGH LACK OF TRANSPARENCY. BACKDOOR REBATES, DIRs, INCESSANT FEES (MAINTENANCE, FORMULARY, NON-FORMULARY, TRANSMISSION, ETC.) HAVE PROVIDED UNACCOUNTED FOR REVENUE STREAMS WHICH HAVE INCREASED THEIR PROFITABILITY AND POWER. OLIGOPOLIES ABOUND. THE TAIL IS NOW WAGGING THE DOG AND IT HAS NOT HAPPENED OVERNIGHT. THE INDUSTRIAL COMPLEX NOW RULES OUR

CLASS  
of  
PBM

GOVERNMENT. PRESIDENT EISENHOWER WARNED OF IT MANY YEARS AGO. PRESIDENT THEODORE ROOSEVELT ACTUALLY DEALT WITH IT.

I FINALLY HAD ENOUGH. I HAD BEEN FIGHTING THIS FOR THE PAST THIRTY YEARS AND IT HAS CONTINUALLY GOTTEN WORSE. THE VALUE OF MY BUSINESS CONTINUED TO ERODE WHILE FRUSTRATIONS MOUNTED. NO WONDER SMALL BUSINESS IS FLOUNDERING. COMMUNITIES ARE STRUGGLING. THE BOTTOM LINE FOR THE MEGA-CORPORATIONS CONTINUE TO SWELL. THE CYCLE CONTINUES. THERE ARE PLENTY OF CHECKS. WHERE IS THE BALANCE?

SINCERELY,  
  
NORMAN W. DAVIS