



Report of the Treasurer

116th NABP Annual Meeting
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Presented by:

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This year's Annual Meeting theme is "When Members Unite, Ideas Ignite." I truly believe that the ideas of

our member boards brighten the future of the Association and the strength of its fiscal condition.

For decades, the efforts of many people have helped to ensure that the Association's finances remain strong. Thanks to continued sensible management, prudent investment, and quality programs that serve the pharmacy regulatory community, that strength is expected to continue.

Programs and Services

This report begins with a high-level overview of the many programs and services the National Association of Boards of Pharmacy® (NABP®) offers.

The examination, licensure transfer, and accreditation programs continue to provide essential information used by the boards in licensure decision processes and are also the main sources of our Association's revenue.

The number of candidates seeking pharmacy licensure

remained consistent and exam administrations remained steady in 2019.

North American Pharmacist Licensure Examination® (NAPLEX®) administrations slightly decreased by less than 1% in 2019. Multistate Pharmacy Jurisprudence Examination® (MPJE®) administrations increased by about 1%.

Foreign Pharmacy Graduate Equivalency Examination® (FPGEE®) administrations saw a 34% increase from 2018. This increase was anticipated due to a 27% decrease the previous year, which was largely related to technological and processing changes that occurred.

The Pharmacy Curriculum Outcomes Assessment® (PCOA®), which is required by Accreditation Council for Pharmacy Education accreditation standards, was utilized by 140 schools and colleges of pharmacy. A total of 18,940 students sat for the assessment in 2019. The PCOA reflects NABP's commitment to supporting and advancing pharmacy education, which is why the Association operates the program as an expenditure.

The Pre-NAPLEX® has continued to grow more popular. In 2019, we saw a 9%

increase from the same time period in 2018, with 14,460 administrations.

Pre-FPGEE® administrations saw a 44% increase from 2018, marking a significant rise from 2018, similar to the FPGEE.

In September 2019, we also successfully launched the Pre-MPJE™, a practice exam for the MPJE. The number of Pre-MPJE administrations through December 2019 was 1,010 across all 49 jurisdictions.

In addition to the revenue they provide, NABP examinations bring significant, increasing value to our member boards. NABP continues to enhance its testing infrastructure and utilize cutting-edge technology to maintain the security and integrity of our exams and assessments. NABP competency assessment staff include experts in psychometrics, testing security, and delivery. In addition, the Association has the ability to draw on members and college of pharmacy faculty to volunteer for item writing and review. Together, these things make NABP examination programs indispensable to our member boards.

The Electronic Licensure Transfer Program® (e-LTP™) also remains a vital program, particularly as license portability

continues to be essential to pharmacists' ability to practice. In 2019, requests to transfer licensure remained stable compared with the previous year, with a total of 16,614 requests.

The NABP Clearinghouse continues to serve a critical role in the e-LTP process, a role that has only been enhanced since the new e-Profile system launch in 2018. We greatly appreciate our members' continued commitment to maintaining the Clearinghouse as a robust data source. Diligent reporting of disciplinary actions to the Clearinghouse is crucial to our shared mission to protect the public health, and most boards have continued to be diligent in this area during 2019. In fact, we saw a nearly 7% increase in the total number of records entered into the Clearinghouse in 2019. Our Association needs all states to participate, and to do so in a timely manner, to maximize the effectiveness of the Clearinghouse.

The Association's accreditation programs play a significant role in helping to keep medications and medication delivery safe for patients. NABP Accreditation utilization remained steady in 2019. The two accreditations with the strongest performance were:

- NABP's DMEPOS Pharmacy Accreditation, which helps to ensure Medicare beneficiaries receive quality products and services, and
- The Drug Distributor Accreditation, formerly known as Verified-Accredited Wholesale Distributors®, which helps provide the drug supply chain with a shield of defense against questionable distribution practices.

In addition, the Pharmacy Verified Websites Program continued to see successes in 2019 and serves as a resource to help protect patients who buy medications online. The Digital Pharmacy Accreditation, formerly known as Verified Internet Pharmacy Practice Sites® also remains strong.

NABP's OTC Medical Device Distributor Accreditation, formerly known as the Verified-Accredited Device Integrity Program® (VDIP®) also had a successful year. In 2019, NABP announced the first VDIP-accredited facility.

The Verified Pharmacy Program® remained a valuable tool for boards of pharmacy to review verified pharmacy license data in 2019.

Additionally, reinvested earnings from our accreditation programs support non-revenue-generating programs and services that assist our member boards in fulfilling their public health protection mission.

This year, NABP has also launched compounding and specialty pharmacy accreditations, which we anticipate will continue in the tradition of success established by legacy accreditation programs. In addition, this report includes the shift to the new accreditation names. More information about the accreditation rebranding, which will help ensure all programs fall under NABP's branding, can be found in the April 2020 issue of *Innovations*.

Revenues and Expenses

As a reminder, revenues from our examinations and e-LTP, as well as from our accreditation programs, are reinvested into a wide array of other Association programs and services that

are not themselves revenue producing. Among them are NABP's Rogue Rx Activity Reports (formerly known as Internet Drug Outlet Identification Program) and NABP e-Profile Connect, as well as critical committee and task force work.

The following is a summary of the Association's 2019 expenses. General and administrative costs include core Association services provided by departments such as Member Relations and Government Affairs, Legal Affairs, and Professional Affairs. These departments work directly with our member boards to assist with numerous projects.

This category also includes administrative support expenses, which break down further to items such as information technology, accounting, and customer engagement. Among those investments are continued improvement and upgrades to the e-Profile database, and efforts to ensure all NABP data is protected by robust cyber security systems.

In 2019, NABP completed pharmacist continuing education audits of CPE Monitor® data for 11 jurisdictions. These audits resulted in a review and return of over 65,000 pharmacists and technician continuing education activities to the state boards of pharmacy. This service is available to all member boards of pharmacy at no cost. For more information, please contact Licensure Programs Senior Manager Lawana Lyons at the NABP office.

As always, the Executive Committee is very much aware of the kinds of financial challenges our member boards often face. Financial

management by the Executive Committee has allowed, and will continue to allow, our Association to provide NABP PMP InterConnect® at no cost to our member boards, so they can focus their resources on supporting PMP operations. Since PMP InterConnect's launch in 2010, our Association has invested \$1.85 million in its software development and \$6.7 million in its operation.

Assets and Reserves

The fiscal strength of the Association can be seen in both its overall assets and the reserve funds NABP maintains for various purposes. In 2019, total NABP assets increased 8% due to the increase in market value of the Association's investments. NABP reserve funds increased by 10% in 2019. Those reserve funds include:

- undesignated reserves;
- examination program reserves;
- accreditation program reserves; and
- self-insurance reserves.

These strong reserves are the safety net that allows the Association to move quickly on behalf of our member boards to manage crises or threats to public health, to cover unexpected program expenses, and to ensure programs are maintained and improved over time.

NABP Foundation Update

The NABP Foundation® – the Association's vehicle for research and development

projects – includes two key programs: **NABPLAW**® Online and the state newsletter program.

The Foundation's financials remained strong in 2019, due to the careful management of its programs and investments.

Foundation expenses increased by 9% in 2019 due, in large part, to increased **NABPLAW**, website, and resource costs. This investment helped to improve functionality of the **NABPLAW** platform through a variety of upgrades that launched in December 2019. These improvements include a modern and more visually appealing interface, improved search functionality, improved visibility of recently updated content, and the ability for users to export search results in multiple formats.

Careful management of funds and dedication to sound long-term planning means the Foundation will continue to provide research and development funding to programs and services that will support our member boards.

Educational Activities

Last year, NABP provided over \$2 million in services to support and assist our member boards and jurisdictions in protecting the public health through educational outreach. Those educational outreach efforts included:

- inspector training in compounding safety for four member boards;

- conducting inspection services for one member board; and
- interactive forums for our member boards' executive officers and compliance officers and legal counsel.

Clean Audit Report

Each year, our Association undergoes a comprehensive financial audit. I am pleased to report that our auditors, Sikich, LLP, found NABP and NABP Foundation to be in sound financial order. A long history of dedicated, responsible management by the Executive Committee and NABP staff has ensured that our Association is a fiscally responsible organization with a robust platform of member services.

Our Association's commitment to supporting our member boards and protecting patient safety has been rewarding to experience firsthand while serving as treasurer.

I am confident that our Association's finances will continue to support our goals of uniting to foster innovation and service of our shared mission to protect the public health.

In closing, I would like to thank you for the opportunity to have served as treasurer. It has truly been an honor to serve you, this Association, and to work closely with our colleagues on the Executive Committee and NABP staff. Thank you, and please stay safe.

NABP 2020 Operating Budget

Revenue

Examination, Licensure, and Accreditation Programs	\$ 38,242,149
State Membership Dues	16,250
Publication Fees	59,280
Convention/Conference Registrations and Contributions	217,825
Investment Income	2,568,698

Total Revenue **\$ 41,104,202**

Operating Expenses

Program Expenses \$ 24,913,874

Consulting, Convention/Conferences Program/Speaker Expense, Examination Content Expenses, Honoraria, Licensure Program Expense, Photographs, Printing, Salaries and Benefits, Seminars, and Testing Examination Fees

General & Administrative Expenses \$ 16,190,328

Accounting/Audit Fees, Building Maintenance, Contributions, Copying, Equipment Rental and Maintenance, Insurance, Investment Fees, Legal Fees, Library, Memberships and Dues, Postage, Printing, Public Relations, Salaries and Benefits, Shipping, Supplies, Telephone, Temporary Help, and Utilities

Total Operating Expense **\$ 41,104,202**

Net Budgeted Revenue and Expenses from Operations \$0

Capital Improvements and Systems Upgrades \$2,297,994

Computers, Computer Software, Building Equipment, Office Equipment, and Furniture

Net Budgeted Revenue and Expenses **\$ (2,297,994)**