



117th NABP Annual Meeting
May 13-14, 2021

Report of the Treasurer

Presented by:

Reginald B. "Reggie" Dilliard, DPH



Good afternoon. I am so honored to have served as your treasurer this past year. And who knew what a year it would be? At this time last year, the pandemic had

become increasingly worse, but at that point, the country was focused on "flattening the curve" and "opening up our economy." None of us could have predicted the full scope and duration of the pandemic and its impact on the global and national economy, and, of course, on the states.

While NABP did not escape this impact, the Association has remained fiscally stable, as I will report to you today. Part of the reason NABP weathered the fiscal storm of the pandemic is that impacted programs and services were able to resume or begin resuming by the end of the year.

In addition, NABP financials continue to benefit from careful management and wise investment of the Executive Committee, and that strength is expected to endure through 2021 and beyond.

Programs and Services

To begin, we will start with a high-level overview of the many programs and services 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 the Association's revenue.

The number of candidates seeking pharmacy licensure in 2020 decreased, likely due to the pandemic and its influence on examinations and other economic activity. And while exam administrations were halted and then only available on a limited basis in spring 2020, we were able to increase testing sites and offer more administrations through the summer and up through the end of the year.

With all that said, North American Pharmacist Licensure Examination® (NAPLEX®) administrations decreased by only 4.6% in 2020 when compared with the previous year. And Multistate Pharmacy Jurisprudence Examination® (MPJE®) administrations decreased by 10%.

In 2020, we began offering the Foreign Pharmacy Graduate Equivalency Examination® (FPGEE®) administrations only once per year. As a result, FPGEE administrations in October 2020 increased by about 37% compared to the fall testing window of 2019. However, when compared to all testing administrations in 2019, overall FPGEE administrations declined in 2020. In addition to the testing window changes and the pandemic, new Foreign Language Internet-Based Test (TOEFL iBT) requirements may also have caused the number of individuals taking the FPGEE to decline in 2020.

Although the Pre-NAPLEX® has grown in popularity in recent years, with 6,195 administrations, 2020 saw a decrease of about 4.4% compared to 2019. The Pre-NAPLEX decline reflects the fewer NAPLEX administrations. For the Pre-MPJE®, 2020 was the first full year in which this pre-exam was offered. A total of 8,943 administrations were held in 2020.

Finally, Pre-FPGEE® administrations decreased by 23% compared to 2019, with a total of 453 administrations.

Pharmacy Curriculum Outcomes Assessment® (PCOA®) administrations declined significantly in 2020. In normal years, the PCOA is mandatory for pharmacy students nearing the end of their didactic curricula and was primarily offered through in-person proctoring at sessions held at schools and colleges of pharmacy. NABP offers this assessment to the schools and colleges of pharmacy at no cost to help them meet this requirement. However, because of the pandemic, the PCOA was made optional for the 2020-2021 academic year. Given the option, just over 50% of schools elected to participate in 2020.

The PCOA reflects NABP's commitment to supporting and advancing pharmacy education, which is why the Association continues to operate the program as an expenditure.

In addition to the revenue they provide, NABP examinations bring

significant value to our member boards. NABP continues to enhance its testing infrastructure and to utilize cutting-edge technology to maintain the security and integrity of its exams and assessments. NABP competency assessment staff include experts in psychometrics and 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. However, the pandemic took its toll on e-LTP as well, with 2020 licensure transfer requests decreasing by 7.2% compared with the previous year, with a total number of requests of 15,085.

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. During 2020, we saw a decrease of approximately 24.6% of records submitted to the Clearinghouse when compared to 2019 as a result of changes in board operations during the pandemic. As we begin to return to a more normal business environment, we encourage all states to continue participating in the Clearinghouse and to submit records in a timely manner to maximize the effectiveness of this program.

The Association's accreditation and inspection programs play a significant role in helping to keep medication delivery and pharmacy practice safe for patients. As a result of travel restrictions and a temporary suspension of inspections

and accreditation surveys during part of 2020, NABP accreditation utilization declined. However, despite inspectors being unable to carry out accreditation surveys for part of the year, slowly they were able to resume, virtually and in person.

NABP accreditation programs such as DMEPOS Pharmacy Accreditation and Drug Distributor Accreditation continued to offer vital services to customers, while also serving as a method to help safeguard consumers from unsafe pharmacy business practices.

The .Pharmacy Verified Websites Program continued to see successes in 2020, serving as a resource to further protect patients who buy medications online. The Digital Pharmacy Accreditation also remains strong.

NABP's OTC Medical Device Distributor Accreditation also had a strong year, despite the pandemic.

The Verified Pharmacy Program® remained a valuable tool for boards of pharmacy to review verified pharmacy license data in 2020.

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 and the NABP e-Profile system, as well as critical committee and task force work.

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 system and efforts to ensure all NABP data is protected by robust cybersecurity systems.

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 prescription monitoring program (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 it maintains for various purposes. In 2020, total NABP assets increased 13%, thanks to a strong return on investments. NABP reserve funds increased by 11% in 2020. 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. With the many COVID-related challenges the boards faced, participation in the State Newsletter Program remained strong, as many boards used the

service to communicate news and other information to their licensees throughout the pandemic.

The Foundation's financials remained strong in 2020, due to the prudent management of its programs and investments.

Foundation expenses decreased by 8% in 2020.

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 and Charitable Activities

Last year, NABP provided \$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:

- sterile compounding inspection training for 19 board of pharmacy inspectors;
- conducting inspection services for one member board; and
- interactive forums for our member boards' executive officers and compliance officers and legal counsel.

NABP has also continued offering support in the form of charitable activities. This includes the armed forces discount for the NAPLEX, MPJE, and e-LTP, which accounted for \$170,000.

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

the 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.

As I conclude my term as treasurer, I have been grateful to witness NABP's continued commitment to supporting its member boards and protecting patient safety, despite all the effects of the pandemic. Over the coming year and beyond, I am confident that our Association's finances will continue to provide a strong foundation for continued support of our members.

NABP 2021 Operating Budget

Revenue

Examination, Licensure, and Accreditation Programs	\$ 38,851,550
State Membership Dues	16,250
Publication Fees	55,675
Convention/Conference Registrations and Contributions	212,025
Investment Income	2,930,984

Total Revenue **\$ 42,066,484**

Operating Expenses

Program Expenses \$ 26,824,804

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 \$ 15,241,680

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 **\$ 42,066,484**

Net Budgeted Revenue and Expenses from Operations \$0

Capital Improvements and Systems Upgrades \$923,550

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

Net Budgeted Revenue and Expenses **\$ (923,550)**