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STATE OF THE INDUSTRY REMARKS
AT THE EMERSON GROUP VIRTUAL EVENT: CREATING THE FUTURE OF RETAIL...TOGETHER
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Thank you so much, Scott. You put together a fantastic event, and NACDS is proud to be a part of it.

I have to tell you, in preparing for this, I had a feeling that has been all too rare since COVID. It was the “rush” of an industry gathering. It makes me yearn for the absolute magic of seeing everyone at the umbrellas and cabanas of the NACDS Annual Meeting. And I crave the energy of the NACDS Total Store Expo exhibit hall – with the Emerson Group front and center. Let’s do that again really soon!

For today, Scott asked me to contribute by putting forward some ideas on a great topic: “The Role of Industry to Drive Change.” I don’t know if he intended it, but that title includes a powerful double entendre. And I’d like to use that to launch our discussion.

The double meaning flows from the word “industry.” Most often, the word “industry” refers to a collection of those in the same segment of the economy. But “industry” has another meaning, and that is “hard work.” And more than that: hard, and smart work. It’s the persistence, diligence and ingenuity that make big things happen. It’s the spirit behind the saying: “industry need not wish.” In other words, the harder and smarter we work, the luckier we get.

So, “industry.” One word. Two meanings. It’s about a group. But more than that: a group with true gumption. That gives us a lot to talk about when evaluating “The Role of Industry to Drive Change.”

I will predict right now that our conversation today is going to reveal several things:

1. an industry that simply will not be outdone in meeting the needs of consumers, communities and our country
2. an industry whose vigorous competition is matched and even surpassed by a spirit of collaboration and compassion
3. an industry facing very real obstacles that demand our focus, yet tremendous opportunities that command our imagination
4. an industry that – like every other industry – is operating in times characterized by extreme chaos
5. an industry that is worth the re-dedication of all of us who are taking the time to reflect on it today.

My preference – whenever possible – is to get right to the Q&A. So, to get us started, I’ll take the liberty of posing and answering five questions. And then I look forward to opening it up for more conversation with you.

My first question is this: “what has the pandemic taught us about who we are as an industry?”

I hope my answer will sound like the rallying cry that this industry deserves. COVID-19 has served as a vivid reminder that our industry is nothing short of essential. Together, we are the crisis response kit of individuals, of communities, and of the nation. I hope this emergency has taught all of us, and our audiences, that this fact never should be taken for granted.

I want to show you the national TV ad that we launched back on April 2nd. Can we roll the ad titled “RISE,” please?

That ad is about you. And it was the opening statement of the case that NACDS has made aggressively for the essential role of:

- pharmacy services,
- health and wellness products,
- food,
- general merchandise and more.

In recent months, I’ve had the chance to talk about the industry in each of the nation’s 210 television markets and on national television programs. We’ve done interviews about COVID testing, flu vaccinations and more. And I start all of these media interviews by describing NACDS. It’s a powerful statement – and it says more than some people expect:

- Our members are retailers in traditional drug, grocery and mass – with 40,000 pharmacies, 155,000 pharmacists and 3 million team members. Heroic team members!
- Our members also include 900 supplier partners – offering the products that are needed and loved by Americans.
- There’s a pharmacy within five miles of 90 percent of Americans – providing remarkable access!
- And pharmacists are among the most trusted healthcare professionals. They are relied on for advice about a wide range of products and services.

And NACDS is not alone in saying these things. The government knows it to be the case.

On March 13 NACDS hosted our first call for our members with the Centers for Disease Control and Prevention. And we’ve had other calls with CDC for our members on every aspect of COVID-19. The goal of that first call back in March was to compare notes on COVID, and to plan. On that call, the message from the government to chains was clear on three points:

- First, they urged retailers: do whatever you need to do to stay open
- Second, keep your customers and staff safe so that you can stay open, and
- Third, stay in close contact with your community leaders so we can learn from each other about what the public needs.

The CDC's emphasis on keeping pharmacies open is a credit to everyone involved in this event today. The CDC knows that pharmacists are critical. The CDC knows that access to medications, health and wellness products, food, and consumer products is vital. They were counting on all of us and on our teams to get the job done together.

There are other examples beyond the CDC. NACDS member companies have been showcased in the White House Rose Garden – answering the call for COVID-19 testing. The nation's top health officials have proclaimed the crucial role of pharmacies and pharmacists. They've done so by extending authority for COVID-19 testing, COVID-19 vaccinations, and many other vaccinations.

This is our industry. And we should be proud of it.

That brings me to the second question I'd like to pose. We talked about the magnitude and reach of this industry. But what can be said about that additional meaning of the word "industry"?

"Is it the case that industry members are inclined to act in an industrious way together, in united fashion, to better themselves, for the ultimate good of the American consumer?"

This is a topic I've thought about a lot, having worked in associations for more than 40 years. I have held volunteer roles for the U.S. Chamber of Commerce and the American Society of Association Executives – where I'm now serving as chair-elect. I've observed a lot of associations and how they function. And what I have seen at NACDS and at other successful associations is a unique quality: that is the ability and inclination of competitors – tough competitors – to get together, find common ground, and get things done.

In fact, chains tell NACDS that the ability to forge consensus and forge progress are central to the value that they expect from NACDS. That applies to achieving common ground on complex public policy issues. And it applies to achieving common ground with business partners during the NACDS Annual Meeting, NACDS Total Store Expo and NACDS Regional Chain Conference.

And that is going to be more important moving forward than ever before. Why? Because the challenges of chaos will require it.

Author Bruce Feiler came out with a great new book this summer - titled *Life is in the Transitions – Mastering Change at Any Age*.

There's a powerful quote. He says:

"The smartest minds today – including those studying computers, biology, math and physics – have come to understand that the world no longer adheres to predictable, linear mandates. Instead, life is filled with chaos and complexity, periods of order and disorder, linearity and non-linearity. In place of straight lines, observers see loops, spirals, wobbles, fractals, twists, tangles and turnabouts."

To me, the chaos he describes sounds like everything from pandemics to politics. That is what we have to confront today.

Previously, finding common ground was considered essential for action. But, with the chaos around us, common ground is even more important. That is because – today – achieving common ground is not just critical for taking action.

Achieving common ground is also critical for adapting, which, in turn, is critical for driving change and succeeding amid chaos.

I will tell you that NACDS is living this right now. Nothing short of a case study is playing out – as we speak – about how the membership is aligning, and adapting, to play a key role in providing safe and effective COVID-19 vaccinations when they're available. And that could ultimately play a significant role in helping our entire nation confront some of the chaos that has characterized all of our lives in this infamous year of 2020.

The third question I would like to pose is: "What is the true scope of change that we can drive together – on some of the biggest issues facing our society?"

We have the opportunity to answer that question at an extremely complicated time in our nation. It is not lost on any of us that we are facing the most severe public health crisis of the past century – at a time when we are extremely divided, politically, racially and economically. Yet these divisions are issues on which NACDS has been focused for quite some time, and on which we're re-doubling our efforts.

COVID-19 is affecting some races and ethnic groups more than others.

Even before COVID-19, we saw the same thing with chronic conditions, like diabetes, heart disease, and others. And we recognize the contributing factors: access to care, trust of the healthcare delivery system, and social determinants of health.

I will talk personally as well as professionally here, because this is something that means a lot to me. I hope that as we continue to combat this insidious virus, and as we move forward, that we really commit anew to confronting the disparities in healthcare delivery.

Our industry has a noble track record and an ongoing responsibility to help with that. Look at the retailers featured in today's program – several of which were interviewed by David Pinto. Every one of them has demonstrated a long-standing commitment to these issues. Every one of them has expanded efforts in light of the current situation.

There are three former NACDS chairs on that list. During his tenure as NACDS chair, CVS' Larry Merlo emphasized the role of pharmacy care in helping to improve health and reduce costs for all Americans – and addressing gaps in chronic care. Walgreens' Alex Gourlay – as NACDS chair – led the charge for a greater focus on community engagement, corporate social responsibility, and doing the right thing. H-E-B's Martin Otto advanced a platform as NACDS chair that focused on addressing social determinants of health, and he took this message far and wide – and to

the World Health Care Congress. He attacked the vicious socio-economic cycle involving poverty; poor education; poor nutrition; health and wellness; and skyrocketing healthcare costs. Larry, Alex and Martin and their team members are confronting these issues as companies in their communities as well.

We have other members of the NACDS leadership who will be speaking today, and their companies also are doing tremendous work. That includes NACDS Treasurer Colleen Lindholz of Kroger; and NACDS Board members Lori Flees of Walmart and Jocelyn Konrad of Rite Aid. The same is true of Karen Shadders and everyone at Wegmans – an NACDS member.

Over the past decade, NACDS has engaged with the American Public Health Association, with the Centers for Disease Control and Prevention, and others, to help confront healthcare disparities and the needs of the underserved. NACDS was among the first to emphasize that the needs of these specific populations must be taken into consideration in the fight against COVID-19. This is at the heart of the NACDS white paper about reopening America.

Today, we are making a concerted effort to reach out to Black Americans and the Latinx community to urge flu vaccinations – which are important to help protect people from the double threat of flu and COVID-19.

Earlier, I showed you the ad that we released at the beginning of the pandemic. Now, I'd like to show you two ads we are using to help encourage flu vaccinations – and they have been created to reach all Americans.

Can we please play our 60-second English ad?

And now can we please play our Spanish ad?

NACDS has polling that shows just how well these ads perform among diverse audiences. And that means a lot as we try to address mistrust of healthcare. It shows the role that pharmacists can play.

Everything that we are doing on flu vaccinations will set the stage for extremely important work on safe and effective COVID-19 vaccinations when they're ready. Together, as an aligned and adaptable industry, we have the potential to drive important change for all members of our society.

So, I have posed and proposed answers to questions on who we are as an industry, on our commitment to work in the most industrious way, and on our commitment to doing so with the most ambitious and hopeful goals for our nation.

I have two remaining questions. And the next one is: "What are the barriers, and who are the adversaries, that stand in the way of this industry's work for change?"

For one, the reality is that we still have state and federal government policies that are counterproductive, complicated, and archaic – and that ultimately hinder what's good for

patients and consumers. And that also is true for consumer products, for health and wellness, and for pharmacy.

Since the early days of the pandemic, NACDS has fought for policies to help keep manufacturing on-line and to keep transportation flowing. We've fought for policies that help make it possible for pharmacies

- to staff wisely and safely,
- to conduct their operations efficiently,
- to help patients stay on their medications in the face of spot drug shortages,
- to offer expanded options for the delivery of medications and consumer products,
- and to put patient care over paperwork.

We have fought for the authorization of pharmacists to perform enhanced testing and vaccination services – and to be reimbursed for those services so that pharmacies can increase access for the public.

As if the bureaucracy were not enough of a barrier, there also are the adversaries who use the bureaucracy to their advantage. There are some lobbying groups, for example, who would prefer that pharmacists, nurses, pharmacy technicians, and others would not have their range of services enhanced. They see it as a threat. And frankly in this regard they are out of step with many of their own members who would prefer an approach of partnership.

As a result, it is more important than ever before that we act as a united industry in the complete sense of the word “industry.” We need to make the case that pharmacies and pharmacists must be empowered to serve the American people. We must ask: why would we want to maintain barriers to meeting their needs? And – where barriers have already been removed – why would we want to roll back preparedness? It makes no sense.

Let's take vaccinations, for example. The Centers for Disease Control and Prevention found in a study that our nation can vaccinate 80 percent of Americans seven weeks sooner when pharmacies are part of the model. Frankly, that's a conservative estimate. Pharmacies' impact – we are now finding – is even more profound.

The many aspects of NACDS' work and accomplishments on COVID-19 have been a new aspect of the pro-patient, pro-pharmacy agenda which we have worked so hard to achieve over the past 13 years. That is the true definition of adaptability.

In addition to addressing the barriers and adversaries that relate directly to COVID-19, we are still addressing some of the barriers that have jeopardized patient care for many years – like unfair reimbursement. Our polling shows us that about two-thirds of American adults are concerned about a troubling fact. And that fact is that too often health plans and government programs pay pharmacies below-cost and unpredictably for the medications and services they provide. This only worsens the problems of healthcare in our country.

And it is the role of NACDS to help create the policy and political environment so our members can do their extraordinary work on behalf of the patients and customers they serve.

The final question that I want to pose, before turning to your questions, relates to our allies. “Who are our allies? And as a result of our work on COVID-19, can we continue to expand our alliances?”

I won’t repeat the details now. But one of the criticisms of pharmacy that I’ve cited from time to time is the notion that pharmacy – in the past – did not build alliances. And that has created challenges for the industry and for the profession that linger today.

Particularly during our work throughout this pandemic, we have built even more alliances, and this can help us into the future.

- NACDS worked alongside 110 groups on manufacturing and transportation issues. Helping to keep America’s favorite products moving.
- More than 240 patient and healthcare groups aligned to join in the fight on a key pharmacy reimbursement issue.
- Patient groups representing 200 million Americans living with chronic conditions have joined the fight to help pharmacies ramp up COVID testing and prepare for COVID-19 vaccinations.

Look at our current effort to help raise awareness of flu vaccinations. We are working with healthcare groups, pharmacy groups, colleges of pharmacy, employer groups, diversity groups, patient groups, and government.

The Centers for Medicare & Medicaid Services is distributing our ads through their regional offices. The National Conference of State Legislatures and the National Association of Medicaid Directors are providing forums for us to communicate with their members.

We are working with:

- the U.S. Hispanic Chamber of Commerce,
- the U.S. Chamber of Commerce Foundation,
- the American Society of Association Executives,
- the CDC Foundation,
- the National Foundation for Infectious Diseases,
- the Healthcare Leadership Council, and others.

One of the things that I think is really important is that we have a really strong story to tell. I mentioned our polling. We looked at the persuadables – those who have not yet made a decision as to whether they are going to get a flu shot this season. These persuadables tend to be younger, have less income and education. And the issue that they care about most – can you guess it? – the economy.

This goes right along with the message that it is critical to get the flu shot to help prevent a two-front war with the flu and COVID-19. We cannot get the economy going again, we cannot sustain job growth, if we cannot keep people healthy and keep America open. That affects you, and it affects your company, and it affects your team.

Pharmacies have a huge role to play because of the trust that we have in our communities. We can build coalitions, we can build public trust, we can build a movement that will carry through COVID-19 vaccinations, through the ongoing fight against COVID, and into the future of our nation. Our industry – with its adaptability – can drive change.

You know, I was really enthusiastic about the goals of this event when I first read them.

- Expand and reframe our thinking.
- Embrace our people and relationships.
- Envision the future and boldly build success in the post-COVID world.

That is critical for the challenges that lie before us – which will demand all of the true industry and adaptability that we can muster.

At the outset today, I showed that ad – titled “Rise” – that pledged that pharmacies would be there for America, just as we always have been. Lights on – doors open.

The reality is that we don’t know when, and we don’t know how, but pharmacies and suppliers will be called on again, and again, and again to fulfill that essential role for America.

Our “industry,” and our adaptability today will continue to be required for America’s strength and security tomorrow. It is an honor to work with you, and I look forward to continuing this discussion.

Scott, thank you, and I’d love to take any questions.