Pharmacy Benefits
Future Trends & Rising Costs

Patricia Sirowich
President, PBIRx
Who Moved My Cheese?

Scurry

SNIFF

HEM

HAW
What People Are Saying....

• “Because PBMs negotiate discounts from drugs’ total costs, critics charge that they also push prices higher to make their discounts appear to be more favorable”
• “Environment of seemingly uncontrolled and extraordinary growth in pharmacy pricing... unpredictability of price hikes”
• “Burdensome cost of drugs demands action even in the face of industry opposition.”
• “CMS projects that drug spending will continue to represent a larger portion of overall health spending over time.”
• “Over the next four years, specialty drugs will account for 42% of the pharmacy industry’s revenues.”
• “The American Health Care System is complicated and can be confusing”
• “The system in the United States has created warped priorities. Everyone points fingers at each other and nothing gets fixed.”
• “In an industry going through major upheaval, health companies that do nothing are at risk.”
• “The health-care industry is in the throes of a major shake-up.”
Forecasting Trends

• Health Care estimated to reach $5.7 Trillion in 2026
  • To increase 5.7% annually
  • 19.7% of US economy (17.9% 2016)
• Drugs Forecast to grow 6.3% - 8% a year (2017-2026)
  • $580B to $610B
    • Inflammatory conditions, oncology, anticoagulants and HIV to rise; High Cholesterol to fall (generics for Crestor, Zetia, Vytorin)
    • 2017 Spending on cancer drugs increased 17.4%; Inflammation Drugs 15.3%
    • $100B Manufacturers paid to Health Plans and PBMs annually
• 2018 Personal Health Expenditures projection (2.2% higher compared with 1.9% inflation)
• Consumers using home health technologies
  • Will increase from 14.3M worldwide 2014 to 78.5M people in 2020
• Medicaid Costs rose 24.6% 2014 (13.4% 2015)
  • Minimum per Brand rebate 23.1% required by manufacturers
Forecasting Trends

- Specialty Drug Spend has Increased to 40.8% of Rx cost
- 2,000 Drugs in Pipeline
- Next four years projected to represent 42% of pharmacy industry’s revenues
- FDA approved 46 new drugs 2017
- Cancer therapies now routinely $100,000 a year
- Orphan Drugs to represent 20% of Specialty Cost vs. 6% 2020
- Biosimilars: (3) launched 2017; (6) approved
- Gene Based Therapies – New Industry
FDA Accelerated Approval Program

• 2017 FDA APPROVED
  • 26 Breakthrough Drugs (2013 – 3) – Graph Below
    • In combination with one or more drugs to treat serious or life threatening diseases
    • Substantial improvement over existing drugs
    • 60 day approval/denial
  • 108 Fast Track Drugs (2013 – 75)
    • Eligibility for Accelerated Approval and Priority Review, if relevant criteria are met, and has no current therapy
    • To get important new drugs to patients earlier
2018 Projected Top 10 Rx Products by Revenue

- Humira $20B
- Revlimid $9.2B
- Enbrel $7.3B
- Harvoni $6.5B
- Avastin $6.4B
- Rituxan $6.4B
- Herceptin $6.4B
- Remicade $6.3B
- Keytruda $6.3B
- Xarelto $6.3B
Brand versus Generic Statistics

- Brand Drugs 74% Cost ($339.9B); 11% Rx (500M)

- Generic Drugs 26% Cost ($116.1B); 89% Rx (3.9B)

*Data compiled by QuintilesIMS*
Drug Price Drivers

• Brand AWP Increases
• Pharmacy Plan Design not keeping up with Me Too Drugs; Managed Formulary; New Drug management, Network Discount choices
• Generic AWP Increases
  • Companies buying drugs and hiking prices
    • Vimovo (naproxen & esomeprazole) $139 (2013) to $2979 (2018)
      • Patients pay less than $10; Payer pays $$$$$
      • Horizon “net pricing” after rebates down 54%
        • Confidential rebates and side deals
• Coupons/Laws preferring higher $ brands when lower cost $ available
  • Patients pay less; Payer pays $$$
  • Manufacturer contribution to member and not to payer
• Specialty Drug Robust Pipeline, New Drugs, Existing Drugs with new indications, Limited Distribution Drugs with varying discounts, New Gene Based Therapies
• Increased utilization: E-prescribing; Telemedicine; Telehealth
• PPACA Drug Coverage
• Government Programs incentivize manufacturers to increase drug pricing

*Data compiled by QuintilesIMS
Silver Bullet
Just Ahead
Industry Overview

• Health Care Companies
  • Acquiring Pharmacy Benefit Managers (PBMs)
  • Partnering with PBMs to “white label” carrier PBM
  • Developing coalitions to manufacture generics
  • Offering bundled pricing by keeping rebates (AWP- 42%)

• PBMs
  • Acquiring Insurance and Medical Benefit Management Companies
  • Deriving incredible profits from DIR and remuneration fees
  • Soaring revenues
  • Providing more complex inaudible Agreements with definitions and
    verbiage that change discounts/guarantees

• Manufacturers
  • Partnering with PBMs/Health Care companies, Outcomes Based Programs

• Technology, Financial Companies forming new health care models
  • Forming partnerships to develop more cost effective health care system
  • Telemedicine growing 30%-40% in coming years

• States passing legislation to control drug prices and import cheaper drugs

• Government Price Reduction Proposals focus on Federal and State Medicare/Medicaid
  • *CEA Report: Reforming Biopharmaceutical Pricing at Home and Abroad*
  • “Revolving Door” with legislators moving to pharma and lobbyists and back to legislators
Health Care Companies

• Acquired Catamaran $12.8B and renamed OptumRx
• Acquired DaVita Medical Group $4.9B (12/17)
  • (1.7M patients, 300 medical clinics, 35 Urgent Care Centers, 6 Outpatient Surgery Centers)

• Partnered with CVS to Private Label IngenioRx (10/17)
  • Hired former UHC employee as CEO
  • Effective 1/1/20 (ESI Contract expiration)

• Partnered with Walgreens to develop and brand AllianceRx Walgreens Prime, a “strategic alliance” (4/17)
  • Focus on Mail Order and Specialty Drugs
  • 1/1/18 Excluded CVS from network
Health Care Companies

- 6/17 Launched *Cigna Health Works with CVS*
  - Discounts at Minute Clinic for select preventive/acute care, BP, cholesterol and blood sugar, along with minor illnesses
  - CVS ExtraCare Health Card 20% off CVS Health Brand OTC
- CIGNA acquired *Brighter (12/17)*, a SaaS based digital provider to build connectivity member to physician (mobile and desktop platforms)

- Rumors of Merger
Health Care Companies

• Intermountain Healthcare
  • Partnered with Ascension, SSM Health and Trinity Health (in consultation with U.S. Dept VA)
    • Represents 450 hospitals nationwide
    • Other health systems will be joining
  • Development of new not-for-profit generic drug company
    • Will become an FDA approved manufacturer or sub-contract with an established manufacturer
Telemedicine

- Consumers continue to chase convenience and cost
- Growth factors include: dearth of clinicians, aging population, technology innovations
- 67% consumers delayed seeking care for health problem: high costs, long waits, schedules.
- Teledoc
  - Acquired “Best Doctors” $445M (6/17)
    - 50,000 doctors; 450 specialists
    - IBM Watson collaboration offering
    - Suite of oncology offerings; genomics; clinical trial matching
  - Total revenues of $232M, an 88% increase over 2016
  - Total membership of 23M, a 31% increase over 2016
  - Total visits of 1.46M, a 53% increase over 2016, and representing utilization of 7%, compared to 6% utilization in 2016.
  - 4Q2017 results showing:
    - Total revenues of $76M, a 103% increase over 2016
PBM, Wholesalers, Pharmacy Chains

CVS

- Acquired Aetna $69 Billion (12/17)
- Combination of insurance company with drugstores, clinics and Rx Distribution Centers
- CVS also partners with Anthem, Cigna, Managed Care Companies, TPAs

EXPRESS SCRIPTS

- Acquired eviCore health care $3.6B (10/17)
  - Manages benefits for 100M people
  - Evidence based Medical Benefit Management Services

MCKESSON

- Acquired RxCrossroads from CVS for $735M
  - Expanding/enhancing solutions for biopharma manufacturing partners
  - To deliver better patient support and health outcomes
Walgreens

- To buy 1,900 Rite Stores $4.4B (Oct 2017 to Spring 2018).
- Northeast and Southern United States
- Causing some confusion with members
- In talks to buy 74% of Amerisource (currently owns 24%)

Albertsons

- Albertson's to buy Rite Aid stores
- 4,900 stores; 4,350 pharmacy locations; 38 states and will rebrand in-store pharmacies with Rite Aid name
Industry Changes

**Amazon, JP Morgan Chase, Berkshire Hathaway**
- Forms alliance to create nonprofit health care company to lower costs - focus on technology
- Would provide member buying habits
- ESI, CVS and Walgreens adversely affected

**Manufacturers Partner with PBMs and Health Care Companies**
- To provide Value Based, Risk Based, and Performance Based Agreements

**Government**
- Federal proposed changes (FDA, HHS)
- Alex Azar, HHS Secretary
- More than a dozen former drug industry employees join Capital Hill
- Former Congressional staffers work for drug companies lobby former co-workers (40% increase in salary)

**State Laws Target Rx Transparency**

**California Law CB17**
**Effective 1/1/18 Manufacturer requirements**
- Purchaser notification 60 days in advance
  - Any increase for drugs >$40 by 16% in 2-year period

**Maryland**
- Manufacturer must give notice price >50% Medicaid

**Nevada Law SB265**
- Focus Diabetes Drugs - 90 day notice price increase
- Non-Profit must disclose Manufacturer / PBM funding

**State Laws Target Importation**
- Utah, VT, WV, OK, MO advancing legislation to create safe/cost saving wholesale drug importation programs for certain drugs from Canada
“Prescription drug spending per capita is far higher in the United States than in nine other high income countries”

- Below are examples of higher drug prices in US versus two other countries

<table>
<thead>
<tr>
<th>Drug</th>
<th>Switzerland</th>
<th>United Kingdom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tecfidera</td>
<td>174%</td>
<td>668%</td>
</tr>
<tr>
<td>Humira</td>
<td>225%</td>
<td>96%</td>
</tr>
<tr>
<td>Truvada</td>
<td>44%</td>
<td>89%</td>
</tr>
<tr>
<td>Avastin</td>
<td>124%</td>
<td>125%</td>
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</table>
## Rx Importation

<table>
<thead>
<tr>
<th>Drug Name</th>
<th>Estimated Per Rx</th>
<th>Estimated Per Rx Importation</th>
<th>Estimated Savings Per Rx</th>
<th>% Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tecfidera</td>
<td>$6,123.18</td>
<td>$3,015.78</td>
<td>$3,107.40</td>
<td>51%</td>
</tr>
<tr>
<td>Aubagio</td>
<td>$5,682.31</td>
<td>$2,526.15</td>
<td>$3,156.16</td>
<td>56%</td>
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<tr>
<td>Xeljanz</td>
<td>$3,386.67</td>
<td>$1,824.87</td>
<td>$1,561.80</td>
<td>46%</td>
</tr>
<tr>
<td>Epipen 2-pak</td>
<td>$478.42</td>
<td>$132.94</td>
<td>$345.48</td>
<td>72%</td>
</tr>
<tr>
<td>Asacol Hd</td>
<td>$1,070.76</td>
<td>$272.04</td>
<td>$798.72</td>
<td>75%</td>
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<tr>
<td>Atripla</td>
<td>$1,924.65</td>
<td>$1,644.75</td>
<td>$279.90</td>
<td>15%</td>
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<tr>
<td>Triumeq</td>
<td>$2,019.64</td>
<td>$1,733.44</td>
<td>$286.20</td>
<td>14%</td>
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<tr>
<td>Epipen Jr 2-pak</td>
<td>$470.00</td>
<td>$132.94</td>
<td>$337.06</td>
<td>72%</td>
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<tr>
<td>Advair Diskus</td>
<td>$338.26</td>
<td>$108.10</td>
<td>$230.16</td>
<td>68%</td>
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<tr>
<td>Tivicay</td>
<td>$2,304.24</td>
<td>$1,567.44</td>
<td>$736.80</td>
<td>32%</td>
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<tr>
<td>Stribild</td>
<td>$2,269.90</td>
<td>$1,828.30</td>
<td>$441.60</td>
<td>19%</td>
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<tr>
<td>Invokana</td>
<td>$302.72</td>
<td>$109.82</td>
<td>$192.90</td>
<td>64%</td>
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<tr>
<td>Banzel</td>
<td>$3,956.14</td>
<td>$1,053.64</td>
<td>$2,902.50</td>
<td>73%</td>
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<tr>
<td>Complera</td>
<td>$1,967.44</td>
<td>$1,628.14</td>
<td>$339.30</td>
<td>17%</td>
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<tr>
<td>Janumet</td>
<td>$282.32</td>
<td>$77.72</td>
<td>$204.60</td>
<td>72%</td>
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</table>
Future in Rx Prices and Health Care
Future in Pharmacy Spend

• Traditional Drugs
  • Me Too Brand Drugs
  • High Cost Generic Drugs
• Specialty Drugs
  • Biosimilars
  • Originator Brands
  • Originator Generics
  • Orphan Drugs
  • Limited Distribution Drugs
  • Specialty Drug Coupons
• Gene Based Therapy Drugs
• Genetic Testing
  • Personalized Medicine
• Adherence Measurements
• Population Health
• Mobile Wearables
  • Value, Risk, Performance Based Programs
• Larry Smarr ...the future
Government Reform Price Proposals

• US estimated to pay more than 70% of patented biopharmaceutical profits *(The Council of Economic Advisers February 2018)*
  - Represents 46% Brand Name innovative drug sales
• US patients and taxpayers finance returns on R&D investments to innovators
  - More open to private market forces compared to price controls globally
• Correct government reimbursement policies hindering US price competition
  - Reduce Rx Price; Stimulate innovation; Limit “free riding” abroad
  - Medicaid 23.1% government rebate (2014 $20B Rebates paid on $42B Drug Spend)
    - Based on complex calculation of Drug Price
    - Revise best price rules to increase competition and lower price
• Medicare Part D Dr/Hospital administered drugs 4.3%- 6% ASP Markup
  - Introduce Doctor reimbursement not tied to drug price
  - Move Medicare Part B drug coverage to Medicare Part D
  - Transparency by changing how pricing data reported
  - Require plans to share manufacturer discounts with patients
  - Allow plans to manage formularies
  - Lower copays for generic drugs
  - Discourage formulary design incentivizing fast track catastrophic coverage
Traditional Drug Trends

Top 3 Disease States:

1. Diabetes – 11.6%
   - Injectable meds: RX/$ increase (Trulicity/Victoza) (16%; 5.5% Rx)
   - Newer class: SGLT-2 inhibitors (Jardiance; Invokana) 60% increased market share (double digit increases Rx)
   - Decreased use older generic options (e.g. Sulfonylureas) 8.2% increased market share
   - Increased number of newly diagnosed patients and increased adherence programs = higher trend

2. Blood Clot Prevention – 27.4%

3. Asthma/COPD
   - 2017-2025 Market Value expected to reach $56B
   - Leading chronic respiratory diseases increase health care & economic burden
   - Strong pipeline novel technology, personalized medicine will drive costs
Traditional Drug Trends

- Opioid Drugs decreased even though utilization increased
- Statins 50% PMPM decrease (generic Crestor) – 49.1%
- Over the Counter meds to market:
  - ADHD, narcolepsy, atypical antidepressants, hypertension, androgen hormones, PPI
- Decreasing generic pricing: Abilify, Cymbalta, Intuniv, Provigil
- New Generics: Tamiflu, Zetia, Benicar, Pristiq
- Pricing improvements: Abilify, Crestor, Lipitor, Cymbalta
- New Drugs: Basaglar; Xiidra; Xtampza XR
- Pending patent expirations: Viagra; Cialis
Specialty Drug Trends

• Pipeline - 641 novel oncology agents in late phase development
• Various discounts / dispensing options
• Generic Specialty Pricing
• Specialty Pharmacy largest revenue generating segment
  • PBM, Retail Pharmacy and hospital clients (admissions)
• 15.2% Trend (utilization 64%; inflation 51%)
• Chronic Inflammatory Therapies 30.9% total trend
  • #1 class by dollars (34% of total specialty)
  • 16% increase PMPM
  • Biosimilars expected in 2020
• Inflation Trend Drivers: Humira; Enbrel (Biosimilars approved in US / not launched)
Specialty Drug Trend

**Oncology**

19.7% Total Trend
- #3 in specialty spending
- #2 contributor to specialty trend
- Top 10 drugs (64% of oncology PMPM)
  - 8 out of top 10 drugs over $10,000

**HIV**

27.5% Total Spend
- Utilization main driver
- New more expensive drugs with less side effects replacing older drugs

**HEP C**

Negative Total Trend 35%-38%
- Over past few years awareness resulted in treatment and cures
NEW Specialty Generics

October 3rd, 2017

- **Mylan**: Announces approval 180 day exclusivity
  - Will launch with 30-35% discount

October 6th, 2017

- **Teva** Announces approval 180 day exclusivity

- **Pharmacy Benefit Managers**
  - Want to retain BRAND REBATES even though Generics less expensive
  - No Member Copay Incentive recommended
  - No Generic Pricing in PBM Agreement
BIOSIMILARS: biologic medical products which are almost identical copies of original products

- Manufactured in a living system such as a microorganism, plant or animal cells.
- Have been approved and dispensed globally for several years.
- Class of drugs similar to brand specialty reference / originator drug
  - 15% - 30% lower in cost than originator/reference drug
  - Must be written by doctor
  - Some are “interchangeable” with originator/reference drug and some are not
- Prescribing obstacles
  - Reimbursement, competition, substitution, PBM Preferred Formulary (rebates)
Specialty Biosimilar Drugs

Biosimilars Approved

Zarxio biosimilar for Neupogen (2015)
- Many hospital clients are excluding Neupogen over Zarxio
- Now 36% Market Share U.S.

Inflectra (04/16), Renflexis (4/17); biosimilar for Remicade
- Renflexis (per vial) 20% lower in price ($904 vs. $1,136)
- Some PBMs prefer Reference/Originator Remicade for rebates

Enbrel (Amgen) & Humira biosimilars expected end of 2018-19 pending patient litigation
- AWP increases 2013-2017: 64.5% Humira; 88% Enbrel
- Amgen offers “Value Based Contract”, i.e. higher rebates to prefer originator
- Enbrel and Repatha
# Specialty Biosimilar Approvals

<table>
<thead>
<tr>
<th>Approval Date</th>
<th>Biosimilar Product</th>
<th>Biosimilar Sponsor(s)</th>
<th>U.S. Launch</th>
<th>Reference Product</th>
<th>Originator</th>
</tr>
</thead>
<tbody>
<tr>
<td>3/6/15</td>
<td>Zarxio®</td>
<td>Sandoz</td>
<td>9/3/15</td>
<td>Neupogen®</td>
<td>Amgen</td>
</tr>
<tr>
<td>4/6/16</td>
<td>Inflectra®</td>
<td>Celltrion/Pfizer</td>
<td>11/2016</td>
<td>Remicade®</td>
<td>Janssen</td>
</tr>
<tr>
<td>8/30/16</td>
<td>Erelzi™</td>
<td>Sandoz</td>
<td>Pending</td>
<td>Enbrel®</td>
<td>Amgen</td>
</tr>
<tr>
<td>9/23/16</td>
<td>Amjevita™</td>
<td>Amgen</td>
<td>Pending</td>
<td>Humira®</td>
<td>Abbvie</td>
</tr>
<tr>
<td>4/24/17</td>
<td>RenFlexis™</td>
<td>Samsung/Bioepis</td>
<td>07/2017</td>
<td>Remicade®</td>
<td>Janssen</td>
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</tbody>
</table>
Specialty Orphan/Limited Distribution

Orphan Drug Designation

- Orphan drugs, for rare diseases <200,000 in US
- Sales to grow 11% per year through 2020
- Developers qualify for special tax breaks and competition protection
  - After designation, clinical trials for other indications
- Very expensive and distributed through Limited Distribution chosen pharmacies

Limited Distribution Drugs

- Drugs dispensed from specific pharmacies (1-15) chosen by manufacturer
- More new drugs to market as “limited” to certain pharmacies
- Not all Specialty Pharmacies have access to all Limited Distribution Drugs
- Expensive drugs with varying discounts depending on layers and PBM.
- Different contract pricing disclosed in words versus actual discounts in PBM Agreement
Orphan Drug Act (ODA)

- 2017 FDA APPROVED
  - 39 ORPHAN DRUGS
    - Expedites new drug development/review – life threatening conditions
Specialty Cell Based Gene Therapies

- **NEW INDUSTRY – 20 Similar drugs in development**
- 2017 first two-gene therapies approved to treat various cancers
  - **KYMRIAH, (CAR-T) estimated Total Cost $750,000 (Drug $475,000)**
    - T cells removed from blood; genetically engineered CAR producing T Cells; gene inserted to bind to a protein; cells grown in lab; infused back
    - Two limited Specialty Pharmacy distributors
    - 32 certified treatment centers
  - **YESCARTA estimated drug cost $373,000**
    - Remission rate after treatment - 51%
    - 16 certified treatment centers
  - **LUXTERNA, estimated Total Cost $1M (Drug $425,000)**
    - First gene therapy for inherited disease
    - 6 certified ocular gene therapy centers
- Various payment methods including buy/bill by treatment center; Limited Distribution PBM; installment payments; Value Based Contracts
Future

Population Health

- Estimated $45B wastage due to health care industry inadequate care coordination
- Interoperable technology required connecting providers and individuals
- Artificial Intelligence

Genetic Testing

- Becoming available in retail settings
- Link person’s genes with personalized treatment

Adherence Efforts

- Real time data keeps “circle of support” informed
- 50% people with chronic diseases do not take meds

Government Targets Drug Pricing

- Passing on discounts and rebates to Medicare recipients verses. PBMs
- Moving drugs from Part B to Part D
- Minimum level of charity care for 340B hospitals

FDA

- Expedite approvals, biosimilars, and generics
- Revamp generic 180 day exclusivity period
- Explore whether generic makers could buy from less expensive European Market
The Measured Man
Larry Smarr, an astrophysicist turned computer scientist, has a new project: charting his every bodily function in minute detail. What he’s discovering may be the future of health care.

https://youtu.be/1nA_vSkHsEw
The Measured Man
PBM Pricing Models

PBM Profit Centers

Carrier Bundled Pricing Models

Traditional vs. Pass-Through

PBM Pricing Models

Pass-Through Pricing
### PBM Profit Centers

Traditional PBMs earn revenue from a variety of *Disclosed and Hidden* sources including Retail, Mail Order and Specialty Spread along with Generic AWP vs MAC.

<table>
<thead>
<tr>
<th><strong>Claims Fees</strong></th>
<th><strong>Rebates</strong></th>
<th><strong>Rebate Admin Fees</strong></th>
<th><strong>Marketing</strong></th>
<th><strong>Pricing Spread</strong></th>
<th><strong>Data/Other</strong></th>
<th><strong>Medical</strong></th>
<th><strong>Dispensing Fees</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>25¢ – $1.00 per claim charged to payer</td>
<td>100% of rebate received from drug mfg.</td>
<td>2% - 4% admin fee charged to drug mfg.</td>
<td>PBM requests unrestricted grants</td>
<td>Variable contract rates. PBM pays one rate and bills the payer different rate</td>
<td>PBM retains 100% of the proceeds</td>
<td>Carrier with internal PBM bundles pharmacy with medical premiums</td>
<td>PBMs quote ultra low dispensing fees (e.g. $1.30)</td>
</tr>
</tbody>
</table>

- Actual cost = 12¢
- PBM retains 0% – 100% of rebate yield
- PBM retains 100%
- PBM retains 100%
- PBM retains the difference
- PBM retains 100% of the proceeds
- Difficult to determine actual costs/savings of either service (medical/pharmacy)
- Actual pharmacy contract dispensing fees are higher, low dispensing fee is subsidized by rebates or pricing spreads
Pass Through Pricing

• 100% rebates and ALL manufacturer administrative fees

• 100% PBM/pharmacy pricing – PLUS renegotiations during contract year

• Pricing guarantees at every level

• No miscellaneous fees

• Acquisition based mail order pricing

• National pharmacy network

• Member always pays lowest cost

• No misaligned incentives regarding plan design and drug coverage

• Flexibility to work with each individual group

• All encompassed PBM service, i.e. mail order, specialty
Key Points: Stay Informed

- Align yourself with a “trusted and experienced” consulting firm apprising you of industry changes, savings opportunities, and savings solutions. Collaborate!

- Beware of the various stakeholders’ profit focus: PBMs, Specialty Pharmacies, manufacturers, health care companies, pharmacy networks, rebate aggregators, and wholesalers.

- Ask yourself:
  - “Why is CVS buying Aetna and United Healthcare buying OptumRx?”
  - “Why are health care companies becoming generic manufacturers?”

- Focus on the new Specialty Drug market and Gene-Based Therapies
  - Implement management tools to effect positive health care outcomes

- Value, Risk, Performance based programs are savings opportunities

- Keep your pulse on pharmacy plan design and government legislation!
Collaborative Solutions Create Results
Questions??

Thank you for your time!