

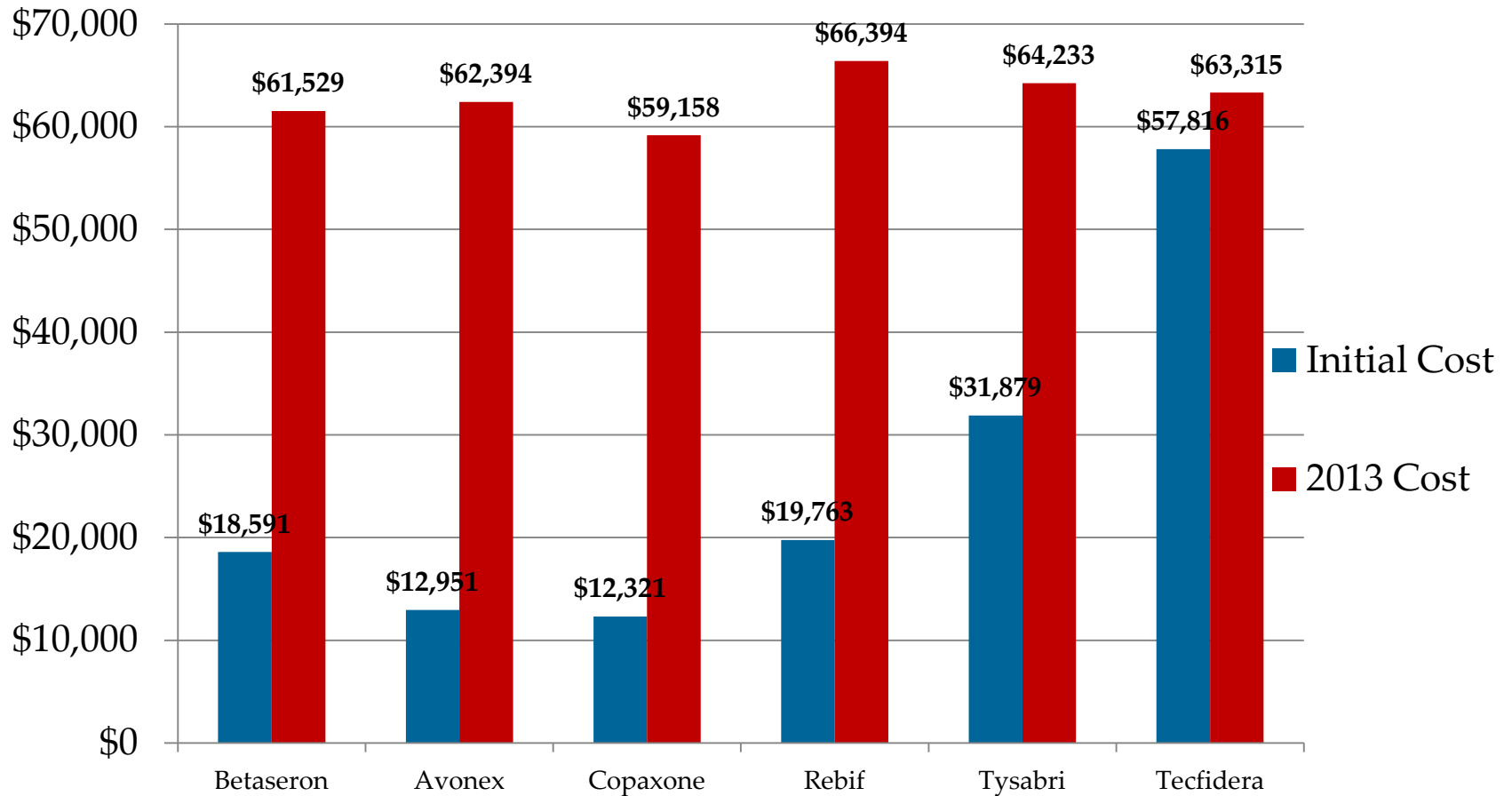
Pharmacy Landscape

- » Not the “Good Old Days”
- » Manufacturer tactics lead to increasing costs
 - › Valeant Pharmaceuticals
 - › Turing Pharmaceuticals
 - › Rheumatoid Arthritis
 - › Multiple Sclerosis



(Photo: Mark Wilson, Getty Images)

Multiple Sclerosis Drugs



Source: "The cost of multiple sclerosis drugs in the US and the pharmaceutical industry,"
Neurology (May 26, 2015)

Countering Price Escalation

- » The little things add up...
 - › PBM contracts
 - » Pricing transparent vs. traditional
 - » Always price a claim sample
 - » Maximize discounts
 - › We control the formulary
 - » Unique
 - » Outcomes driven
 - » Efficacy is more important than price
 - » Operate internal P&T committee



Countering Price Escalation

- » The little things add up...
 - › Never shift costs to the medical benefit
 - » \$1 spent is \$1 spent
 - › Rebates
 - » 100% are returned to the group
 - › Channel management
 - » Route to the appropriate site of service with the lowest cost
 - › Prior authorization
 - › Mandatory Care Coordination
 - » Identify members who frequent the ER and intervene



PEHP
Health & Benefits

Unique Programs

- » Enhanced Pharmacy Benefit
 - › Reduced member costs for test strips and insulin
- » Pain management
 - › Improve safety
 - › Reduced milligrams of morphine by 12,000,000mg
- » Mandatory care coordination
 - › Identify members who frequent the ER and intervene
- » Identify and act on egregious price increases
 - › Turing and Valeant pharmaceuticals

Specialty Drugs

» Specialty Tiers

- › Tier A: 20% with \$150 max copay
- › Tier B: 30% with \$225 max copay
- › Tier C: 20% no max

» Tier C

- › Six medications
 - » Humira, Simponi, Gilenya, Prolia, Avonex, Rebif
 - » Expand again July
- › Manufacturers offer copay assistance worth more than available discounts
- › Member minimally impacted
 - » Previous copay \$150 member pays \$5 after copay card
 - » New copay \$500 member pays \$5 after copay card
 - » Apply only what the member paid to deductible



Bending the Trend

