



PBM Contracting Secrets

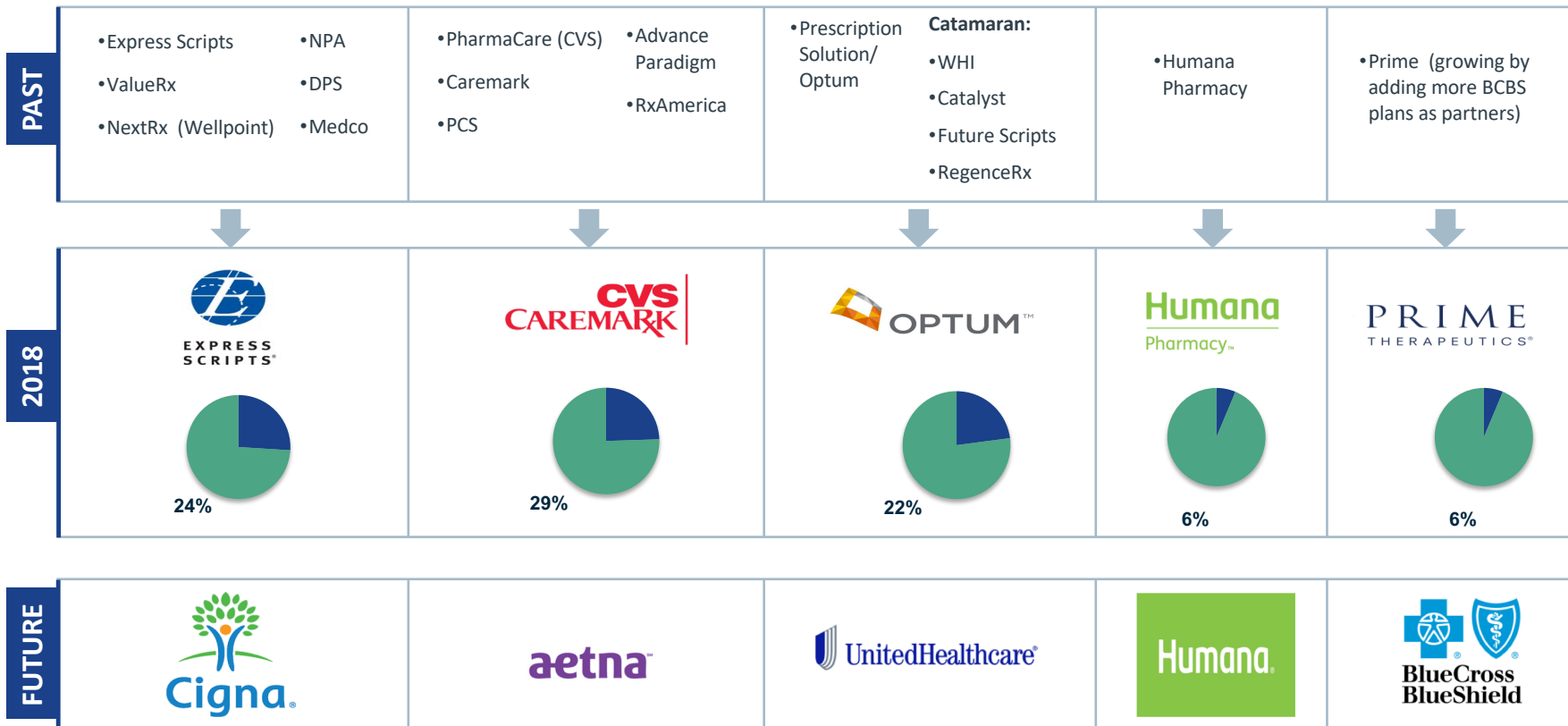
Michael S. Miele FSA MAAA | October 22, 2018



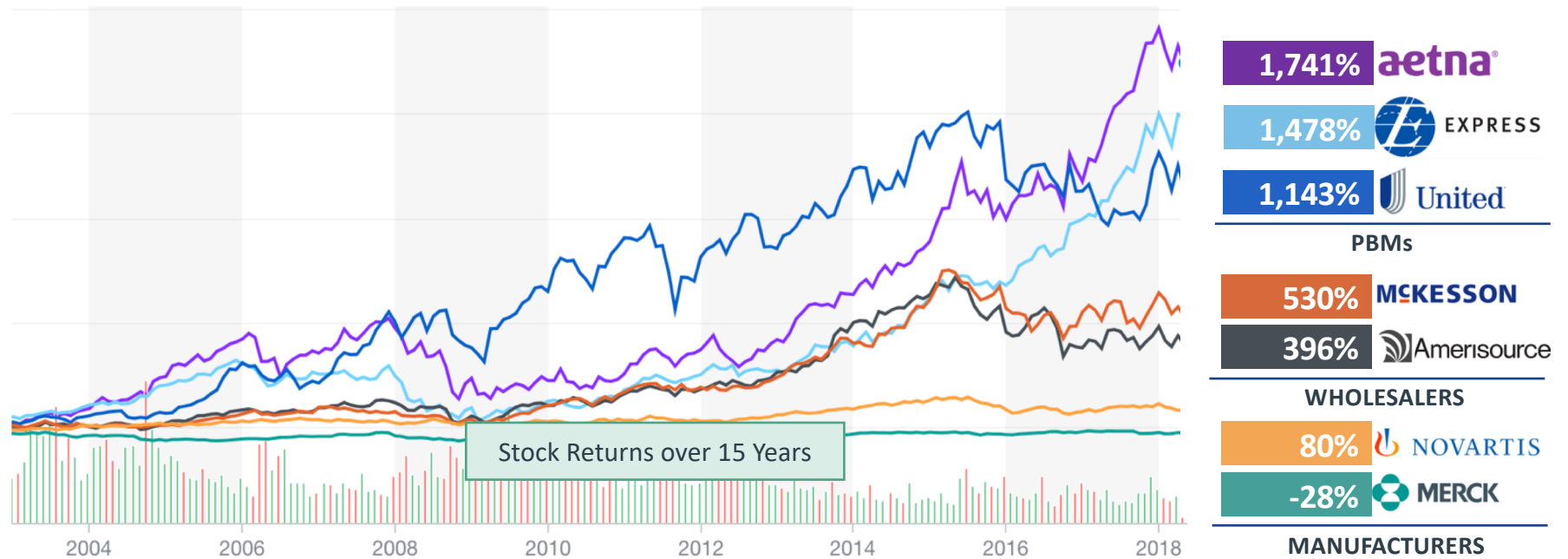
Today's Agenda

- Brief background on the Prescription Benefits Manager (PBM) marketplace
- Key Components of a PBM Contract
- How PBMs are exploiting contract language
- How to protect your company
- Emerging Trends in the PBM Market
- Capital Rx Overview (Appendix)

The past was consolidation, the future is vertical integration



The market proves that PBMs / Vertical Integrators are profiting most from the pharmacy supply chain



SOURCE: Yahoo Finance

Proprietary & Confidential



Possible platform solutions for an employer

Varying Delivery Models	Examples	Advantages	Concerns
Traditional PBM (carve-in)	Aetna & CVS/Caremark; UHC & Optum Rx; Cigna & Cigna/ ESI; BCBS plans & Prime Therapeutics	Integration of data	Higher base cost; contract issues; loss of control and misaligned incentives
Traditional PBM (carve-out)	CVSCaremark, Express Scripts, MedImpact, Optum Rx	Greater control and lower costs	Contract issues and misaligned incentives
Pass-through PBM* (carve-out)	Envision, Navitus, ProCare Rx, Capital Rx	Greatest level of control, lower costs and aligned incentives	Doesn't look good on a "spreadsheet"; Less perceived buying power
Purchasing Groups	Mercer Coalition; Towers Watson Collaborative; industry groups,	Weight of group purchasing	Significant "overhead"; Contract issues; loss of control and misaligned incentives

* With a Pass-through PBM there is a defined, fully-disclosed PBM fee that is paid by the employer to the PBM. All pharmaceutical manufacturer and network rebates & discounts are passed through to the employer.

PBM Contracts Are fraught with optics leading to incorrect decisions

Common PBM Advisor Missteps

- Misaligned incentives
- No accounting for the financial impact of PBM contract language
- Inability to track changes in unit costs
- Lack incentives to independently validate plan performance



*Rx advisors receiving non-disclosed income often struggle getting the same **FINANCIAL** commitment from each PBM.*



Major components and terms of a PBM contract

Contract component	Description	Metric for evaluation
AWP	Average Wholesale Price	A price that is established by the Drug Manufacturer. Most often it is set at 125% of WAC (Wholesale Acquisition Cost). Medi-Span is the “gold standard” for AWP prices
Brand Drugs	Drugs that have patent protection	A guaranteed discount off of Average Wholesale Price (AWP)
Generic Drugs	Drugs that no longer have patent protection	The Maximum Allowable Cost (MAC) list. Also expressed as a guaranteed discount off of AWP.
Specialty Drugs	Drugs that require “special” handling such as a drug that is injectable. Specialty drugs tend to be significantly more expensive than other drugs.	A list is published by the PBM and is different for each PBM. Often it is a combination of special handling drugs and drugs over a certain cost.
Retail/Mail	Drugs purchased in a retail setting vs. a mail order facility	Different discounts (and rebates) apply
Rebates	A share of the payments made by pharmaceutical manufacturers for the favorable product position	Often expressed as a dollar amount per branded prescription

Some PBMs rely on “optics” in their contracts to make their pricing seem better than it actually is.

Contract component differences for PBM’s	How can this be a problem?
Definitions of Brand and Generic for guarantee purposes	Can limit what is included as a generic for guarantee purposes. This often involves manipulation of the MAC list
MAC List	“Maximum Allowable Cost”. The price of a given generic drug varies daily as this list can be manipulated to increase PBM profits
Non-MAC generics	Can limit what is included as a generic for guarantee purposes. Non-MAC drugs can be generics reclassified as a brand
Definition of Specialty Drugs	Since Specialty drugs are discounted around 17% and generics are at 80+%, calling more generic drugs “specialty” lets the PBM make more money.
Treatment of Zero Balance Claims	Claims that are less than the co pay can be treated as claims paid at 100% discount
Definitions of “rebateable” claims	Can only apply to specific days supply fills or other exclusions



Which PBM offer is best (lowest net cost)?

	Current Deal	Proposed Deal
Brand Discount	17%	19%
Generic Discount	81%	85%
Specialty Discount	16%	16%
Brand Rebate	\$ 100	\$ 125
Specialty Rebate	\$ 850	\$ 1,000

The PBM market is being manipulated due to a lack of objective oversight and understanding of the complexity

Common Contract Concerns	Example
Varying Definitions of Brand and Generic	Can limit what is included as a generic for guarantee purposes (MAC, Single Source Generics, DAW-5)
Varying Definitions of Specialty Drugs	How are they defined? Long lists vs short lists. How do rebates apply?
Rebates vs. Lowest net Cost	High cost drugs are included on the formulary because of a large rebate.... But not large enough to get to lowest net cost. Also, with all the reclassifying, consultants often over estimate rebate revenue

There are other “Optics” but these 3 are the biggest “levers” a PBM can use to improve the appearance of the bid. Most consultants DO NOT adjust for these differences

Varying Definitions of Brand And Generic

BAD

“Generic Drug” means a prescription drug, whether identified by its chemical, proprietary, or non-proprietary name, that is therapeutically equivalent and interchangeable with drugs having an identical amount of the same active Ingredient(s) and on the MAC list.

See MAC List. (P 27)



P27. “MAC List” means a list of prescription drug products identified as readily available as Generic Drugs, generally equivalent to a Brand Drug (in which case the Brand Drug may also be on the MAC List) and which are deemed to require pricing management due to the number of manufacturers, utilization and pricing volatility. Whether a Prescription Drug Claim processes at the Generic ingredient cost rates set forth on [Exhibit A-1](#) is subject to the Covered Drug’s inclusion on the MAC List and the application of “dispensed as written” protocols and Sponsor defined plan design and coverage policies.

GOOD

Exhibit A-1 Pharmacy Reimbursement Rates

Participating Pharmacy Reimbursement Rates

Minimum 50,000 Participating Pharmacy Network

PBM 1 National Preferred Formulary
Sponsor-Owned Pharmacy
(excludes Specialty Products)

Brand Ingredient Cost

Single Source Generic Drugs are priced as brands

Year 1: Lower of AWP –17.25% or U&C

Year 2: Lower of AWP –17.50% or U&C

Year 3: Lower of AWP –17.75% or U&C

Pass-Through

Generic Ingredient Cost⁽¹⁾

Year 1: Lower of AWP –17.25%, MRA, or U&C

Year 2: Lower of AWP –17.50%, MRA, or U&C

Year 3: Lower of AWP –17.75%, MRA, or U&C

Pass-Through

“Generic” shall mean and refer to Prescription Drug(s) designated as “Y” in Medi-Span’s Generic Product Indicator.

The Generic Reclassification Game

How can discount rates be inflated if only 2% of generics are re-classified as brand drugs?

Category	Sub-Category	AWP	AWP Discount	Percent of all Drugs	Clean Language	Non-Mac Counted as Brand	Amount Discount is "Overstated" by the PBM
Brand		\$ 400	17.0%	13.0%	17.0%	20.1%	3.1%
Generic	Non-Mac	\$ 350	40.0%	2.0%	83.9%		
Generic	MAC	\$ 350	85.0%	83.0%		85.0%	1.1%
Specialty		\$ 2,800	16.0%	2.0%	16.0%	16.0%	
Total		\$ 406		100.0%	\$ 137.98	\$ 137.78	

BAD

The Specialty Drug Game

Large specialty drug lists allow various generic drugs to be reclassified as specialty drugs

	AWP	AWP Discount	Distribution with 500 Drugs on Specialty List
Brand	\$ 400	17.0%	13.5%
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%
Generic MAC	\$ 350	85.0%	81.0%
Specialty	\$ 2,800	16.0%	1.5%
Total	\$ 394	66.7%	100.0%
Weighted Average Ingredient Cost (Pre Rebate)			\$ 131.03

	AWP	AWP Discount	Distribution with 2,000 Drugs on Specialty List
Brand	\$ 400	17.0%	13.5%
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%
Generic MAC	\$ 350	85.0%	79.5%
Specialty	\$ 1,600	16.0%	3.0%
Total	\$ 394	65.7%	100.0%
Weighted Average Ingredient Cost (Pre Rebate)			\$ 135.28

How Rebates Can Misalign PBM Incentives – One Drug Example

	Discounted Ingredient Cost	Rebate Generated	Client Rebate Amount	PBM Rebate Amount	Actual Drug Cost	Net Employer Cost
PBM 1: Brand Drug ABC	\$300	\$150	\$120	\$30	\$150	\$180
PBM 2: Brand Drug XYZ	\$180	\$20	\$20	\$0	\$160	\$160

In designing a formulary, PBM 1's financial incentives differ greatly from that of PBM 2

Other Tricks of the Trade:

- What constitutes a rebate? Money back from the manufacturer comes in at least 3 forms (a percentage of WAC, an administrative fee, price protection)
- What is a “rebateable script”.
 - Do non-generic, generics apply? These drugs might apply to the brand discount guarantee, but are they considered brands for rebate purposes as well?
 - What about branded drugs that are part of the high deductible?
 - Are specialty drugs eligible for rebates? If so, which ones?



How Do You Protect Yourself Against These Bad Contracting Practices?

- Review the contract first, not last
- Make adjustments to the bids based on the contract language
- Secure full audit rights

Adjustment #1A – Brand-Generic Definition

When Non-MAC generics are counted as Brands, lower the Brand Discount by 3.1% and lower the Generic Discount by 1.1%

Category	Sub-Category	AWP	AWP Discount	Percent of all Drugs	Clean Language	Non-Mac Counted as Brand	Amount Discount is "Overstated" by the PBM
Brand		\$ 400	17.0%	13.0%	17.0%	20.1%	3.1%
Generic	Non-Mac	\$ 350	40.0%	2.0%	83.9%		
Generic	MAC	\$ 350	85.0%	83.0%		85.0%	1.1%
Specialty		\$ 2,800	16.0%	2.0%	16.0%	16.0%	
Total		\$ 406		100.0%			

BAD

Adjustment #1B – Brand-Generic Definition

When Non-MAC generics are counted as Brands and DAW-5 drugs are counted as brands, lower the Brand Discount by 4.3% and lower the Generic Discount by 1.6%

Category	Sub-Category	AWP	AWP Discount	Percent of all Drugs	Clean Language	Non-Mac Counted as Brand	Amount Discount is "Overstated" by the PBM
Brand		\$ 400	17.0%	13.0%	17.0%	21.3%	4.3%
Generic	Non-Mac, DAW -5	\$ 350	40.0%	3.0%	83.4%		
Generic	MAC	\$ 350	85.0%	82.0%		85.0%	1.6%
Specialty		\$ 2,800	16.0%	2.0%	16.0%	16.0%	
Total		\$ 406		100.0%			

BAD

Adjustment #1C – Brand-Generic Definition

When Non-MAC generics, DAW-5 drugs, and Single Source Generics are counted as brands, lower the Brand Discount by 6.4% and lower the Generic Discount by 2.6%

Category	Sub-Category	AWP	AWP Discount	Percent of all Drugs	Clean Language	Non-Mac Counted as Brand	Amount Discount is "Overstated" by the PBM	
Brand		\$ 400		17.0%	13.0%	17.0%	23.4%	6.4%
Generic	Non-Mac, Single Source Generics,							
	DAW -5	\$ 350		40.0%	5.0%	82.4%		
	MAC	\$ 350		85.0%	80.0%	85.0%		2.6%
Specialty		\$ 2,800		16.0%	2.0%	16.0%	16.0%	
Total		\$ 406			100.0%			

BAD



Adjustment #2 – Specialty Drug Definition

When a large list of specialty drugs is provided (over 500 drugs), raise the expected overall drug cost by 1- $135.28 / 131.03 = 3.2\%$

	AWP	AWP Discount	Distribution with 500 Drugs on Specialty List
Brand	\$ 400	17.0%	13.5%
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%
Generic MAC	\$ 350	85.0%	81.0%
Specialty	\$ 2,800	16.0%	1.5%
Total	\$ 394	66.7%	100.0%
Weighted Average Ingredient Cost (Pre Rebate)			\$ 131.03

	AWP	AWP Discount	Distribution with 2,000 Drugs on Specialty List
Brand	\$ 400	17.0%	13.5%
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%
Generic MAC	\$ 350	85.0%	79.5%
Specialty	\$ 1,600	16.0%	3.0%
Total	\$ 394	65.7%	100.0%
Weighted Average Ingredient Cost (Pre Rebate)			\$ 135.28

Adjustment #3 – Formulary Rebates

When a high number of drugs (200 or more) are included in the formulary, after counting the additional savings from higher rebates, raise the expected overall drug cost by 1- 139.04/ 131.03. = 6.1%

Open Formulary	AWP	Distribution with AWP Discount	500 Drugs on Specialty List	Open Formulary Rebate
Brand	\$ 400	17.0%	13.5%	\$110
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%	
Generic MAC	\$ 350	85.0%	81.0%	
Specialty	\$ 2,800	16.0%	1.5%	\$850
Total	\$ 394	66.7%	100.0%	
Weighted Average Ingredient Cost (Pre Rebate)			\$ 131.03	
Weighted Average Ingredient Cost (Post Rebate)				\$ 103.43
Relative value (To Open Formulary)			100.0%	100.0%

Select Formulary (200 Exclusions)	AWP (+10%)	Distribution with AWP Discount	500 Drugs on Specialty List	Select Formulary Rebate (200 Exclusions)
Brand	\$ 440	17.0%	13.5%	\$140
Generic Non-Mac, Single Source Generics, DAW -5	\$ 350	40.0%	4.0%	
Generic MAC	\$ 350	85.0%	81.0%	
Specialty	\$ 3,080	16.0%	1.5%	\$1,100
Total	\$ 403	65.5%	100.0%	
Weighted Average Ingredient Cost (Pre Rebate)			\$ 139.04	
Weighted Average Ingredient Cost (Post Rebate)				\$ 103.64
Relative value (To Open Formulary)			102.4%	106.1%

In this example, chasing higher rebates resulted in more rebate revenue but the average AWP cost went up by 10% which “cancels out” the effects of the additional rebates.

So...Which PBM Offer is Best?

	Current Deal	Proposed Deal
Brand Discount	17%	19%
Generic Discount	81%	85%
Specialty Discount	16%	16%
Brand Rebate	\$ 100	\$ 125
Specialty Rebate	\$ 850	\$ 1,000

So...Which PBM Offer is Best?

	Current Deal	Proposed Deal	Adjusted Deal
Brand Discount	17%	19%	13%
Generic Discount	81%	85%	82%
Specialty Discount	16%	16%	16%
Brand Rebate	\$ 100	\$ 125	\$ 125
Specialty Rebate	\$ 850	\$ 950	\$ 950
Average Cost	\$ 111.32	\$ 93.63	\$ 111.17
Relative Value	100%	84%	100%

Contract Provisions			
Single Source Generic as Brand	N	Y	(0.030)
Single Source Generic as Generic	Y	N	(0.026)
Non-MAC as Brand	N	Y	(0.020)
DAW - 5 as Brand	N	Y	(0.010)
Specialty Drug List 500	Y	N	1.000
Specialty Drug list 1,000	N	N	1.014
Specialty Drug list 2,000	N	Y	1.030
Open Formulary	Y	N	1.000
Select Formulary 100	N	Y	1.031
Select Formulary 200	N	N	1.061

Future Trends in the PBM Industry

More Optics, More Profits for PBMs

- Misaligned incentives
- No accounting for the financial impact of PBM contract language
- Inability to track changes in unit costs
- Lack incentives to independently validate plan performance

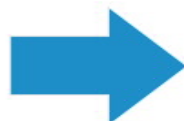


*Employers who take an **AGGRESSIVE POSITION** on pharmacy contracting and management will continue to drive savings for their organization.*



Some new drugs need to be excluded from coverage

Approved by the FDA
Provide little to no clinical value
More expensive vs. alternatives



Exclude from coverage
regardless of formulary

Non-Essential Drug	Price	Alternative	Price	Savings Per Script
Vimovo	\$1,782	OTC Naproxen & Omeprazole (separately)	\$80	\$1,702
Duexis	\$1,782	OTC Ibuprofen & Famotidine	\$20	\$1,762
Glumetza	\$7,980	Generic extended release Metformin	\$600	\$7,380
Ziana	\$882	Clindamycin gel & Tretinoin	\$372	\$510

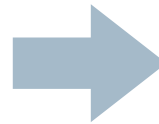
Introduction to Capital Rx

A new PBM model

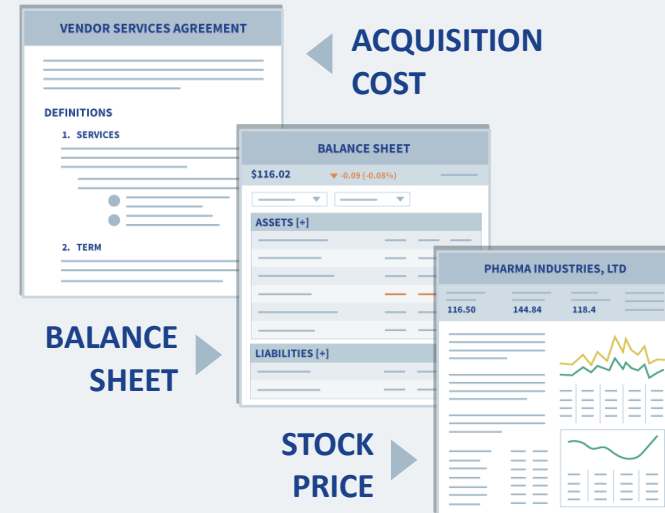
Moving from Microeconomic pricing to delivering Macroeconomic value

MICROECONOMIC How much does a prescription cost?

S.No	S.O.No	Date	Formulation based on bulk drugs	STRENGTH	PACKING	CEILING PRICE
16	1887(E)	6/28/2013	Acyclovir Tablets	400mg	1 Tablet	11.64
37	1908(E)	6/28/2013	Alprazolam Tablets	0.5mg	1 Tablet	2.01
13	1884(E)	6/28/2013	Amoxicillin-Clavulanic Acid Injection	1.2gm/vial pack	Each Pack	127.37
12	1883(E)	6/28/2013	Amoxicillin-Clavulanic Acid Injection	600mg/vial pack	each pach	85.96
11	1882(E)	6/28/2013	Amoxicillin-Clavulanic Acid powder for suspension	228.5mg/5ml	1ml	1.87
10	1881(E)	6/28/2013	Amoxicillin-Clavulanic Acid Tablets	625mg	1 Tablet	22.46
41	1912(E)	6/28/2013	Amphotericin B Injection	50mg/vial pack	Each Pack	4245.32
24	1895(E)	6/28/2013	Carboplatin Injection	150 mg/vial pack	Each Pack	789.01
45	1916(E)	6/28/2013	Carboplatin Injection	450 mg/ vial	Each Pack	2424.93
5	1875(E)	6/28/2013	Citalopram Syrup	5mg/ml	1 ml	0.54
4	1875(E)	6/28/2013	Citalopram Tablets	10mg	1 Tablet	1.81
19	1890(E)	6/28/2013	Cisplatin Injection	50 mg/vial pack	Each Pack	301.26
35	1906(E)	6/28/2013	Clozapine Citrate Tablets	50mg	1 Tablet	7.93
15	1886(E)	6/28/2013	Clostrazole Gel	2%	1 gm	2.07
18	1889(E)	6/28/2013	Cyclosporine Capsules	100 mg	1 Capsule	106.29
20	1891(E)	6/28/2013	Cytosine Arabinoside Injection	500 mg/vial pack	Each Pack	515.53
21	1892(E)	6/28/2013	Cytosine Arabinoside Injection	1000 mg/vial pack	Each Pack	1170.62
43	1914(E)	6/28/2013	Cytosine Arabinoside Injection	100 mg/vial	Each Pack	738.44
39	1910(E)	6/28/2013	Diclofenac Injection	25 mg / ml	1 ml	1.53
38	1909(E)	6/28/2013	Diclofenac Tablets	50 mg	1 Tablet	1.95
28	1899(E)	6/28/2013	Diltiazem Tablets	60mg	1 Tablet	4.79
22	1893(E)	6/28/2013	Doxorubicin Injection	10 mg/vial pack	Each Pack	196.48
46	1917(E)	6/28/2013	Enoxaparin Injection	60mg/pack	Each Pack	530.98
44	1915(E)	6/28/2013	Etoposide Injection	100mg/5ml vial	Each Pack	192.39
26	1897(E)	6/28/2013	Filgrastim Injection	-	1ml	2142.79
51	1922(E)	6/28/2013	Fluoxetine Hydrochloride Capsules	20 mg	1 Capsule	3.47
23	1894(E)	6/28/2013	Flutamide Tablets	250 mg	1 Tablet	8.62
17	1888(E)	6/28/2013	Lamivudine Tablets	150 mg	1 Tablet	9.4
3	1874(E)	6/28/2013	Leflunomide Tablets	10mg	1 Tablet	15.1
2	1873(E)	6/28/2013	Methoprexate Tablets	10mg	1 Tablet	13.96
36	1907(E)	6/28/2013	Methyl Ergometrine Injection	0.2mg/ml	1 ml	12.89
33	1904(E)	6/28/2013	Miconazole Cream	2%	1gm	1.39
32	1903(E)	6/28/2013	Miconazole Ointment	2%	1gm	2.19
29	1900(E)	6/28/2013	Nifedipine Capsules	5mg	1 Capsule	0.86
30	1901(E)	6/28/2013	Nifedipine Sustained Release Tablets	10mg	1 Tablet	1.42



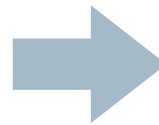
MACROECONOMIC How much margin is made on a prescription?



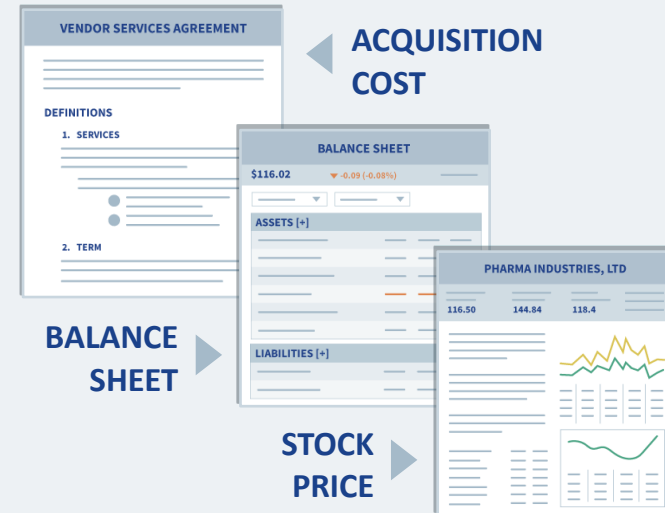
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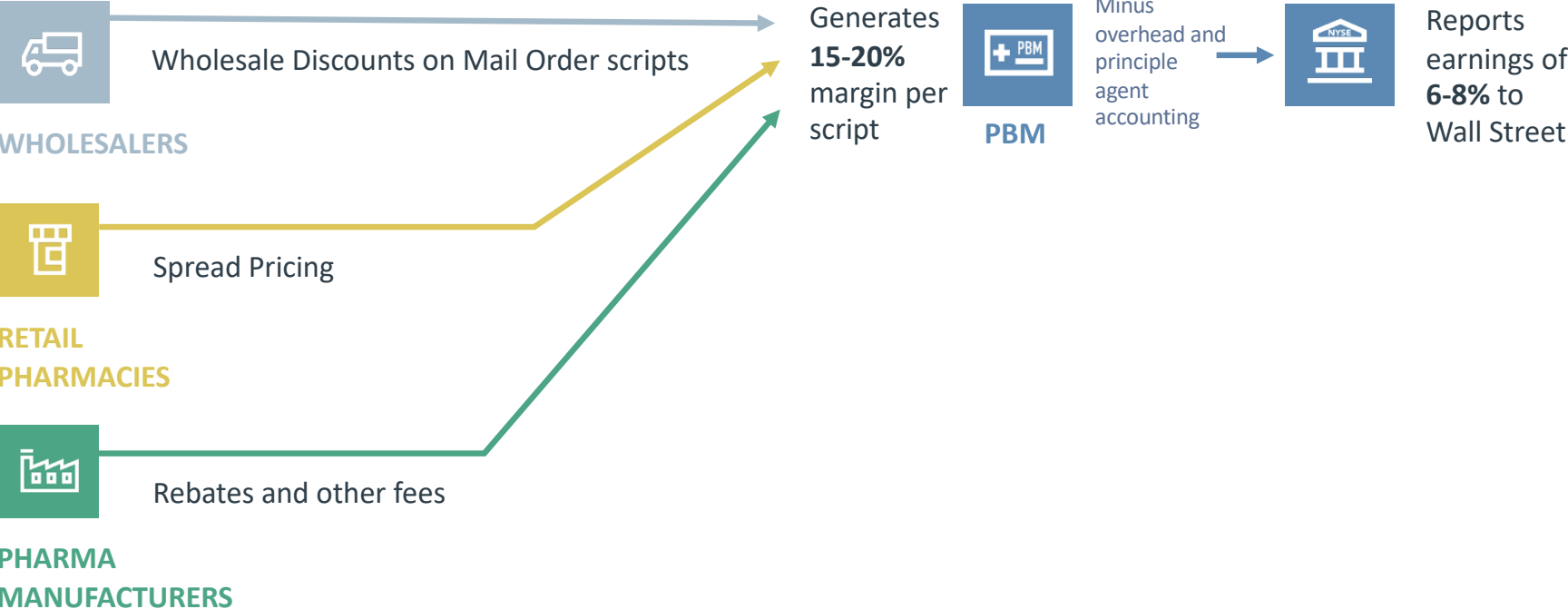
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28	1899(E)	6/28/2013	Diltiazem Tablets	60mg	1 Tablet	4.79
22	1893(E)	6/28/2013	Doxorubicin Injection	10 mg/vial pack	Each Pack	196.48
46	1917(E)	6/28/2013	Enoxaparin Injection	60mg/pack	Each Pack	530.98
44	1915(E)	6/28/2013	Etoposide Injection	100mg/5ml vial	Each Pack	192.39
26	1897(E)	6/28/2013	Filgrastim Injection	-	1ml	2142.79
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17	1888(E)	6/28/2013	Lamivudine Tablets	150 mg	1 Tablet	9.4
3	1874(E)	6/28/2013	Leflunomide Tablets	10mg	1 Tablet	15.1
2	1873(E)	6/28/2013	Methoprexate Tablets	10mg	1 Tablet	13.96
36	1907(E)	6/28/2013	Methyl Ergometrine Injection	0.2mg/ml	1 ml	12.89
33	1904(E)	6/28/2013	Miconazole Cream	2%	1gm	1.39
32	1903(E)	6/28/2013	Miconazole Ointment	2%	1gm	2.19
29	1900(E)	6/28/2013	Nifedipine Capsules	5mg	1 Capsule	0.86
30	1901(E)	6/28/2013	Nifedipine Sustained Release Tablets	10mg	1 Tablet	1.42



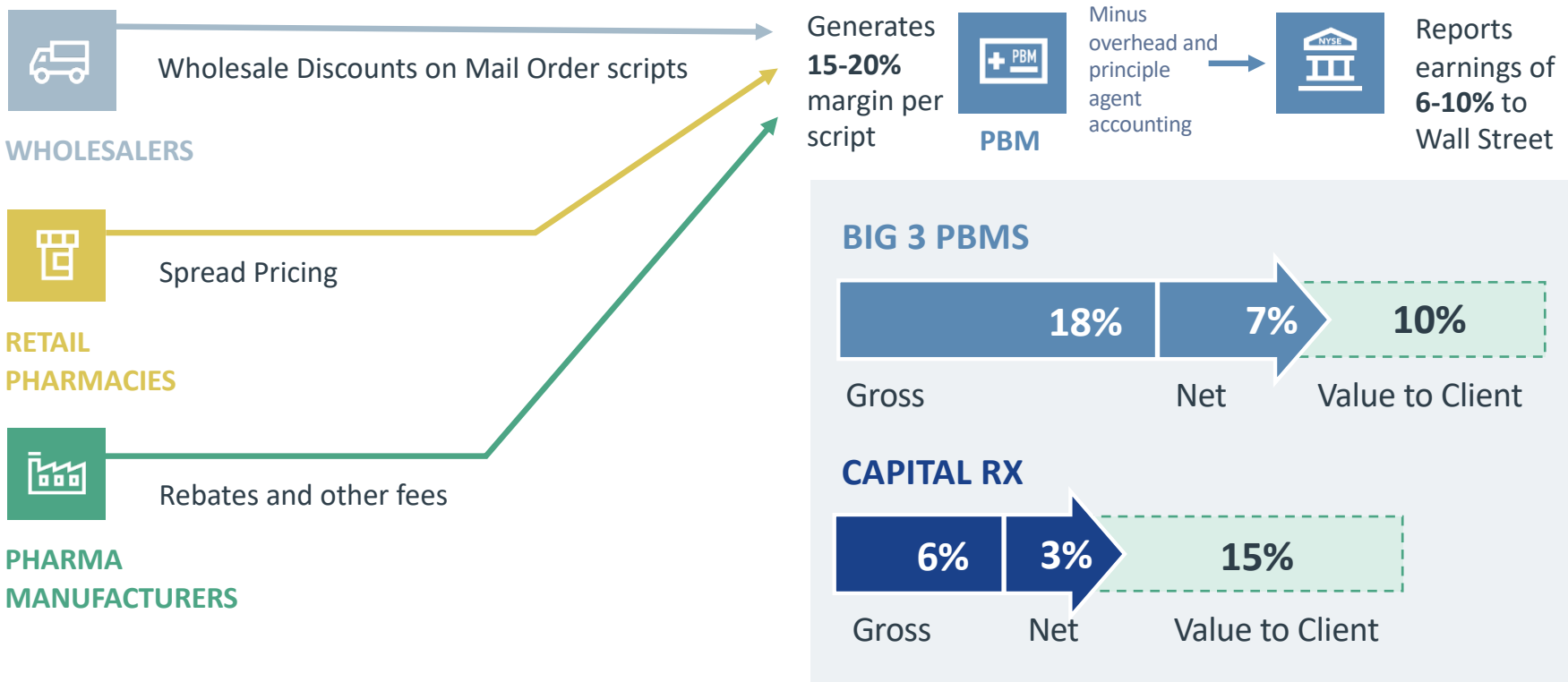
MACROECONOMIC How much margin is made on a prescription?



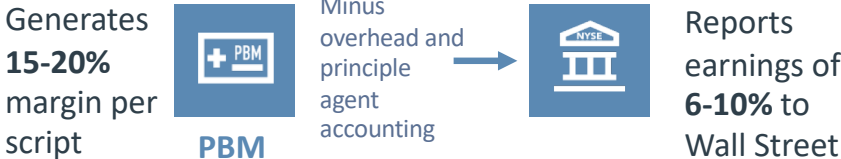
Margin to earnings – the missing dollars



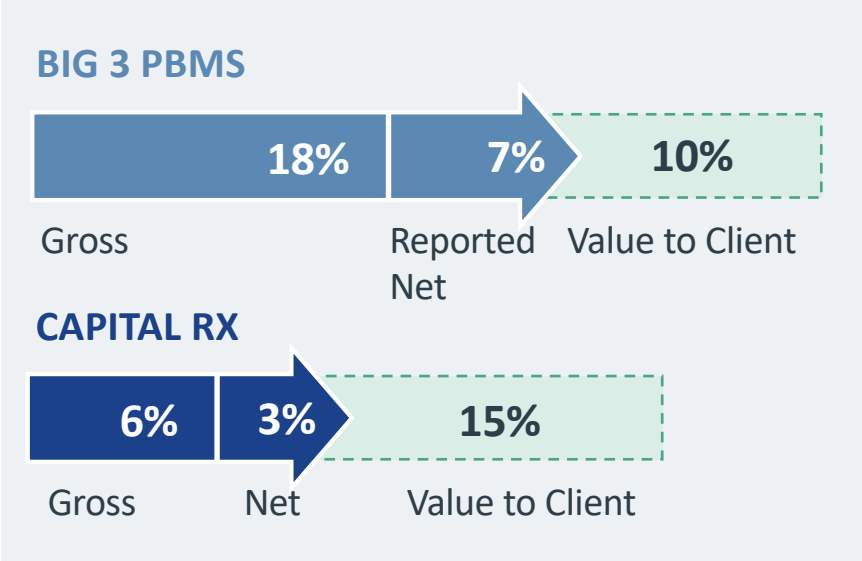
Lean margin model creates higher savings for clients



Lean margin model overcomes Big 3 PBM's purchasing power



Purchasing Power 35% =



Purchasing Power 24% =

Developing a sustainable model for savings



Employers can achieve 50-100% greater savings without shifting prescription costs to employees or further restricting access to medication

EMPLOYERS



SAVE MONEY

Materially reduce prescription unit costs



IMPROVE BENEFITS

Eliminate need to shift costs to patient



GAIN INSIGHTS

Innovative reporting gives a roadmap for future

Proprietary & Confidential



Case Study: 28,000 life plan

Incumbent

Category	Claims	Ingredient Cost	Disp. Fees	Admin Fees	Rebates	Total Spend	Plan Paid	Member Paid
Retail Brand	53,026	\$19,869,349	\$21,210	\$0.00	(\$5,201,415)	\$14,689,144	\$14,072,587	\$616,558
Retail Generic	243,705	\$6,330,296	\$97,482	\$0.00	(\$0.00)	\$6,427,778	\$5,113,217	\$1,314,561
Mail Brand	2,469	\$1,601,250	\$0.00	\$0.00	(\$601,745)	\$999,506	\$964,127	\$35,378
Mail Generic	10,207	\$507,319	\$0.00	\$0.00	(\$0.00)	\$507,319	\$449,870	\$57,449
Specialty	2,144	\$6,358,053	\$1,021	\$0.00	(\$678,618)	\$5,680,456	\$5,655,106	\$25,351
Total	311,551	\$34,666,267	\$119,714	\$0.00	(\$6,481,777)	\$28,304,203	\$26,254,907	\$2,049,296

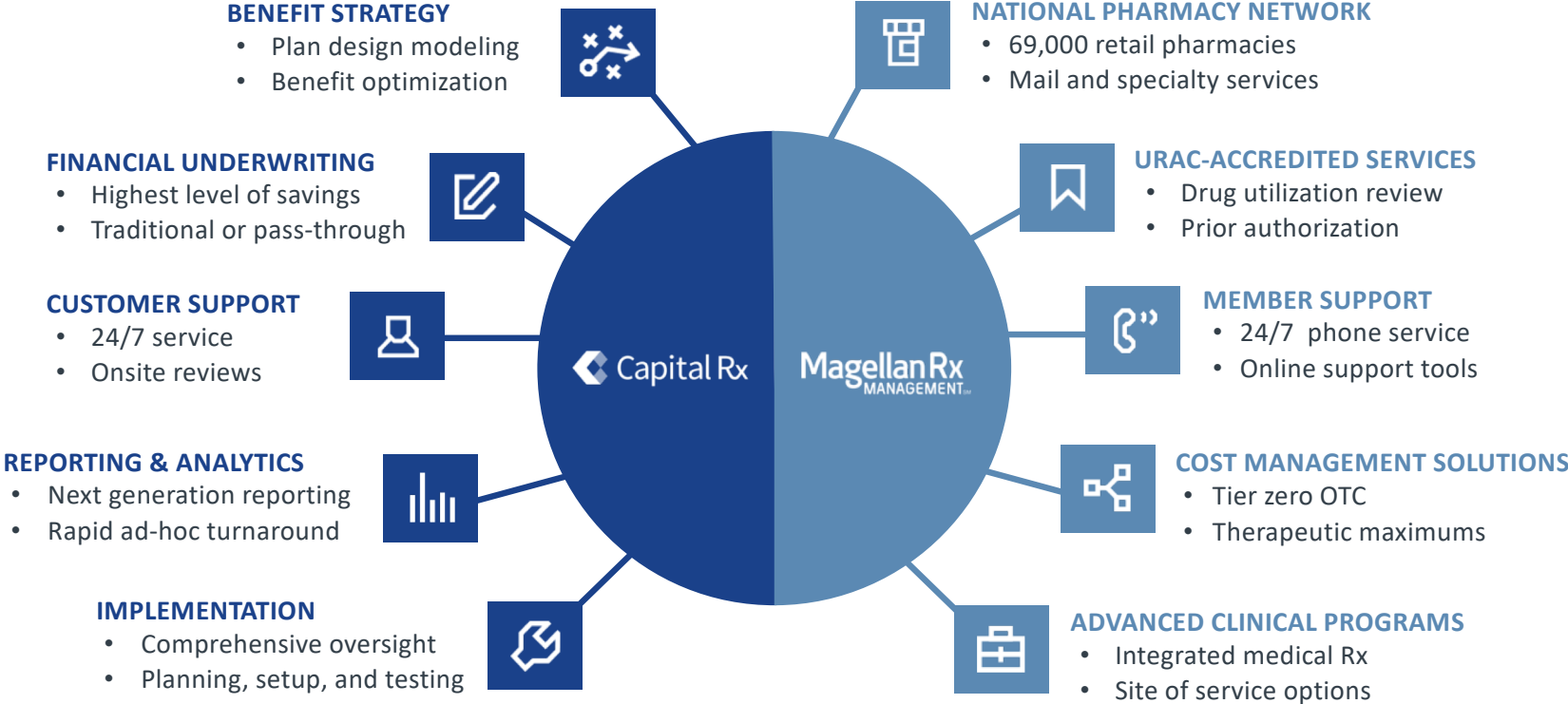
Capital Rx

Category	Claims	Ingredient Cost	Disp. Fees	Admin Fees	Rebates	Total Spend	Plan Paid	Member Paid
Retail Brand	53,026	\$19,887,913	\$26,513	\$0.00	(\$9,599,177)	\$10,315,249	\$9,698,691	\$616,558
Retail Generic	243,705	\$7,346,200	\$121,853	\$0.00	(\$0.00)	\$7,758,061	\$6,443,501	\$1,314,561
Mail Brand	2,469	\$1,643,388	\$0.00	\$0.00	(\$1,110,433)	\$532,956	\$497,578	\$35,378
Mail Generic	10,207	\$664,763	\$0.00	\$0.00	(\$0.00)	\$676,909	\$619,460	\$57,449
Specialty	2,144	\$6,646,838	\$1,209	\$0.00	(\$1,252,279)	\$5,395,768	\$5,370,418	\$25,351
Total	311,551	\$36,189,103	\$149,574	\$0.00	(\$11,961,888)	\$24,376,788	\$22,327,492	\$2,049,296

Savings

\$3,927,415
13.88%

Partnership Approach



Proprietary & Confidential



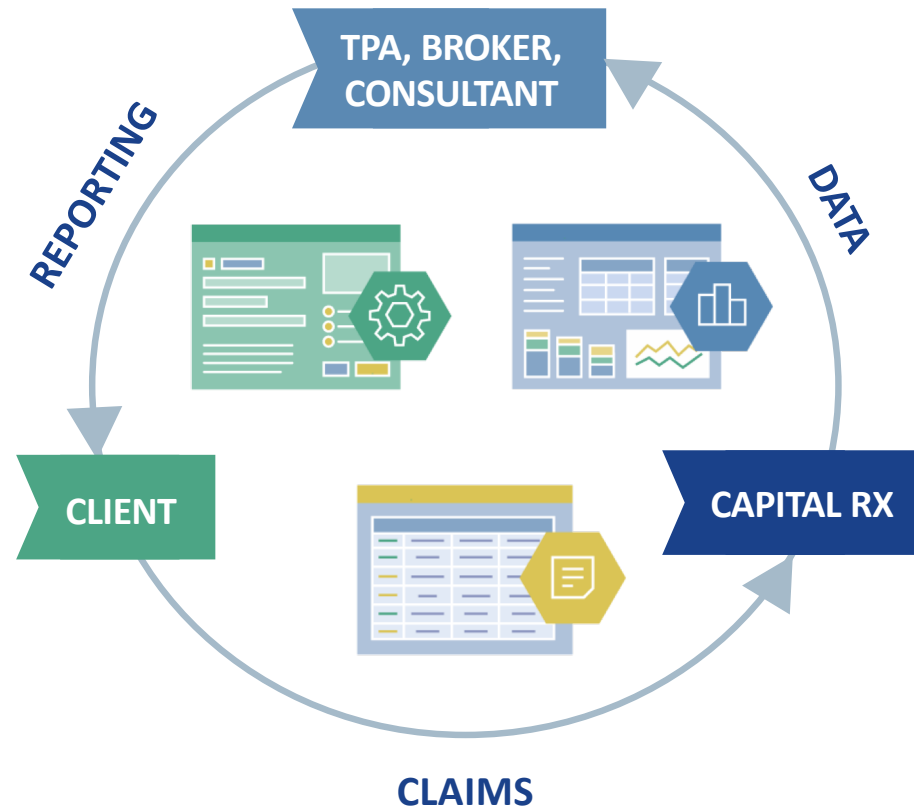
Benefit Performance: Health Care is an Investment, not a Cost



Proprietary & Confidential



Integrating the trusted advisor into the client management workflow



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Capital Rx Overview

SAVINGS

Starting with a clean sheet of paper, Capital Rx operates free of constraints faced by other PBMs. With this autonomy, we're reinventing contracting arrangements across the supply chain and deploying margin-based underwriting at scale. Applying our innovative, macroeconomic model ensures plans of any size achieve unmatched savings.

SERVICE

Customer service is our most important commitment. The administration of pharmacy benefits is constantly evolving, and Capital Rx is dedicated to providing thoughtful and insightful leadership to our clients. Our management team remains available 24/7 to answer you questions.

DATA ANALYTICS

Our proprietary technology analyzes utilization data to develop the optimal plan strategy, balancing trend reduction with patient access. From there, our reporting solutions give sponsors a new way to measure plan performance. Best of all, our team of experts can generate reports in minutes, not weeks.

EXPERTISE

Executing on our unique approach requires more than just PBM experience. To deliver unequaled savings, Capital Rx brings together a team of industry thought leaders with deep understanding of benefits management, pharmacy supply chain, finance, and technology.



Capital Rx

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