Market Priced Drug Program

FELRA

Market Priced Drug Program

- Expose members to drug pricing and enable shopping
  - Members make informed, active choices with their physician about their prescriptions and related costs
  - Members can save money without sacrificing quality or safety
  - Balance manufacturer marketing efforts
- Drive price transparency and savings for plan sponsors and members
  - Leverage defined contribution benefit design approach
  - Base reimbursement on the lowest cost therapeutic alternative
- Integrated into existing pharmacy plan

MPD Program Elements

- Developed from evidence based drug equivalency that drives comparison of therapeutic alternatives at the dosage level
- Captures savings that mandatory generic and step therapy programs leave on the table
- Plan pays for the lowest cost alternative – drug switches can be Brand to Brand, Generic Brand, Generic to Generic, etc.
- Targets chronic medications where there is no direct generic available

Members Have Three Options

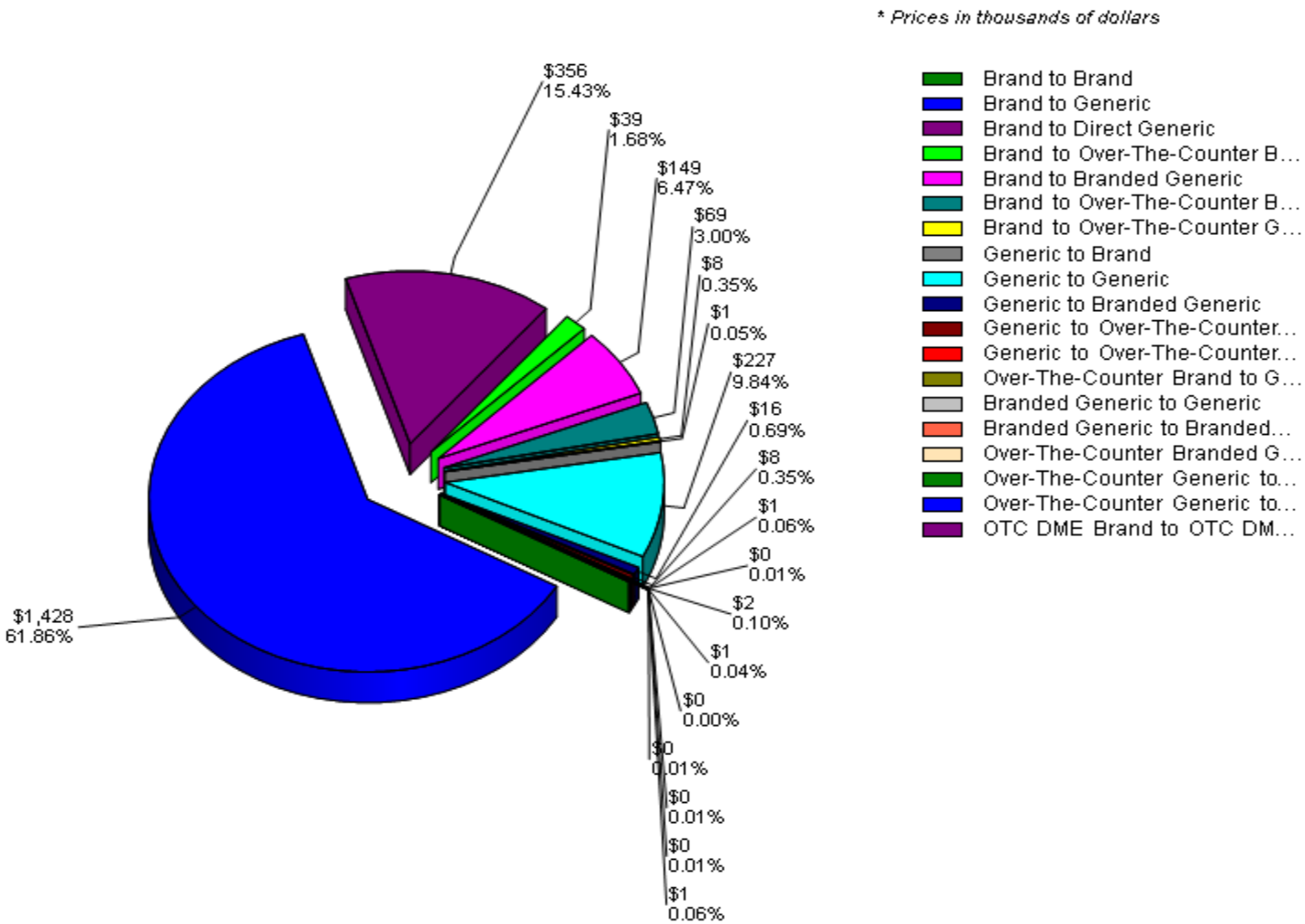
- If a Participant currently uses a prescription drug on the MPD list as Non-Preferred, the Participant can ***choose one of three options*:**

1) Ask their doctor to switch prescriptions	▪ Participant may have several options, depending on their medical condition ▪ The preferred alternative has the same benefit as the pre-existing prescription drug plan	▪ **85%** of members switch
2) Ask their doctor to request a program exception	▪ If there are a medical reasons why a Participant cannot use the preferred alternative(s), PBM will review those reasons with the doctor ▪ If approved, the Participant may continue using their current medication and pay the previous copayment.	▪ 1-3% of members obtain waivers
3) Continue to use their current prescription	▪ Participant will most likely have a higher out of pocket cost ▪ Out of pocket costs reflect the difference in total cost between the choice and reference drug	▪ 12% of members "buy-up"

Savings – Top Therapeutic Categories

Therapeutic Category	Plan Spend	Estimated Savings
Proton-pump Inhibitors	$ 3,700,220	$ 1,930,490
HMG-CoA Reductase Inhibitors	$ 3,523,882	$ 1,228,389
Insulins	$ 1,127,453	$ 250,149
Opiate Agonists	$ 2,285,177	$ 864,597
Angiotensin II Receptor Antagonists	$ 1,402,015	$ 266,284
Anticonvulsants, Miscellaneous	$ 1,156,506	$ 54,285
Angiotensin-Converting Enzyme Inhibitors	$ 1,277,026	$ 397,035
Dihydropyridines	$ 757,094	$ 190,263
beta-Adrenergic Blocking Agents	$ 751,729	$ 334,649
Biguanides	$ 485,444	$ 112,660
Estrogens	$ 195,396	$ 72,318
Platelet-Aggregation Inhibitors	$ 475,853	$ 57,706
Sulfonylureas	$ 531,192	$ 172,500
Nucleosides and Nucleotides	$ 313,648	$ 133,410
Leukotriene Modifiers	$ 382,933	$ 214,859
Bone Resorption Inhibitors	$ 177,098	$ 102,833
Fibric Acid Derivatives	$ 253,212	$ 179,254
Amphetamines	$ 209,822	$ 65,558
Selective Serotonin Agonists	$ 178,689	$ 81,884
Thyroid Agents	$ 270,542	$ 56,097
Antiallergic Agents	$ 84,378	$ 7,616
Prostaglandin Analogs	$ 101,334	$ 17,832
Bile Acid Sequestrants	$ 77,514	$ 46,174
Second Generation Antihistamines	$ 159,773	$ 34,356
Thiazolidinediones	$ 188,111	$ 65,867
5-alpha-Reductase Inhibitors	$ 79,547	$ 44,206
Total	$ 20,145,588	$6,981,271

Sources of Value



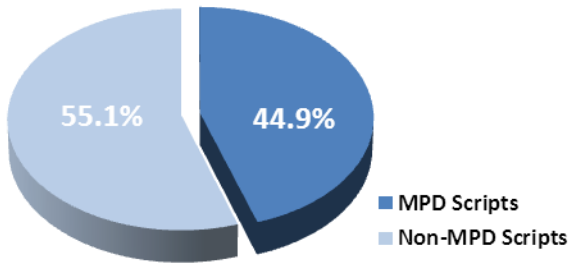
Fees and Savings, Guaranteed

MPD Program Fee - $1.50 PEPM

We guarantee a 10% net savings off your current plan spend

or

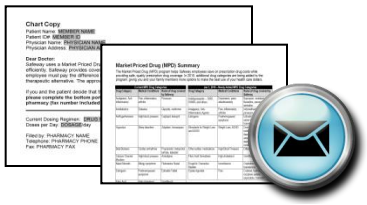
we will refund 100% of our first year's fees



What you can expect:

- An average increase in GDR of 7%
- 10% - 20% Average member savings per script
- Educated, engaged members
- Extra money to fund other programs

Communication Framework



Member Communications

Notifications begin 60 days prior to RxTE launch date.

1. **Welcome Letter, FAQ's & Drug List**

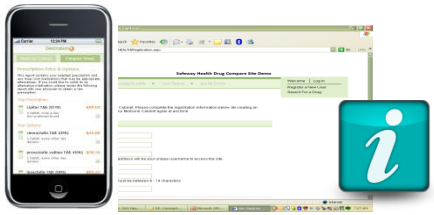
   Program Overview
   Targeted Drug Categories
   FAQ's

1. **Personalized Switch Letter**

   Presents the Lowest Cost Alternative and Savings
   New Cost of Current Medication

2. **New Prescriptions**

   Notification sent 10 Days after Initial Fill of Drug in Target Category



Mobile Medicine Cabinet & Online Tool

Virtual Medicine Cabinet assists members in making choices regarding therapeutic alternatives

Prior to program launch, tool is populated with each Member's RX history

Members Can:

Review drug costs and find lower cost alternatives

Check for drug interactions and explore detailed drug information specific to their condition

Calculate annual costs and savings

Request a prescription change from their physician

Training for Call Center Representatives

Representatives are trained on the MPD Program prior to launch

Training prepares Representatives to:

Educate Members on how the MPD program works

Inform Members about the online tool and provide access instruction

Educate Members about their options under the program

Provide guidance on the exception process

Advise Members on how to request a prescription change from their physician

Pharmacist Training

Pharmacists within the Group's network are provided training on the MPD Program

Training prepares Pharmacists to:

Possess a general understanding of how the MPD Program works

Present savings available from switches

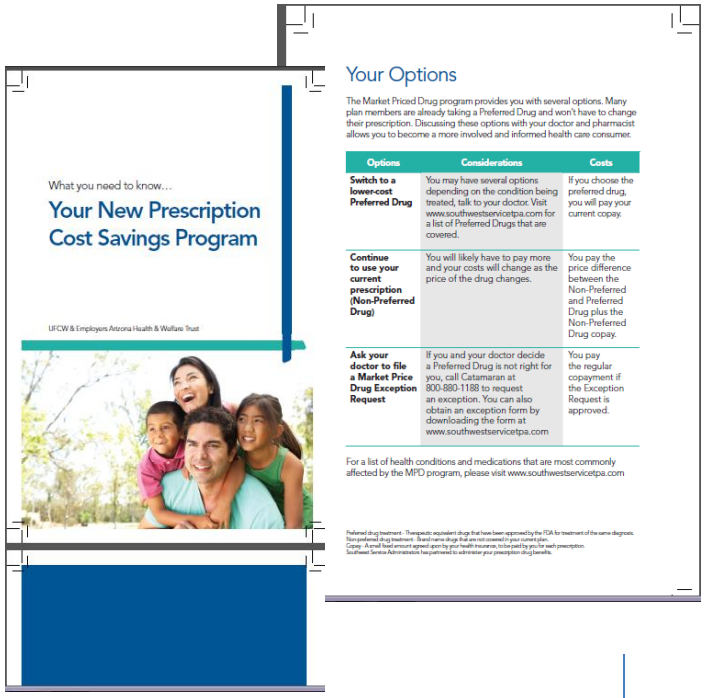
Advise members on the exception and appeals process

Ensure accurate script adjudication

Create an enhanced retail experience

Communications Available Online

- Frequently Asked Questions
- List of Drug Categories
- Physician Exception Form
- Link to “My Medicine Cabinet”
- Welcome Brochure
- Program Overview Video



What you need to know…

Your New Prescription Cost Savings Program

UFCW & Employers Arizona Health & Welfare Trust

Your Options

The Market Priced Drug program provides you with several options. Many plan members are already taking a Preferred Drug and won't have to change their prescription. Discussing these options with your doctor and pharmacist allows you to become a more involved and informed health care consumer.

Options	Considerations	Costs
Switch to a lower-cost Preferred Drug	You may have several options depending on the condition being treated, talk to your doctor. Visit www.southwestservicetpa.com for a list of Preferred Drugs that are covered.	If you choose the preferred drug, you will pay your current copay.
Continue to use your current prescription (Non-Preferred Drug)	You will likely have to pay more and your costs will change as the price of the drug changes.	You pay the price difference between the Non-Preferred and Preferred Drug plus the Non-Preferred Drug copay.
Ask your doctor to file a Market Price Drug Exception Request	If you and your doctor decide a Preferred Drug is not right for you, call Catamaran at 800-880-1188 to request an exception. You can also obtain an exception form by downloading the form at www.southwestservicetpa.com	You pay the regular copayment if the Exception Request is approved.

For a list of health conditions and medications that are most commonly affected by the MPD program, please visit www.southwestservicetpa.com

Implementation Overview

- Phase I – Analysis and Program Recommendation
  - 2-3 Weeks
  - PBM Business Requirements
  - Pharmacy Claim History Procurement & Upload
  - Data Analysis
  - Development of Therapeutic Category Recommendations
  - Finalize Program Structure for Year One

- Phase II – Program Planning and Testing
  - 6 Weeks
  - RXTE Configuration
  - Exception Process
  - Medicine Cabinet Web Development
  - Initialize Communications Plan & Training
  - Implement & Test Production Files

Implementation Overview

- Phase III – Program Launch
  - Go Live - Medicine Cabinet Member Support Tool
  - Open Refill, Prior Authorization and Claims History production file
  - Implement Exception Process and initiate communications
  - Hold onsite program training for Human Resource/Fund Office Staff
  - Open Enrollment Support
  - Call Center Scripting

- Phase IV – Program Launch Support
  - RXTE management and monitoring
  - Q & A support
  - Program implementation assessment
  - Post implementation audit of claim accuracy