



Industry and Local 338 Welfare and Pension Fund 2015 National Preferred Formulary Update



Key Topics

1

Changing Market Dynamics in 2014

2

Building On Our Momentum in 2015

3

Communications Plan

4

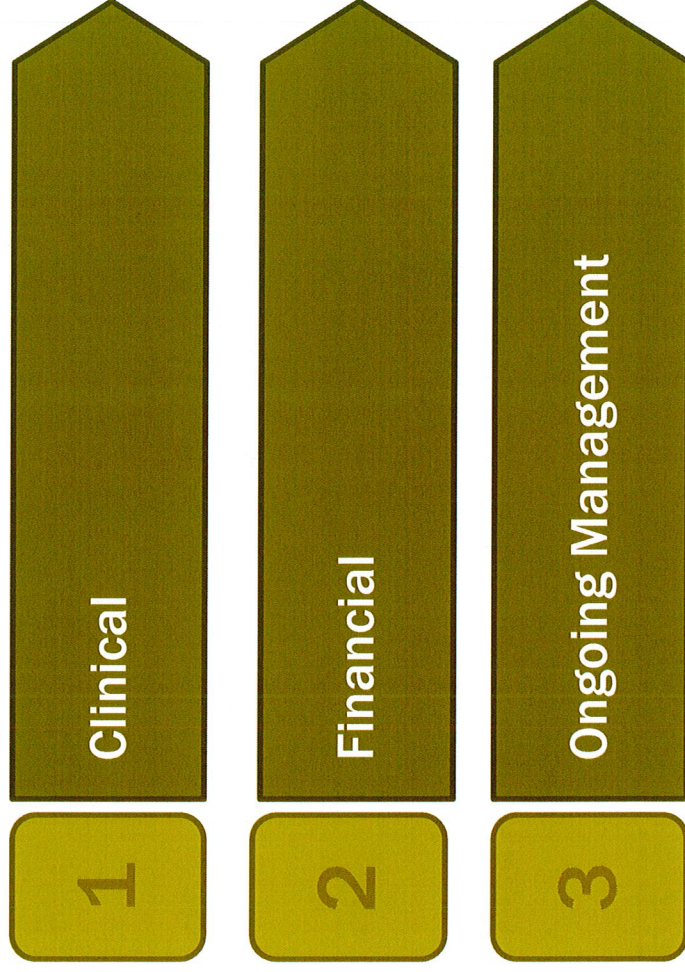
Next Generation of Formulary Management



Smart Formulary Management

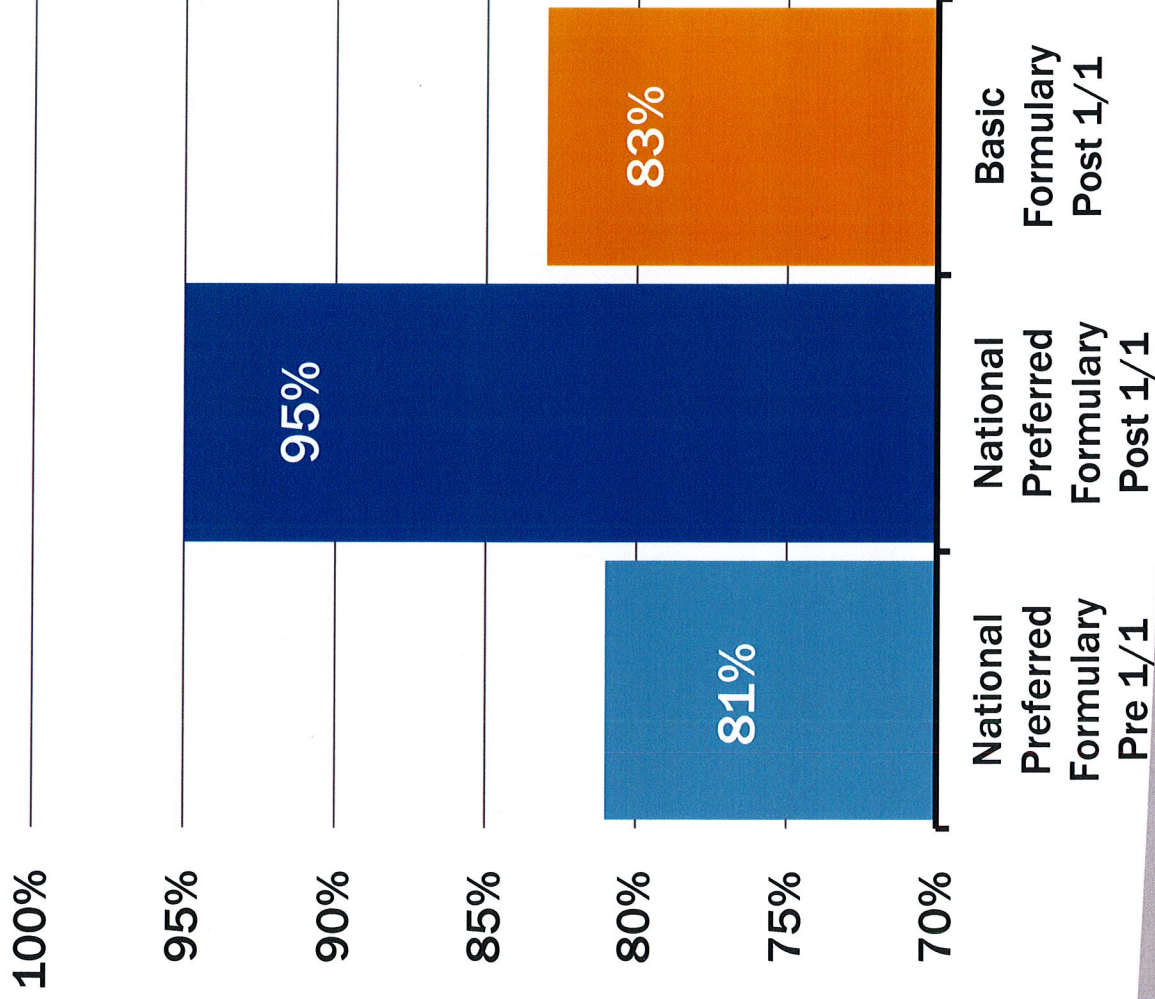
Achieved through National Preferred Formulary

Effective formulary development and management is comprised of clinical, financial, and ongoing management



Path to Better Decisions

Preferred Prescription Adoption 2014 Exclusion Implementation



**Less than
3.7%**
of members
pursued a
clinical exception

**FIRST YEAR
CLIENT SAVINGS
EXCEED \$700M**



Your Partnership Drove Success

- Standing together has had a profound impact on pharma manufacturers
- Threat of exclusion in 2015 encouraged manufacturers to provide competitive rates

**Fewer Formulary
Changes will
Drive Significant
Value in 2015**



Building On Our Momentum: 2015 Formulary Updates





Teamsters Local 338

Member Impact*

0% Preferred to Nonpreferred

0% New Exclusions

0% Total

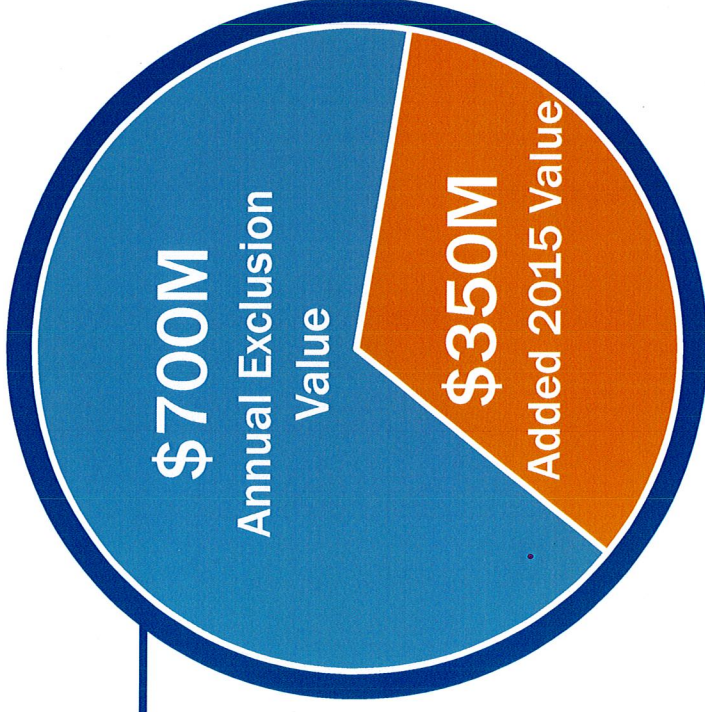
* As of August 2014

66 Total Exclusions

Total 2015 National Preferred Formulary Value

\$1.05 billion

in projected annual savings tied to formulary exclusions



**Improved Rates and
Inflation Predictability**



Threat of Exclusions Changes Dynamics

TOGETHER WE ARE CHANGING THE INDUSTRY

Before

- **REACTION:** Pharma continued belief that formulary changes would not have a significant impact
- **IMPACT:** National Preferred Formulary exclusion dramatically shifted market share

After

- **REACTION:** Pharma providing exceptional rates for both preferred and nonpreferred status
- **IMPACT:** Maximum value with minimal disruption



Improved Rates. More Access.

Advair

- Now nonpreferred
- Breo is only excluded Rx in this category
- Dulera and Symbicort remain preferred

Auvi-Q

- Auvi-Q and Epipen are preferred
- No nonpreferred or excluded products in this class

Stelara

- Provides an additional covered option
- Enbrel, Humira, and Stelara preferred
- Cimzia, Simponi, Xeljanz excluded

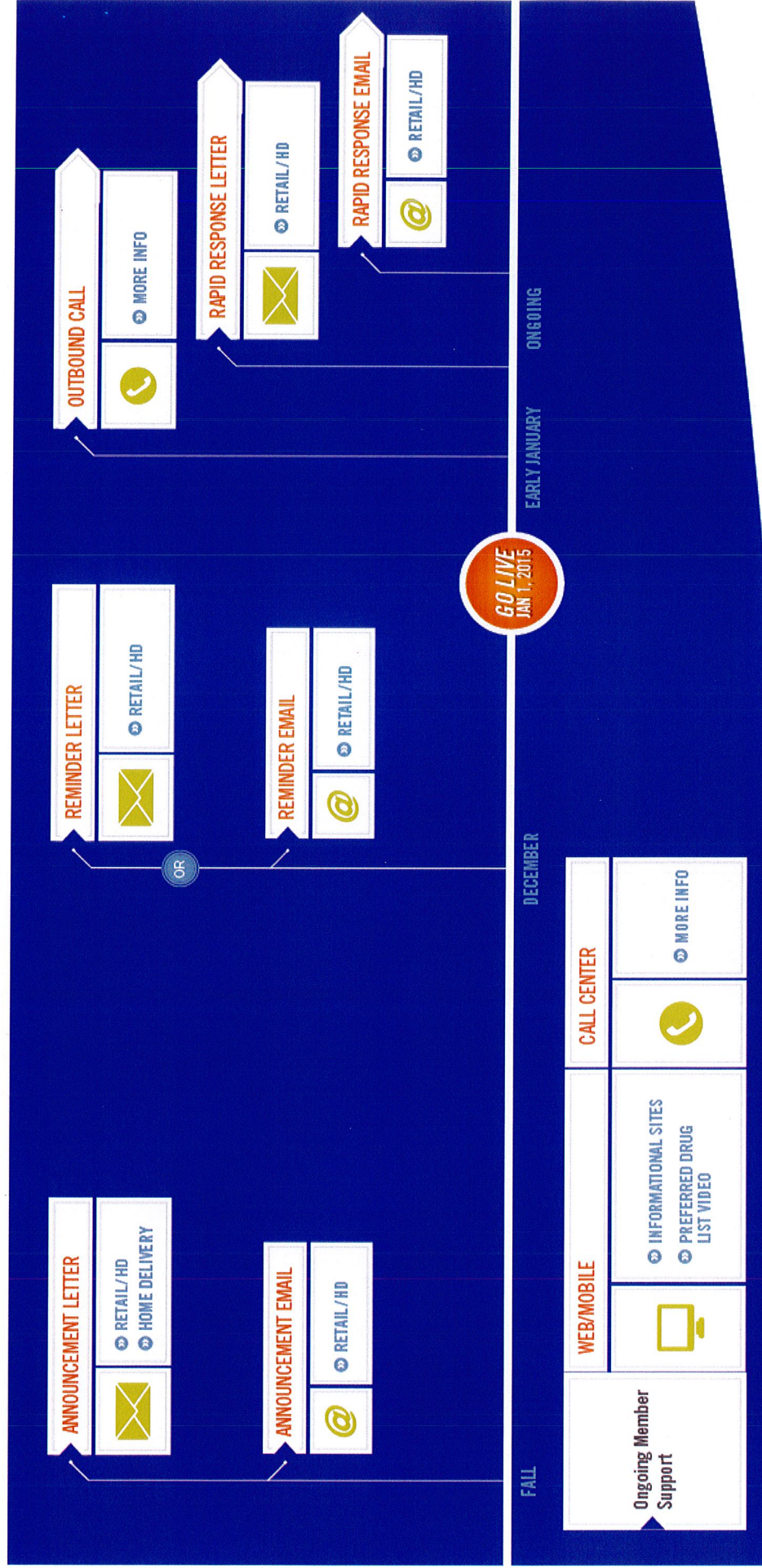
» MORE CHOICE AT A LOWER NET COST



Communications Plan



Member Communication Timeline



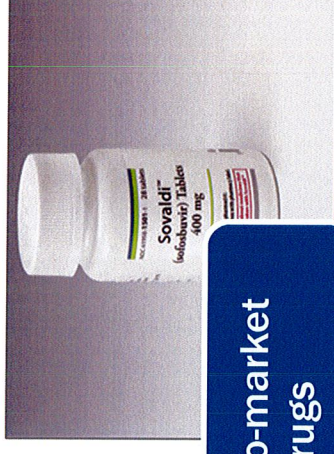
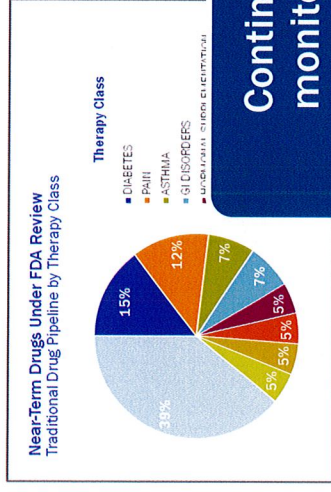
EFFECTIVE COMMUNICATION PROCESS

Next Generation of Formulary Management



Where Do We Go From Here

Next Generation of Formulary Management



Continuous monitoring

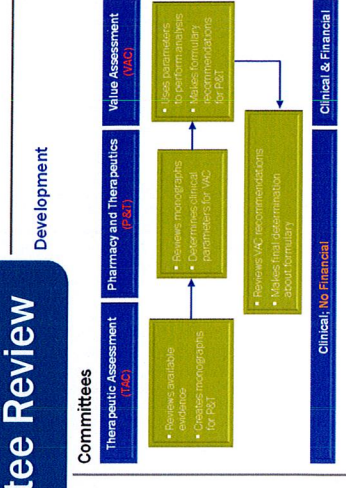
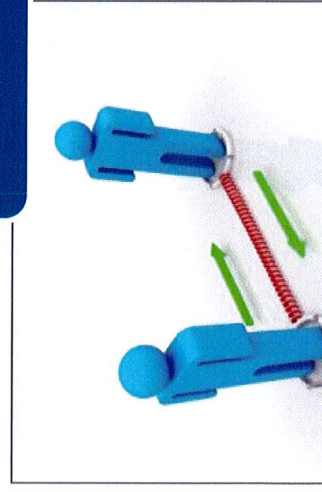
New-to-market drugs

FORMULARY MANAGEMENT

Monitor new-to-market drugs for potential formulary exclusion

Negotiation & Implementation

Timely P&T Committee Review



National Preferred Formulary: Smart Formulary

**National
Preferred
Formulary:**
driving
greater value

We are experts at managing tighter formularies while maximizing member satisfaction.

Next Generation Formulary

Inflation Predictability

Lower Trend

Broad Access



National Preferred Formulary





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