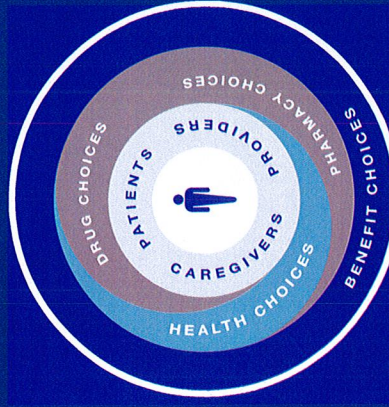




Advanced Utilization Management Industry and Local 338 Welfare and Pension Fund

Clinical Program Overview and Recommendations
September 11th, 2014



Utilization Management Philosophy

1

Do you want your members to take **medications** for conditions for which they are **approved**?

2

Do you want your members to take medications that achieve **meaningful clinical outcomes** while **costing less money** for the member and the plan?

3

Do you want your members to take **medications** in the **proper approved quantity**?



Protect your plan from future unknowns



2014 Clinical Program Additional Estimated Savings

Advantage Plus AUM Package

Recommendation

Total Estimated Net Plan Cost Savings \$48,331

Total Member Impact: 157

Estimated Net Plan PMPM savings: \$3.97

Program Cost \$0.90 PMPM (Includes NYLHCA coalition \$0.30 PMPM discount)

UM Program	Estimated Member Impact	Description	Estimated Net Plan Cost Savings
Step Therapy	66	Promotes the safe and effective use of a more cost effective therapeutic alternative medication.	\$22,801
Prior Authorization	56	Encourages use of clinically effective, front-line medications	\$20,837
Drug Quantity Management	35	Aligns dispensing quantity with FDA-approved dosage guidelines and other evidence	\$4,693

Savings estimates without grandfathering.
Implementation may result in adjustments to the rebate arrangement.
Savings are net of program cost and rebates.



2014 Clinical Program Additional Estimated Savings Advantage AUM Package with Pharmacogenomic PA List Total Estimated Net Plan Cost Savings \$41,089

Total Member Impact: 130

Estimated Net Plan PMPM savings: \$3.37

Program Cost \$0.60PMPM (Includes NYLHCA coalition \$0.30 PMPM discount)
(Advantage AUM Package \$0.55 PMPM; PGx PA List \$0.05 PMPM)

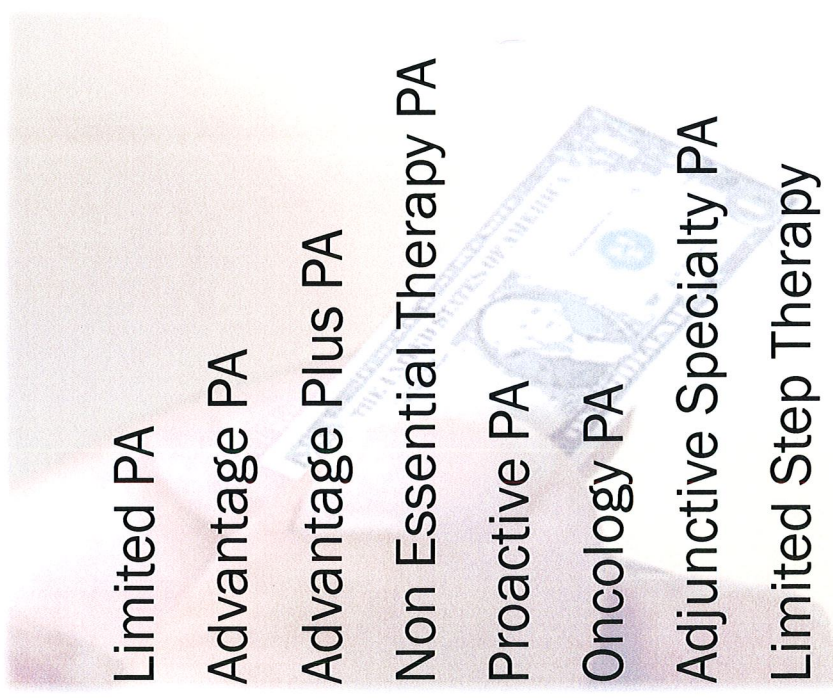


UM Program	Estimated Member Impact	Description	Estimated Net Plan Cost Savings
Step Therapy	55	Promotes the safe and effective use of a more cost effective therapeutic alternative medication.	\$17,477
Prior Authorization	50	Encourages use of clinically effective, front-line medications	\$22,346
Drug Quantity Management	25	Aligns dispensing quantity with FDA-approved dosage guidelines and other evidence	\$1,266

Savings estimates without grandfathering.
Implementation may result in adjustments to the rebate arrangement.
Savings are net of program cost and rebates.



2013 AUM Target Brand Medication Inflation Costs



	Average % Increase	Average Annual Medication Cost
• Limited PA	10%	\$5,432
• Advantage PA	13%	\$2,232
• Advantage Plus PA	29%	\$2,135
• Non Essential Therapy PA	13%	\$256
• Proactive PA	20%	\$12,609
• Oncology PA	18%	\$7,238
• Adjunctive Specialty PA	18%	\$4608
• Limited Step Therapy	15%	\$237
• Advantage Step Therapy	11%	\$110
• Advantage Plus Step Therapy	15%	\$274



Clinical Days' Supply

with Split-Fill Option



About Clinical Days' Supply



What
- Evidence-based clinical rules provide optimal balance between 30 and 90 day plans - Proprietary systems provide custom titration logic

Why
- Controls waste through amounts dispensed - Improves adherence in chronic therapies - Improved adherence leads to better health outcomes

Client Benefit
- Waste Control balanced with Improved Adherence - Plan Costs balanced with Member Satisfaction

How Clinical Days' Supply Works

Intelligent guidelines optimize specialty days' supply

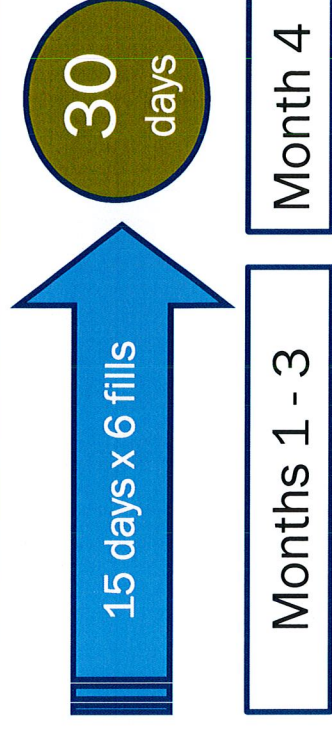
Days' supply guidelines are assigned according to clinical and financial appropriateness and manufacturer requirements.

Category		Dispensing	Examples
FDA requirement		Up to a 30-day supply maximum per fill	Thalomid [®] Tracleer [®] , Letairis [®] , Revlimid [®]
Clinical monitoring		30-day based on ongoing clinical monitoring requirements and biometric results	Aranesp [®] , Cinryze [®] , Gammunex [®] , Neupogen [®]
Clinical coordination		30-day to address physician storage concerns, administration costs, and waste minimization	Fragmin [®] , Gonal-F [®] , Incivek [®] , Recombinate [®]
Stabilization period for new patients		90-day with a titration of three 30-day supplies, followed by 90-day supply after stability is reached	Gleevec [®] , Avonex [®] , Enbrel [®] , Kuvan [®] , Pegasys [®] , Humatrope [®] , Forteo [®]
No stabilization required		90-day supply with no clinical need for a stabilization period first	Ampyra [®] , Leuprolide [®] , Stimate [®] , Revatio [®]
Unique characteristics		Up to or greater than 90-day in alignment with unique therapy requirements	Remicade [®] , Retisert [®] , Prolia [®] , Dysport [®]

Clinical Days' Supply — Split-Fill Program

- What: Split initial months' dispensing
- Why: Minimize risk of therapy discontinuation

First 3 months are split



Benefits to Clients

- Waste reduction
- Direct drug cost savings
- Improved cash flow
- Increased member contact

Benefits to Members

- Increased contact and clinical education
- Closer monitoring of therapy tolerance issues
- Reduced drop-off rates

Split-Fill Drug List

Disease State	Drugs*	Option 1: Exclusive Specialty	Option 2: Non- exclusive**
Oncology	BOSULIF , ERIVEDGE, INLYTA, JAKAFI, NEXAVAR, TAFINLAR, TARCEVA, TARGRETIN, VOTRIENT, XALKORI, XTANDI, ZYTIGA		
Iron Toxicity	EXJADE		
Huntington's Chorea	XENAZINE		
Hepatitis C	INCIVEK, VICTRELIS , RIBASPHERE, RIBAVIRIN, COPEGUS		

*Applies only to those drugs packaged to allow split-filling, and only to drugs filled via Accredo mail, beginning with first fill.

** Must be exclusive for split-fill drug list at minimum.



Fraud, Waste & Abuse Services

Fraud Analytics | Special Investigations



Member and Physician Fraud and Abuse



Unusual prescribing patterns



Excessive utilization behavior



Rising prescription drug costs

Abuse costs
\$41,000
in medical claims
for every \$1,000
in prescription
claims*

**Healthcare Fraud Costs an Average of
\$72 Billion Annually**

* Research from WellPoint, Inc. Dec. 2007. Average 4:1-1 medical to pharmacy cost ratio. <http://www.insurancefraud.org/downloads/drugDiversion.pdf>



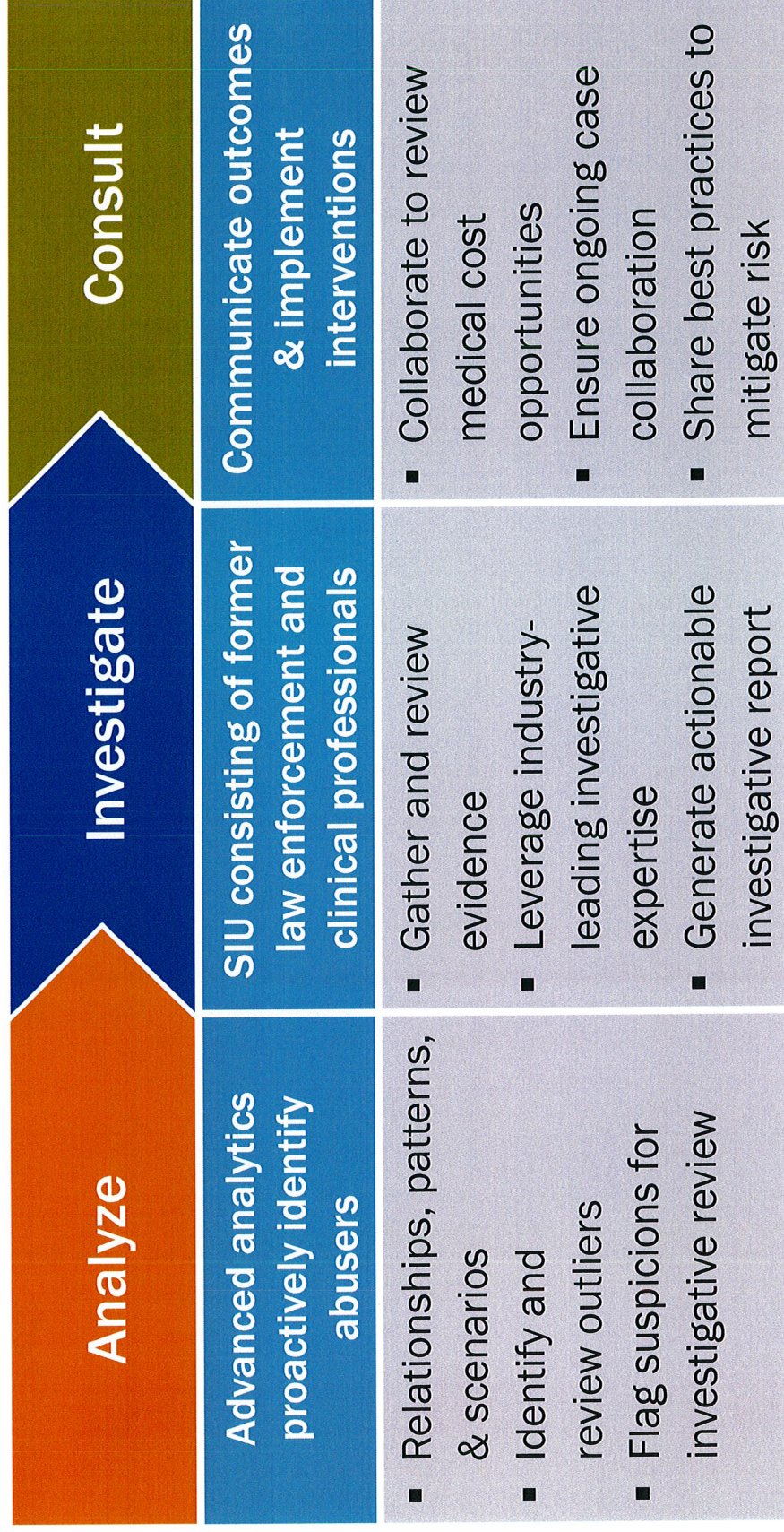
Confidential Information
© 2014 Express Scripts Holding Company. All Rights Reserved.



EXPRESS SCRIPTS® 12

Enhanced Fraud, Waste and Abuse Program

The industry's most comprehensive solution



Possible Outcomes from Express Scripts Referrals

Line of Business	ESI Action (with Client Approval)	Client Action
Commercial	• Restrict Member Rx to limited prescribers • Restrict Member Rx to a single pharmacy • Issue new ID card (ID Theft) • Reverse claims when appropriate • Collaborate on medical/law enforcement investigations	• Refer member to health plan • Case Management and/or EAP • Terminate member's benefits • Refer to law enforcement • Prosecute

Examples of Common Interventions

Drug Seeking Behavior



- Implement member restriction
- Collaborate with medical vendor

Identity Theft



- Issue new member ID number
- Refer to law enforcement

Fraudulent Prescriptions



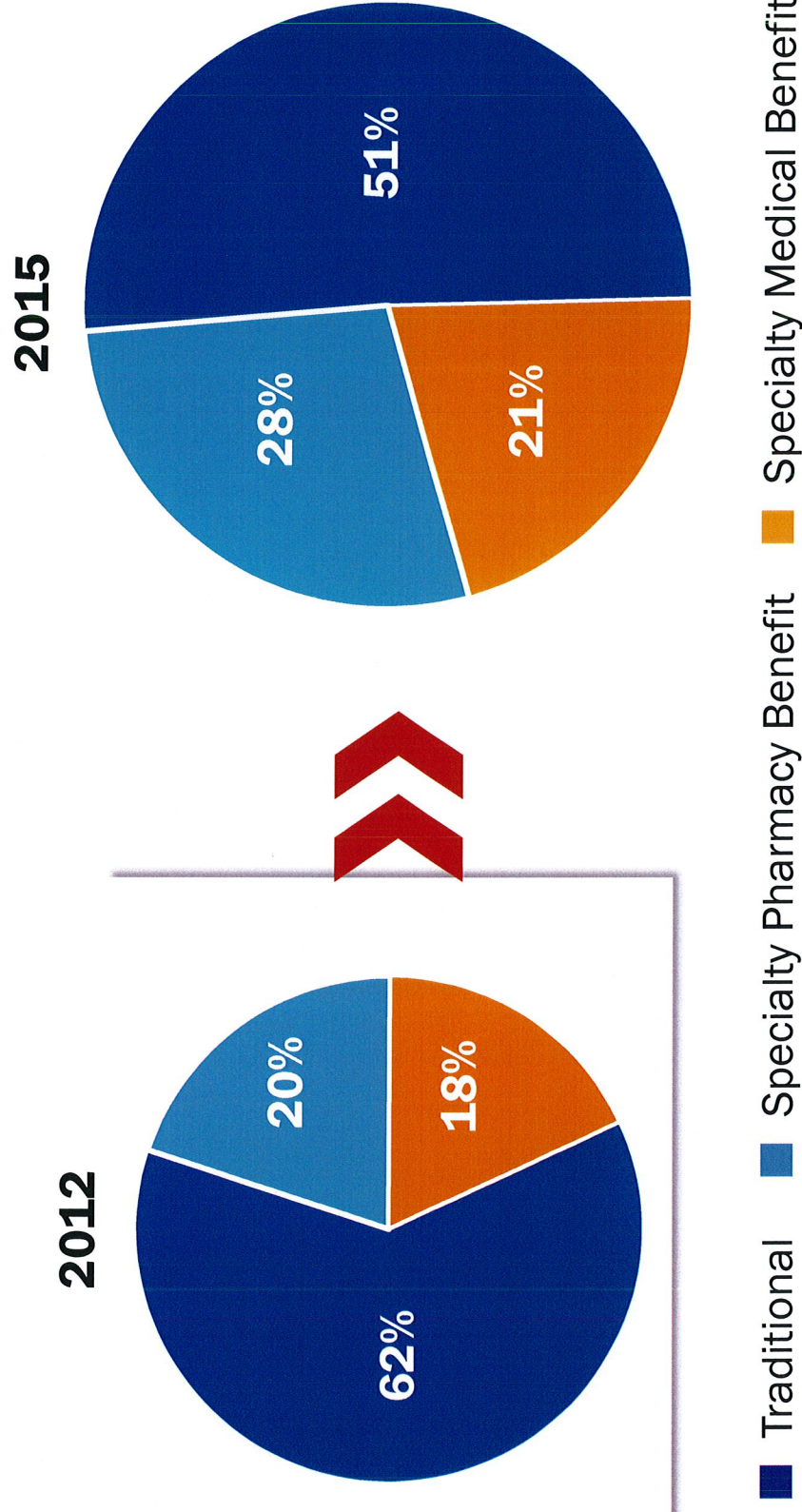
- Refer to law enforcement

Appendix



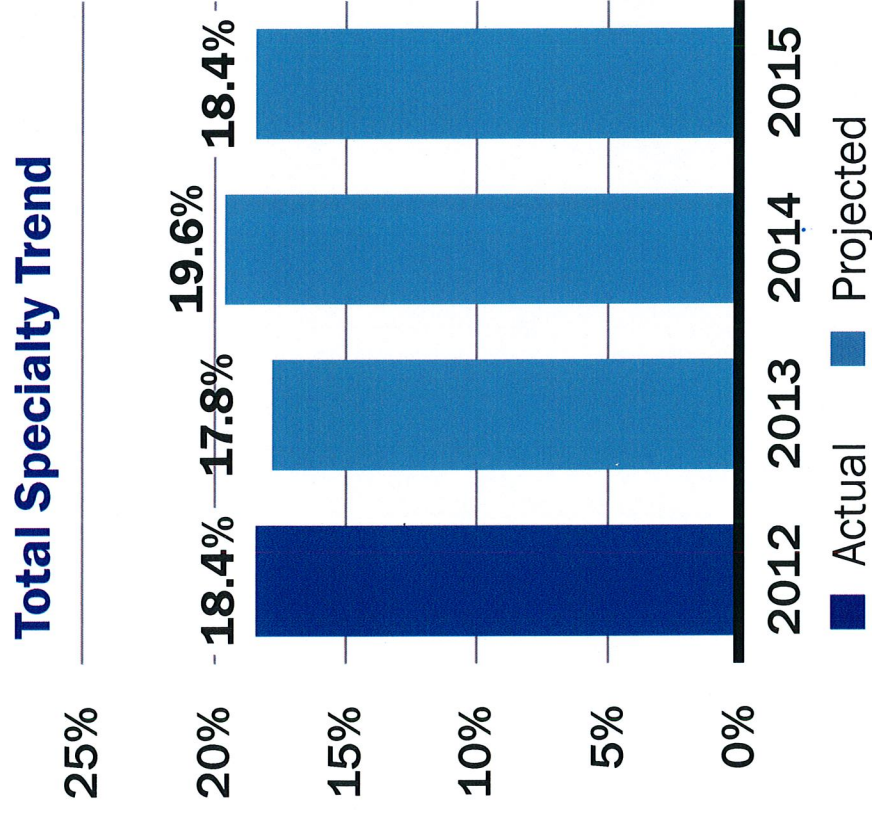
Specialty Drug Forecast

Specialty growth in pharmacy and medical



Sources: Express Scripts Drug Trend Report; MarketScan Commercial Database

Projected Specialty Trend PBM-Adjudicated Claims Only



SELECT THERAPY CLASSES	2013	2014	2015
RA and Inflammatory	25.1%	17.2%	17.4%
Multiple Sclerosis	19.8%	18.5%	16.8%
Cancer	21.3%	20.9%	21.0%
HIV	9.2%	9.6%	9.4%
Hepatitis C	33.0%	58.5%	168.4%
Growth Deficiency	6.2%	5.9%	6.5%



Emerging Therapeutics Intervention

Protecting Member Safety Through Timely Identification
and Communication of Drug Recalls and Withdrawals



Gaps in Communication Threaten Patient Safety

**Uninformed patients
are at risk**

**Health care providers may
be inadequately informed**

**FDA not responsible for
communicating to patients**

**Clinically
important
drug recalls
occur
at least
1x/Month**

*US Food and Drug Administration. Pathway to global product safety and quality.
<http://www.fda.gov/downloads/AboutFDA/CentersOffices/OfficeofGlobalRegulatoryOperationsandPolicy/GlobalProductPathway/UCM262528.pdf>. July 7, 2011

Timely and cost-effective communication of significant safety-related drug recalls and market withdrawals

- Mailing for patients with impacted retail claims
- Member and/or physician communication
- Complements Express Scripts Pharmacy® safety protocols

In 2013,
Express Scripts
communicated
17
Emerging
Therapeutics
alerts*

* Program data as of 12.1.2013

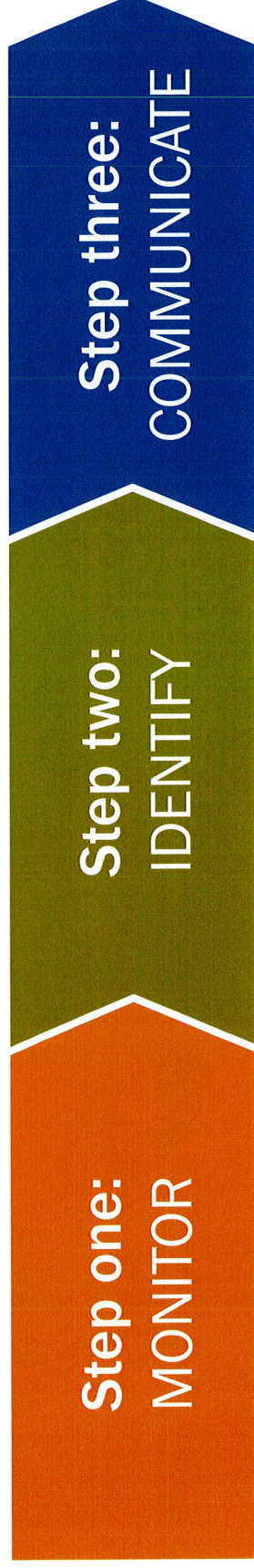


Confidential/Proprietary Information
© 2014 Express Scripts Holding Company. All Rights Reserved.



EXPRESS SCRIPTS® 20

How Emerging Therapeutics Intervention Works



- Class I recalls
- Select Class II recalls
- Safety-related market withdrawals
- Significant new labeling changes
- Enrolled client membership queried to identify patients with a retail claim for the impacted drug
- Letters mailed to patient and/or physician
 - highlights safety concern
 - provides physician with list of impacted patients

Value of Emerging Therapeutics Intervention

- Helps improve patient safety for members using retail
- Timely notification to patients and/or physicians
 - Spanish available for patients
- Includes Medicare Part D medications
- Supports NCQA safety communication standards
- Cost-effective



67
letters mailed
per alert for
every 100k
client members*

* ETI BOB average. Activity levels vary.



Confidentiality Information
© 2014 Express Scripts Holding Company. All Rights Reserved.



EXPRESS SCRIPTS®



EXPRESS SCRIPTS®



