



Taking a Close Look at Specialty Drug Trend and Management Implications

Rochelle Henderson, PhD

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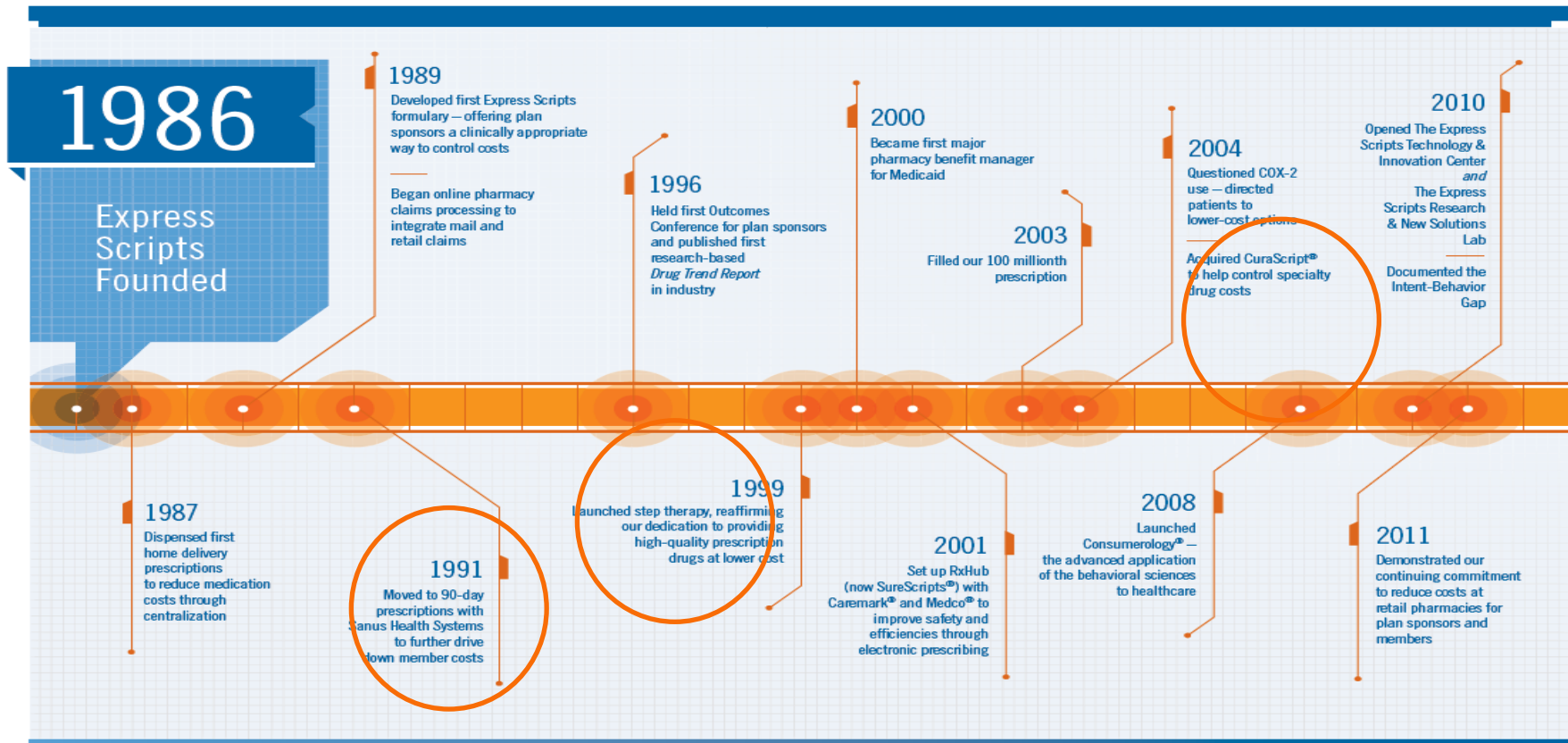
Taking a closer look

- What are the specialty trends?
- What strategies have been adopted?
- Where are we headed?

Evidence Based Actions: Embedded in Our DNA

Since 1986

A Legacy of Leadership and Innovation



High drug prices fuel fear and anger

Protesters gather in NYC to show outrage over skyrocketing EpiPen prices



At \$84,000 Gilead Hepatitis C Drug Sets Off Payer Revolt

Cost of Vital Cancer Drugs Skyrocketing Out of Control

Pharmaceutical Companies Buy Rivals' Drugs, Then Jack Up the Prices

Company hikes price 5,000% for drug that fights complication of AIDS, cancer

Why we need good partners?

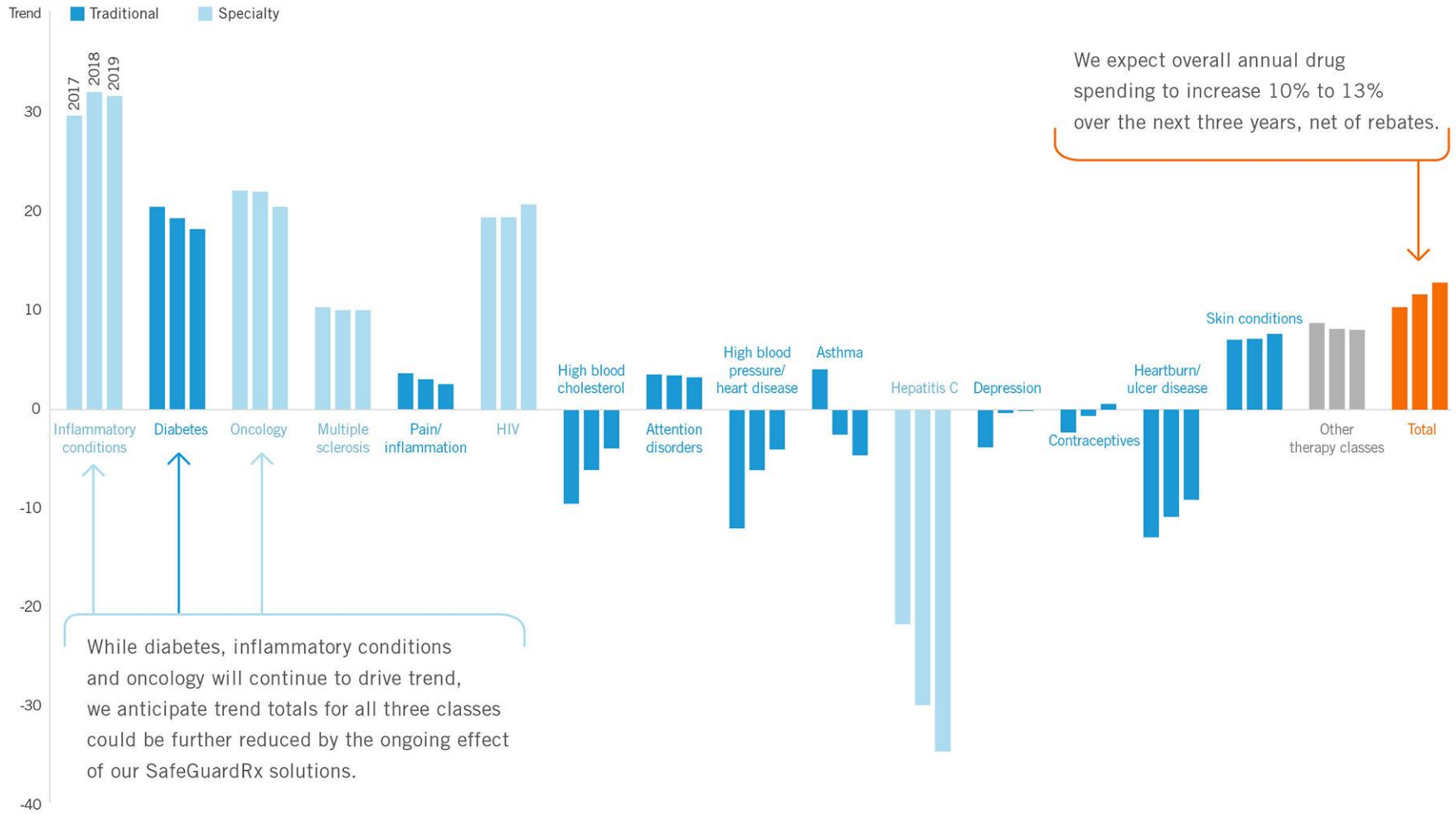


Therapy Class Review: Top Specialty Therapy Classes



Rank	Therapy Class	PMPY Spend	Trend		
			Utilization	Unit Cost	Total
1	INFLAMMATORY CONDITIONS	\$118.21	11.4%	15.1%	26.4%
2	CANCER	\$60.70	11.9%	9.6%	21.5%
3	MULTIPLE SCLEROSIS	\$58.63	-1.3%	7.4%	6.1%
4	HIV	\$39.92	5.5%	16.2%	21.7%
5	HEPATITIS C	\$25.26	-27.3%	-6.7%	-34.0%
6	CYSTIC FIBROSIS	\$9.51	12.7%	26.0%	38.8%
7	GROWTH DEFICIENCY	\$7.82	0.1%	4.5%	4.6%
8	PULMONARY HYPERTENSION	\$7.26	15.0%	8.8%	23.8%
9	HEMOPHILIA	\$6.24	9.8%	-2.7%	7.1%
10	SLEEP DISORDERS	\$5.51	6.6%	13.5%	20.1%
11	INFERTILITY	\$4.84	5.3%	7.5%	12.9%
12	HEREDITARY ANGIOEDEMA	\$4.79	14.9%	23.3%	38.3%
13	TRANSPLANT	\$4.71	0.1%	-4.4%	-4.3%
14	ASTHMA	\$4.34	25.0%	4.8%	29.7%
15	ENDOCRINE DISORDERS	\$4.21	6.2%	13.0%	19.3%
TOTAL FOR ALL SPECIALTY CLASSES		\$397.59	7.1%	6.2%	13.3%

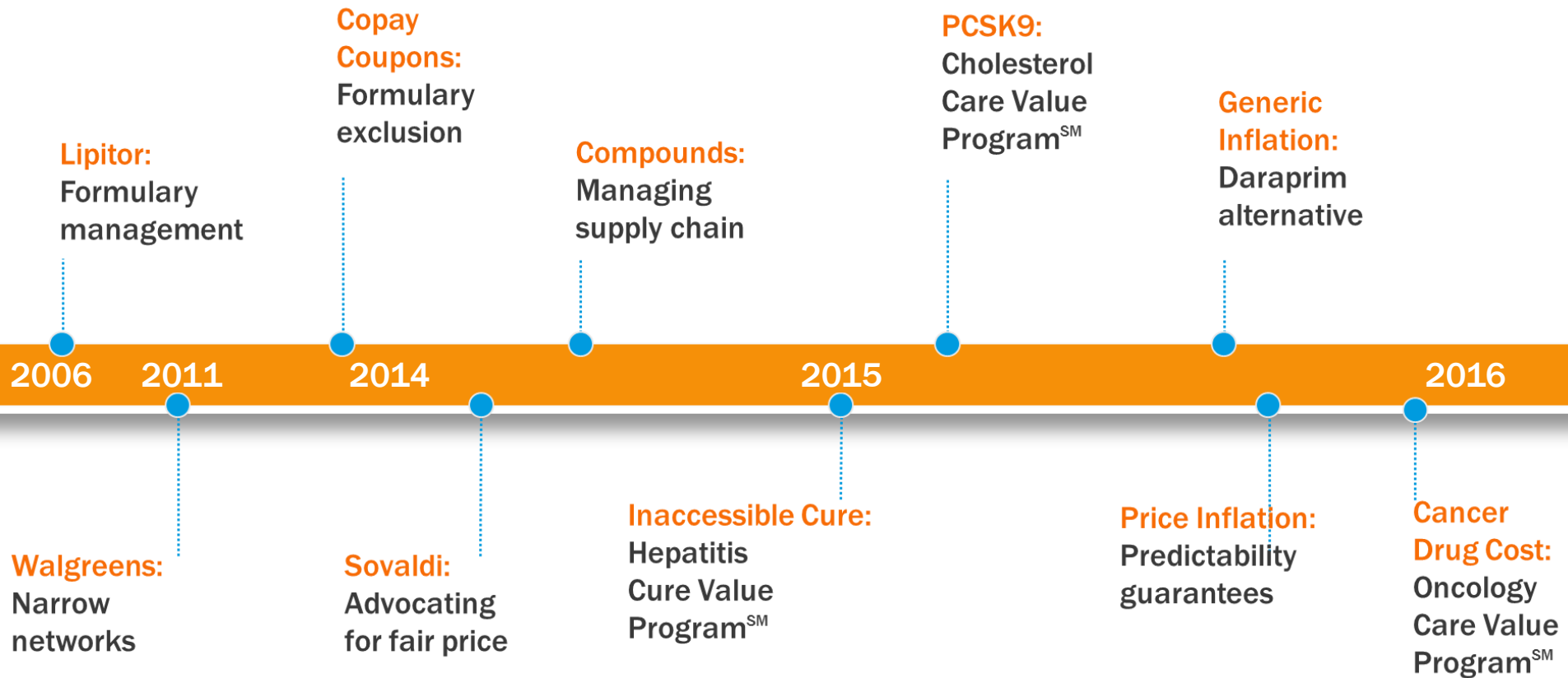
Forecast: 2017-2019



What can we do with good partners?

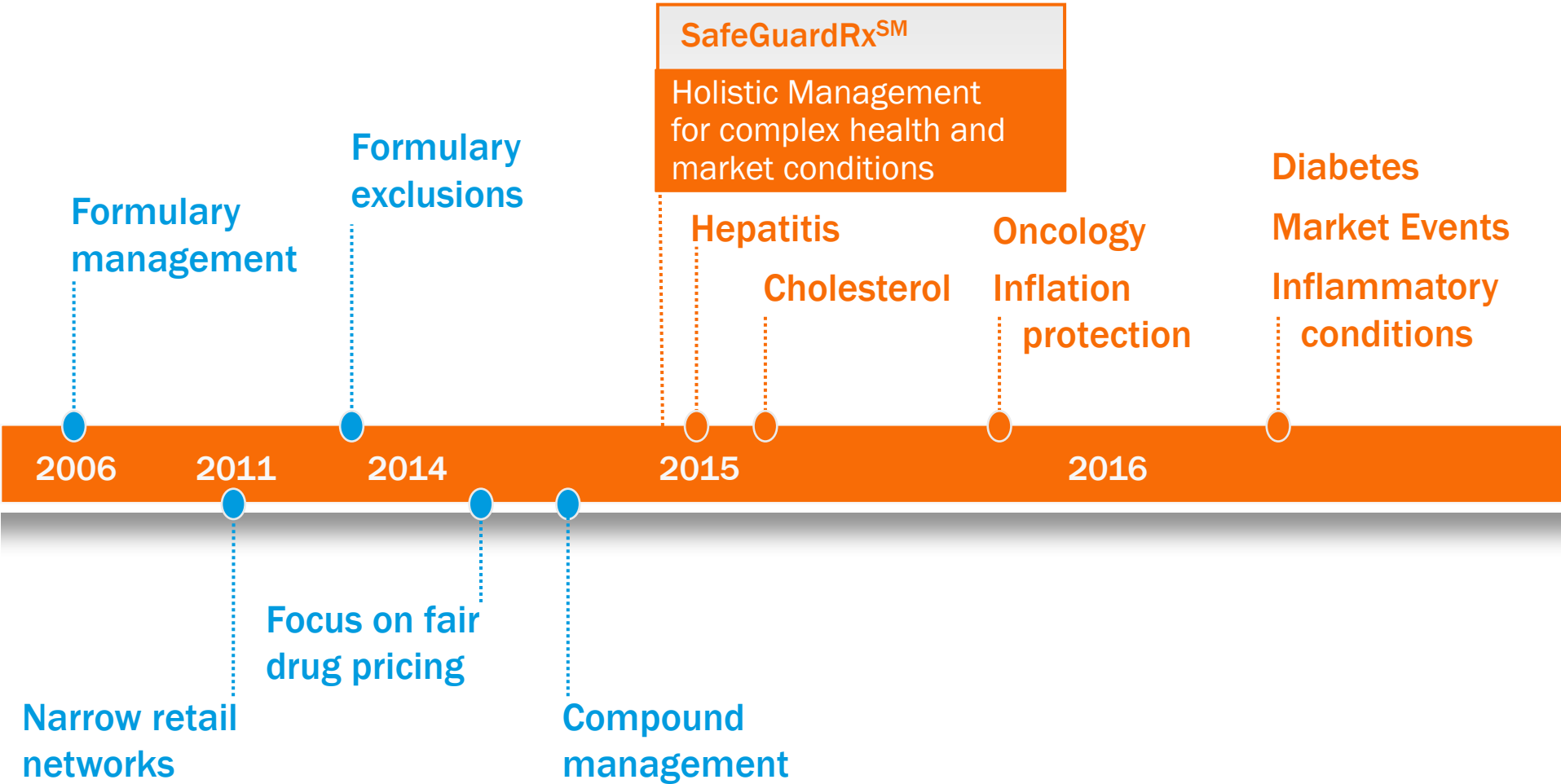


Bold action and innovative solutions helped shape the industry





Bold action and innovative solutions drive care and value

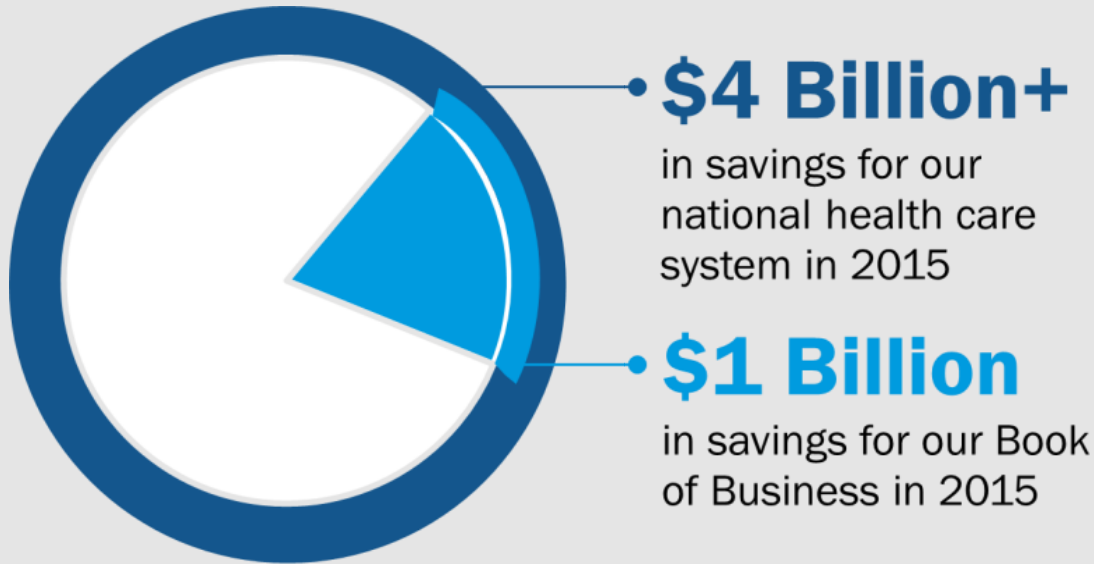


Hepatitis C Care Value Program



Financial impact for you and across the industry

Together we made curative Hepatitis C therapies more affordable, more accessible



Program received **PBMI's Excellence Award** in the Cost Containment category

Express Scripts 2015 data.

Delivering results

- Industry-leading adherence rate
- Risk sharing with adherence guarantee
- All patients have access, not just sickest
- Cured more people with hepatitis C than at any time in history

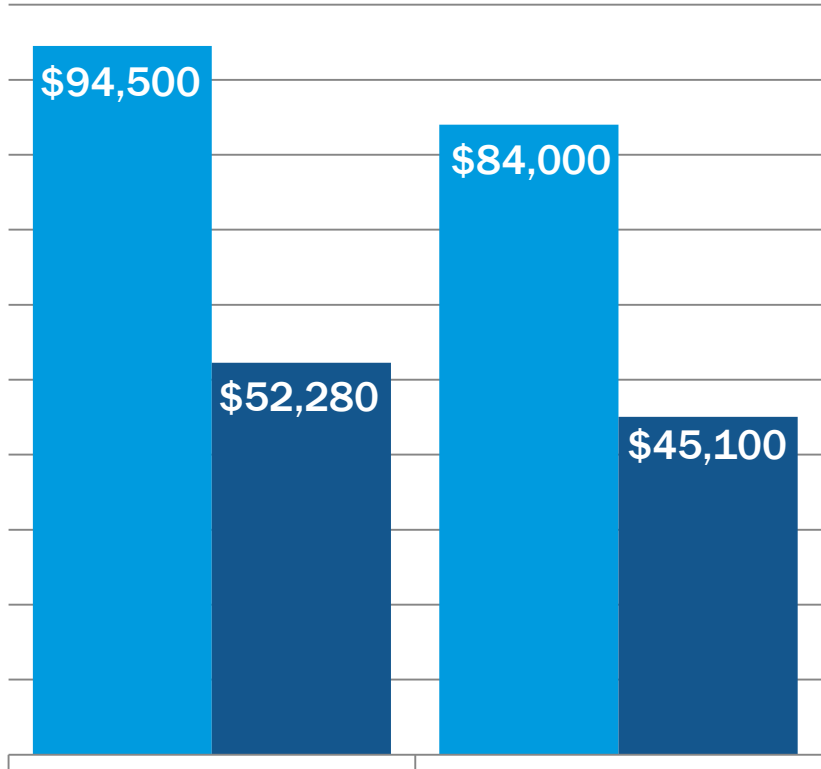
\$1B

**in savings for our
book of business
in 2015**

Paying a fair price for Hep C treatments

Price at U.S. introduction

(Net per course of treatment)



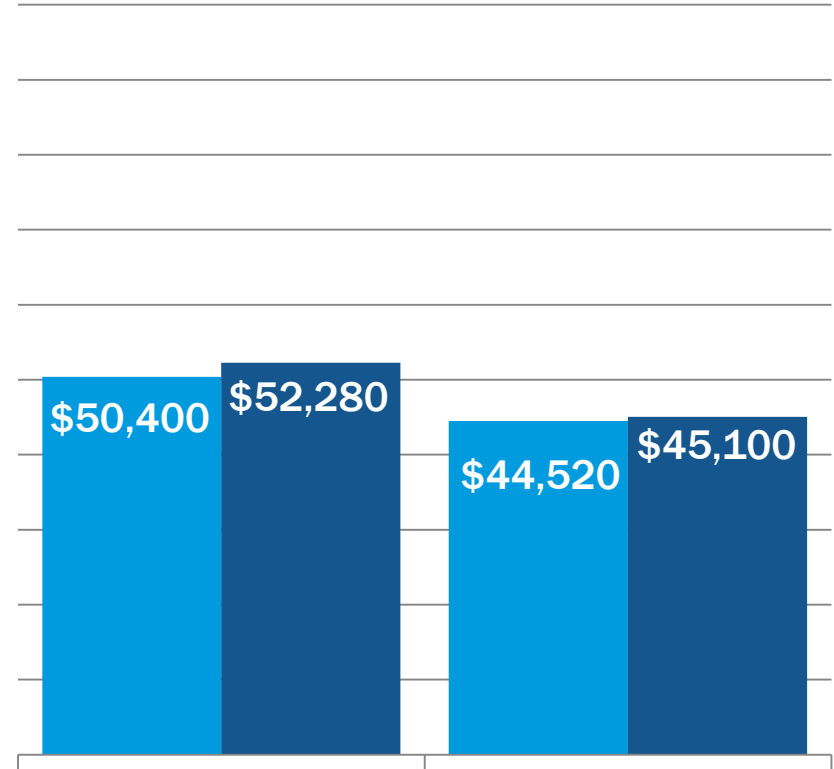
Harvoni

Sovaldi

United States

Price in 2015

(Net per course of treatment)



Harvoni

Sovaldi

EU5 (Avg.)



Source: IMS Institute for Healthcare Informatics July 2016

Adherence is key to success in Hepatitis Cure Value ProgramSM

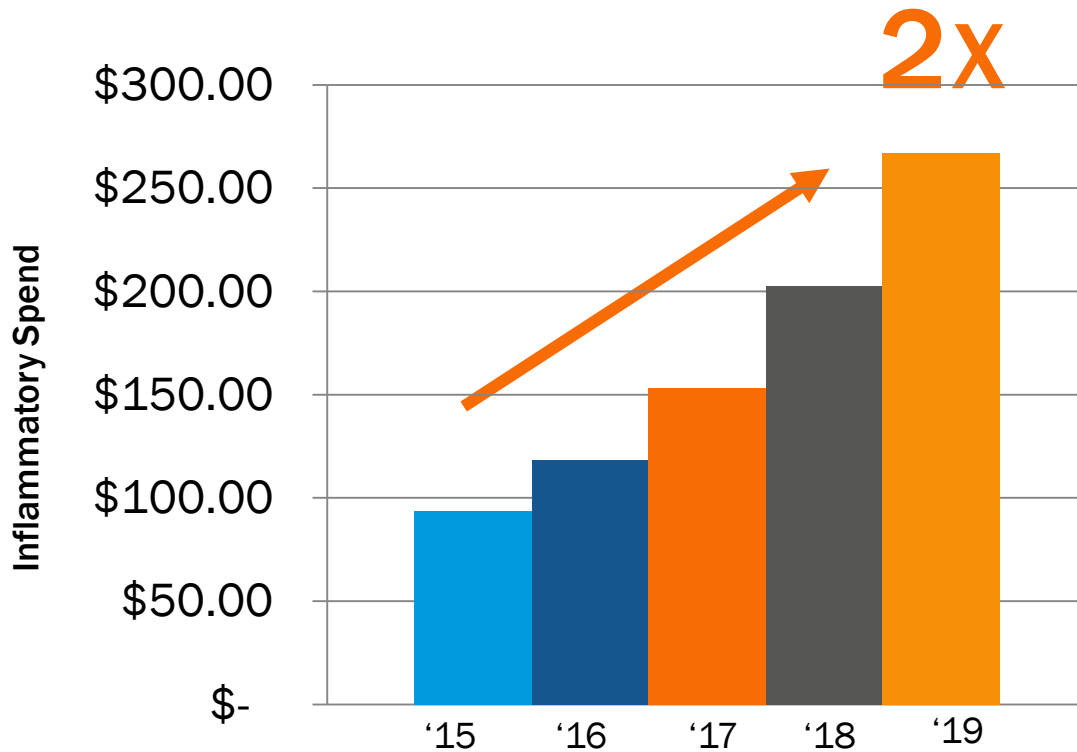
- Exclusive use of Viekira PakTM medication
- Accredo therapy management based on proven hepatitis care
- High-tech, high-touch support
 - Predictive modeling
 - Specialized pharmacist outreach
 - Mobile app



Inflammatory Conditions Care Value Program



Inflammatory conditions: Highest Specialty spend



1. Source: 2016 Drug Trend Report



\$3,587
average cost
per prescription

42% of patients
are nonadherent

A holistic approach to improve care and control cost

- Indication-level management
- Specialized patient care through Inflammatory TRC
- Rigorous clinical documentation
- Early discontinuation reimbursement



Overview: Inflammatory conditions

Family of autoimmune diseases affecting the joints, spine, skin, gastrointestinal system, and internal organs

Prevalence in the U.S.

Rheumatoid Arthritis **1.5 million**

Psoriasis & Psoriatic Arthritis **6.7 million**

Ankylosing Spondylitis **0.5 million**

Inflammatory Bowel Disease **~1.3 million**

- Crohn's Disease
- Ulcerative Colitis



Segmenting the market to drive competition, value and best patient outcomes

Rheumatoid Arthritis-Like				Dermatological	GI	
Rheumatoid Arthritis	Ankylosing Spondylitis	Psoriatic Arthritis	Juvenile Idiopathic Arthritis	Psoriasis	Crohn's Disease	Ulcerative Colitis
1.5M	0.5M	0.6M	0.3M	7.5M	0.7M	0.7M
Humira Enbrel Xeljanz Orencia Remicade Cimzia Simponi Actemra Kineret Rituxan Simponi Aria	Humira Cimzia Enbrel Simponi Remicade	Humira Otezla Remicade Cimzia Enbrel Simponi Stelara	Humira Enbrel Actemra IV Orencia IV Remicade Kineret	Humira Otezla Enbrel Cosentyx Stelara Taltz Remicade	Humira Cimzia Remicade	Humira Simponi Remicade
— IN THE PIPELINE —						
adalimumab baricitinib etanercept inflectra sarilumab	Cosentyx etanercept Inflectra	brodalumab Cosentyx etanercept inflectra Taltz	N/A	adalimumab brodalumab etanercept inflectra sarilumab	inflectra Stelara IV	Xeljanz inflectra

Abundant treatment options create opportunity

Abundant treatment options – and growing

Rheumatoid Arthritis-Like				Dermatological	Gastrointestinal	
Rheumatoid Arthritis	Ankylosing Spondylitis	Psoriatic Arthritis	Juvenile Idiopathic Arthritis	Psoriasis	Crohn's Disease	Ulcerative Colitis
1.5M	0.5M	0.6M	0.3M	7.5M	0.7M	0.7M
Humira Enbrel Xeljanz Orencia Remicade Cimzia Simponi Actemra Kineret Rituxan Simponi Aria	Humira Cimzia Enbrel Simponi Remicade Cosentyx	Humira Otezla Remicade Cimzia Enbrel Simponi Stelara Cosentyx	Humira Enbrel Actemra IV Orencia IV Remicade Kineret	Humira Otezla Enbrel Cosentyx Stelara Taltz Remicade	Humira Cimzia Remicade	Humira Simponi Remicade
— IN THE PIPELINE —						
adalimumab baricitinib etanercept Inflectra sarilumab	etanercept Inflectra	brodalumab etanercept Inflectra Taltz	N/A	adalimumab brodalumab etanercept Inflectra sarilumab	Inflectra Stelara IV	Xeljanz Inflectra

Biosimilars and new drugs will enable competition

- Rheumatoid arthritis
- Psoriasis & psoriatic arthritis
- Ankylosing spondylitis
- Crohn's disease & ulcerative colitis



Negotiation and indication-based pricing drive value

Program Breakdown



- Segments therapy by indication
- Enables greater price competition
- Provides patients specialized care through Accredo Specialty Pharmacy

COMPONENTS



Indication-level management



Early discontinuation reimbursement for up to the first three fills (30-day)



Exclusive Accredo delivers enhanced patient support with Inflammatory TRC



Ensuring the best therapy option with rigorous clinical documentation

Program components

Segments therapies by indication to reduce costs, while providing specialized care



Indication-level management

Refines **utilization of drugs by indication** — providing greater cost control and establishes the **foundation for biosimilars**



Early discontinuation reimbursement

\$2,000 per 30-day prescription up to the first three fills of preferred medications with a **maximum of \$6,000** per patient per drug



Exclusive Accredo

Offers support from our Inflammatory Therapeutic Resource Center (TRC), delivering enhanced care and **8% higher adherence*** to their therapy at Accredo over retail



Extensive clinical documentation

Ensures the **right therapy** option is filled and patients get the medications that they need

\$30,000 average savings for a 10,000-life plan

*Optimal adherence is defined at 80% or more

How indication-level management works

Medication change only impacts new-to-therapy patients

		Rheumatoid Arthritis-Like				Dermatologica I	Gastrointestinal	
		Rheumatoid Arthritis	Ankylosing Spondylitis	Juvenile Idiopathic Arthritis	Psoriatic Arthritis	Psoriasis	Crohn's Disease	Ulcerative Colitis
Preferred*	Actemra ¹	Enbrel	Enbrel	Enbrel	Enbrel	Humira	Humira	Humira
	Enbrel	Humira	Humira	Humira	Humira	Otezla		
Non-Preferred*	Humira	Cosentyx			Stelara	Stelara		
	Xeljanz				Cosentyx	Cosentyx		
	Cimzia ²	Cimzia ²		Cimzia ²	Enbrel	Enbrel	Cimzia ²	Simponi
	Kineret ²	Simponi		Simponi	Taltz ²			100mg
	Orencia ²	50mg ²		50mg ²				
	Simponi 50mg ²			Otezla				

*Preferred and Non-Preferred are NPF and Basic Formulary. High-performance formulary may be more restricted or may differ.

¹ Subject to change. ² NPF exclusion.

Early discontinuation reimbursement

ON AVERAGE,
**21 - 36% OF PATIENTS
DISCONTINUED TREATMENT
WITHIN THE FIRST 90-DAYS**



\$3,036

average cost per prescription¹



Early discontinuation reimbursement
up to **\$2,000**
per 30-day prescription
for first three fills
of preferred inflammatory medications
when patient is new-to-therapy

Reimbursing with patients fall off therapy

Clients receive an early discontinuation reimbursement for:

1. Preferred inflammatory medications
2. If patient is new-to-therapy
3. Up to the first three fills of Rx

UP TO \$2,000 PER 30-DAY PRESCRIPTION

How to calculate client payout:

Patient	Number of Fills	Client Payout
Bobby	1 - 30-day fill	\$2,000
Susan	2 - 30-day fills	\$4,000
Shelly	3 - 30-day fills	\$6,000
Rick	1 - 90-day fill	\$6,000

TRC impact on inflammatory members

Inflammatory TRC Patient Consultation Support

Initial Patient
Call

Patient Ongoing
Counseling

Patient Therapy
Confirmation

Thorough gap-in-care
intervention outreach



Proactive therapy-
effectiveness assessments



Extensive patient
training & education



8% greater
adherence



Activities of Daily Living
screenings



Copay
assistance



**All patients will fill inflammatory condition prescriptions
exclusively through Accredo Specialty Pharmacy**

Optimal adherence is defined as 80% or more

Clinical documentation: Protecting your plan



Added rigor to our standard clinical review process:

- Leverage clinical documentation to manage validation of indication within the exception criteria as appropriate.
- We collect and evaluate the documentation
 - Medical chart notes
 - Rx drug history
- We apply robust criteria based on P&T guidance, aligned with FDA-approved indications



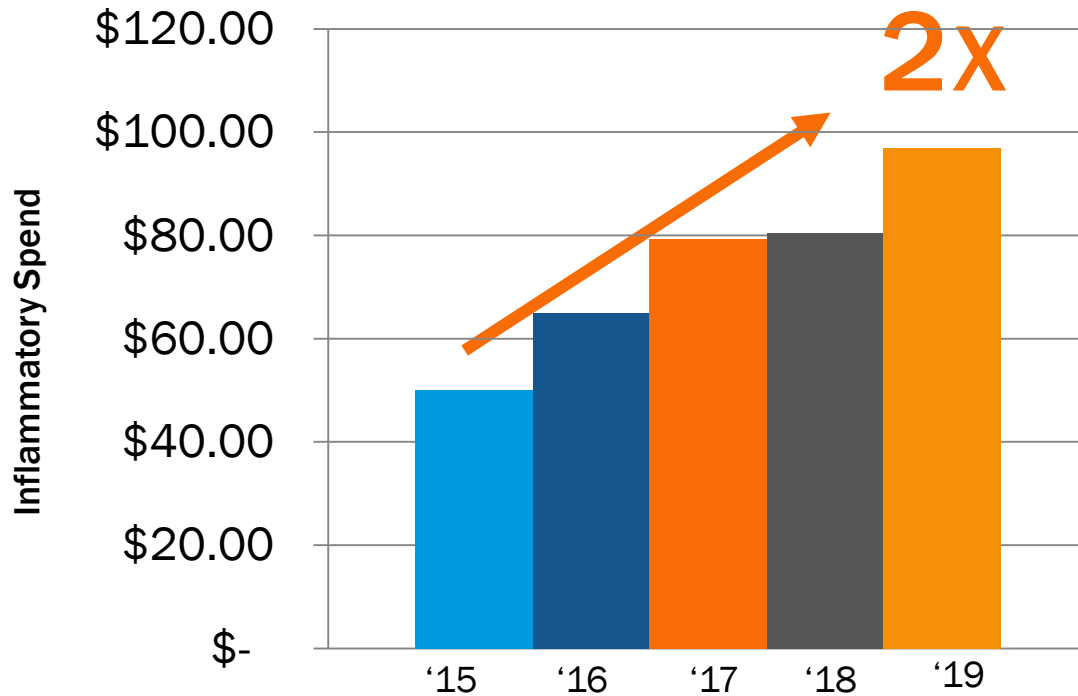
**Express Scripts uniquely
balances care and cost**

All information is subject to change. Express Scripts reserves the right to exclude medication based on pharma contracting.

Oncology Care Value Program



Oncology cost continues to rise



1. Source: 2016 Drug Trend Report



Cost drivers

- More patients
- More chronic therapy
- Expensive drugs
- Combination therapy

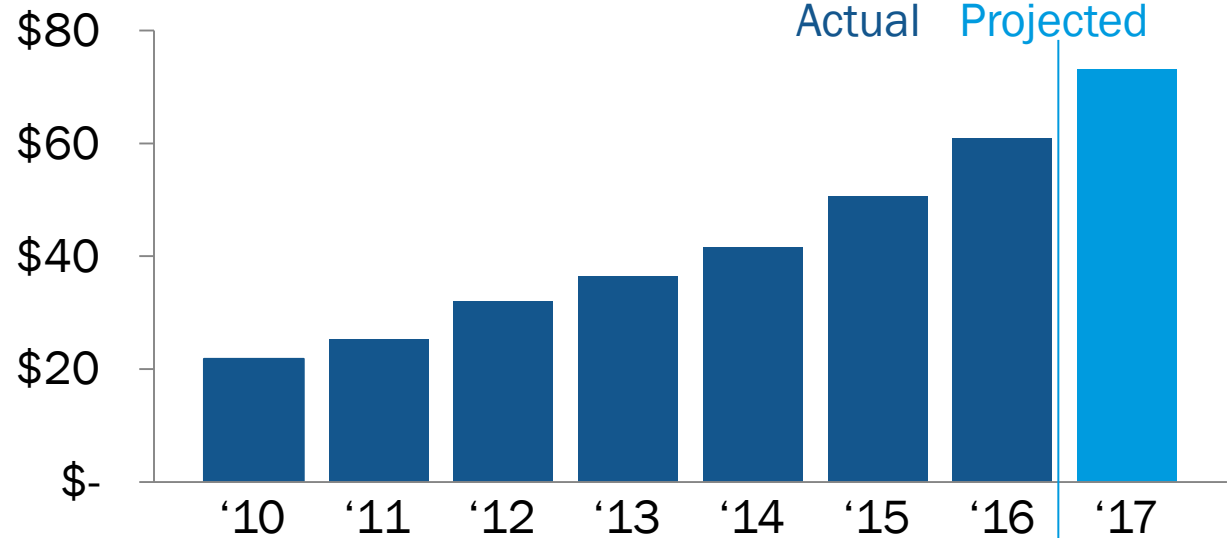
Oncology spend impact

Management Solution Needed to Control Rising Costs

770+

oncology drugs in
the development
pipeline

Oncology PMPY (Pharmacy Billed)



Cancer treatment statistics

35%

of treatment plans deviate from evidence-based guidelines

45%

of patients do not comply with or complete prescribed treatments

75%

drug trend over five years

Cancer: Cost of care will continue to rise

- More patients
- More chronic therapy
- Increasingly expensive drugs
- Combination therapy



Cost for a course
of treatment:
\$178,000

Clinical considerations first

Medications are priced according to efficacy

BASED ON INDUSTRY THOUGHT LEADERSHIP



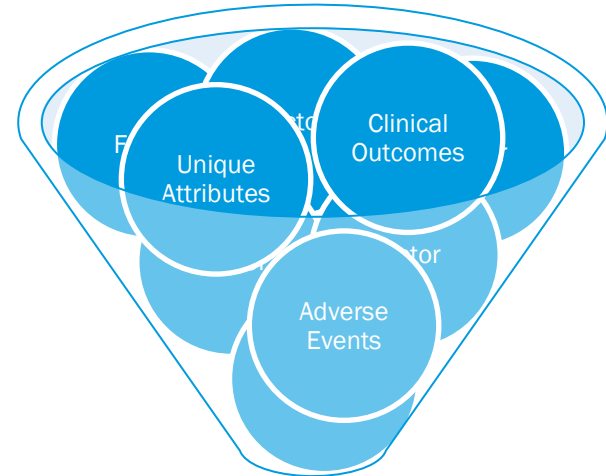
Steve Pearson, MD,
MSc, FRCP
President of Institute for Clinical
and Economic Review



Peter Bach, MD
Director, Memorial Sloan Kettering's
Center for Health Policy & Outcomes



MULTIPLE FACTORS CONSIDERED



**INDEPENDENT
FEEDBACK ON COST
BASED ON EFFICACY**

FAIR DRUG PRICING

Demanding what patients **DESERVE** – The **BEST** care at a **BETTER** price

Managed supply chain aligns cost and efficacy

- Appropriate pricing by cancer type
- Exclusive coverage for participating manufacturers
- Early discontinuation reimbursement
- Point-of-sale discount on select medications



Oncology Therapeutic Resource Center[®]: Specialized pharmacists provide expert care

Deep clinical knowledge

Breast/
ovarian
cancer

GI/GU
cancer

Hematologic
disorders

Pediatric
cancers

Lung
cancer



- Physician outreach and clinical support
- Holistic approach to patient care
- Higher adherence
- Reduced waste

Oncology Care Value ProgramSM

Accountability	<ul style="list-style-type: none">• Collaborate on appropriate price by indication• Exclusive coverage for manufacturers participating at indication level
Care	<ul style="list-style-type: none">• Specialized care with Oncology Therapeutic Resource Center• Exclusive Accredo management for oncology medication fills through the pharmacy benefit
Value	<ul style="list-style-type: none">• Improved patient health outcomes• Point-of-sale discount on select oncology medications• Early discontinuation reimbursement• Automatic updates with program enhancements

Greater ability to align cost with efficacy

Cholesterol Care Value Program



PCSK9 inhibitors: Welcome breakthrough, unwelcome price



> \$14,000
per year



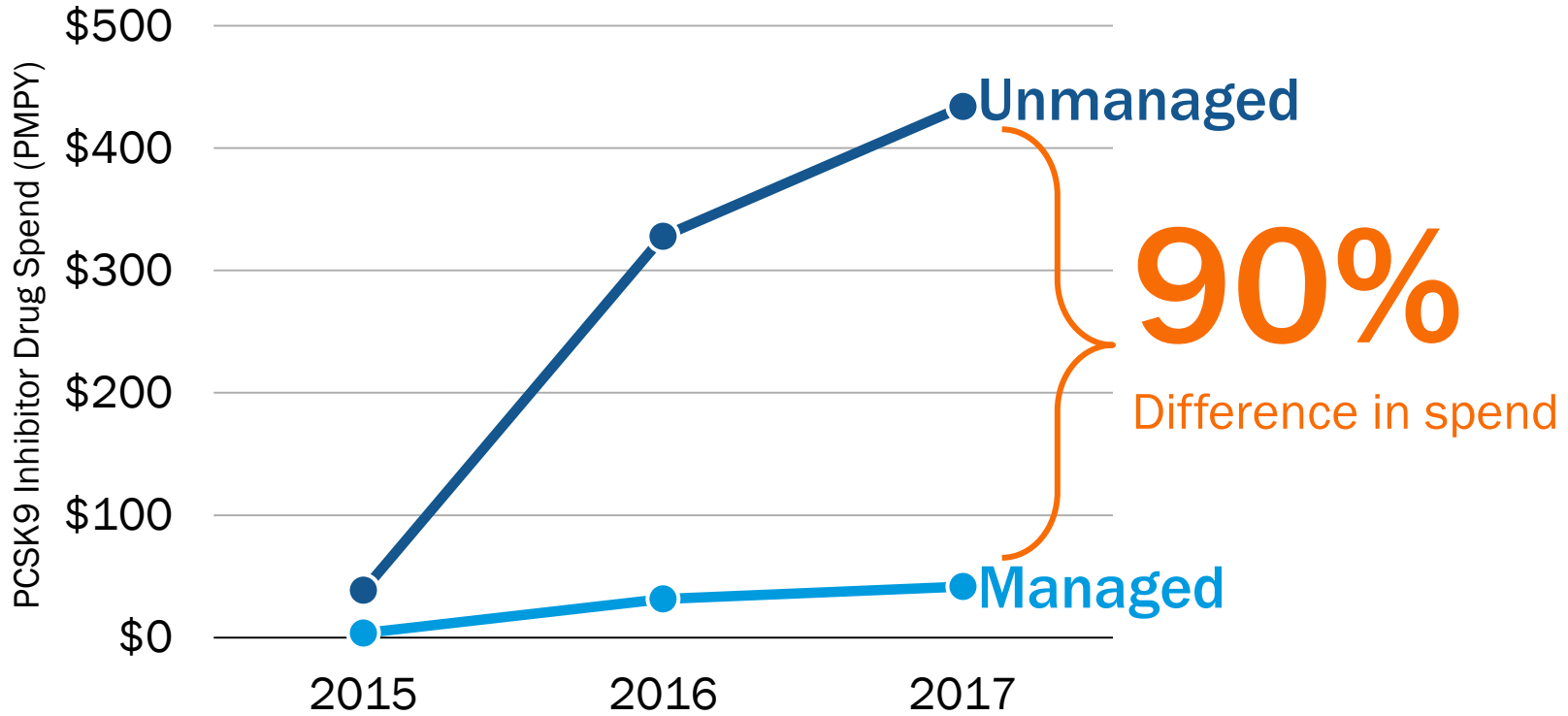
Transforming how cholesterol is managed

- Self-injected antibody
- No identified drug interactions
- Fewer side effects than statins
- Effective in lowering LDL cholesterol
- Branded specialty medications vs. low-cost generic oral solids
- Target population: 8-10 million Americans

Still to come: Cardiovascular health outcomes



Cholesterol care requires a right patient, right drug approach



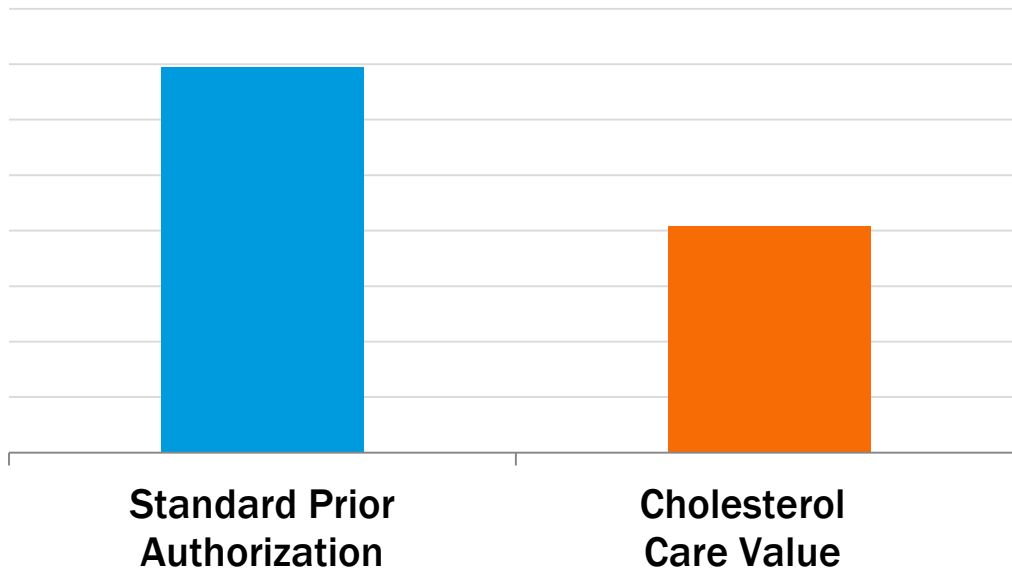
PROJECTED POPULATION UTILIZATION

Unmanaged	Projected Population	Managed		
		2015	2016	2017
3.4%	1.3%	0.15%	0.25%	0.4%

Projected utilization based on Express Scripts Book of Business data. All information is subject to change.

Preventing waste while ensuring member care

Plan Cost PMPM



Client's spending is **REDUCED 40%** compared to managing through a standard PA

