



The Care Management Role of PBMs in Value Based Reimbursement Models



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Humana[®]



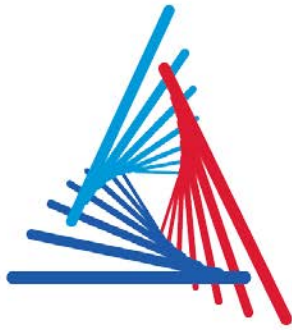
PCMA is Facing Important Issues



PCMA is Facing Important Issues



- ✓ High cost of drugs
- ✓ Specialty drug boom
- ✓ Manufacturer inflation
- ✓ Political battles over drug prices
- ✓ Need for reform
- ✓ Challenges to PBM cost management tools
- ✓ PBM client relationships

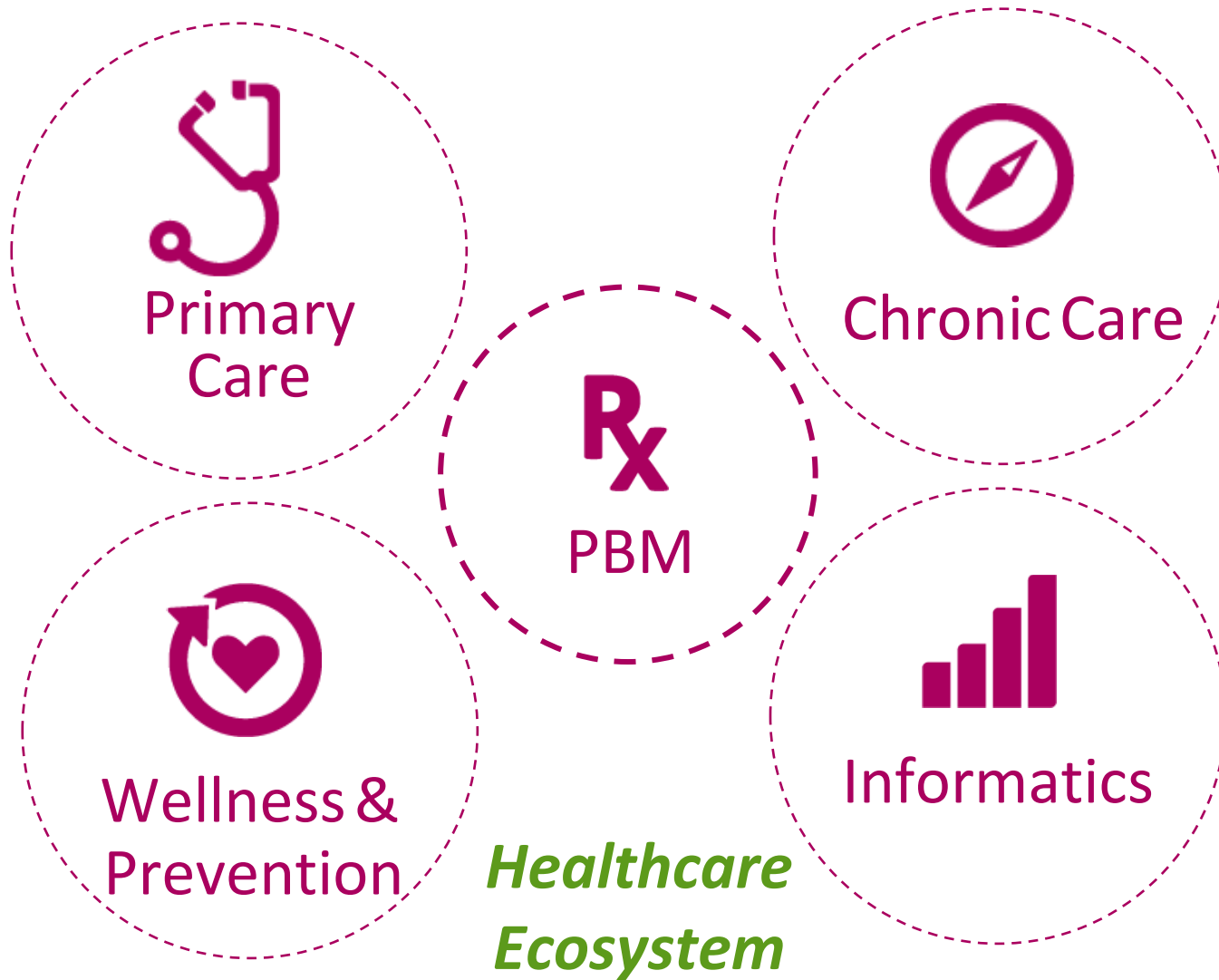


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Management Association



PBM in the Integrated World



Care Management Has Improved Outcomes

| Date | Outcome | Measure |
|-----------|--|-------------------|
| 2002-2012 | Adults >65 yrs. receiving inappropriate prescription medications | 33.7% Reduction |
| 2000-2012 | Rate of Hospitalizations for heart failure | 56% Reduction |
| 2005-2012 | Rate of avoidable hospitalizations for all conditions | 18% Reduction |
| 2003-2006 | Percent of adults >40 yrs. With A1C < 8% | 5.7% Reduction |
| 2002-2012 | Percent of adults with hypertension under control | 22.4% Improvement |
| 1977-2016 | 5 Year colorectal cancer survival | 32% improvement |

Others are Getting More for Less

With most products, significant advances have come with greater value. With healthcare, even small advances come with significant cost.



1975: \$835



**Economy ticket
Chicago to LA**



Now: \$217



1988: \$5,108



Cellular Phone



Now: \$649



1991: \$4,080



Laptop



Now: \$999



2007: \$13,961



**Commercial inpatient
admission**



Now: \$19,614



2008: \$112



**Avg. prescription
Brand drug cost**



Now: \$297



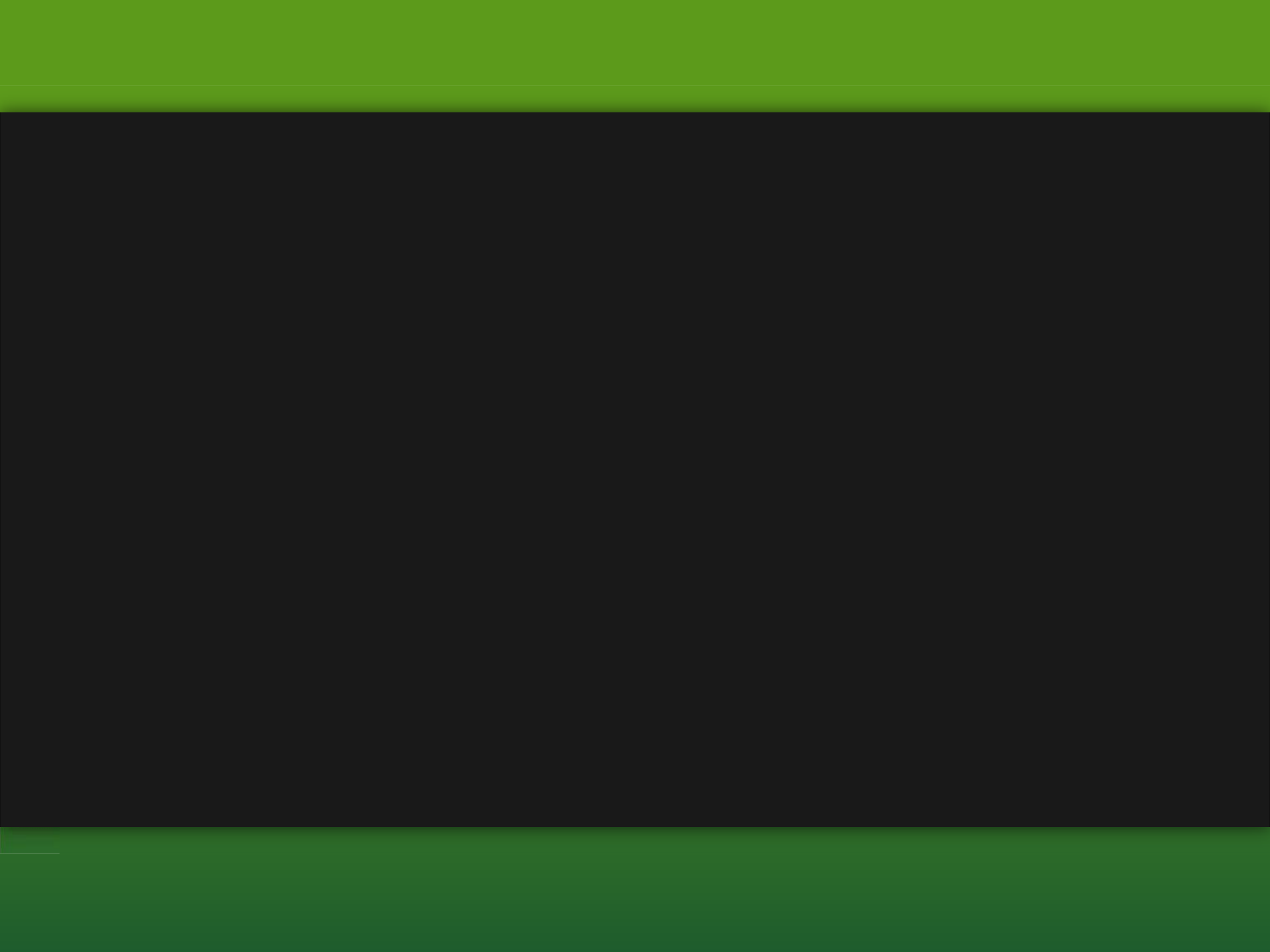
2007: \$13,302



**Health insurance
premiums**

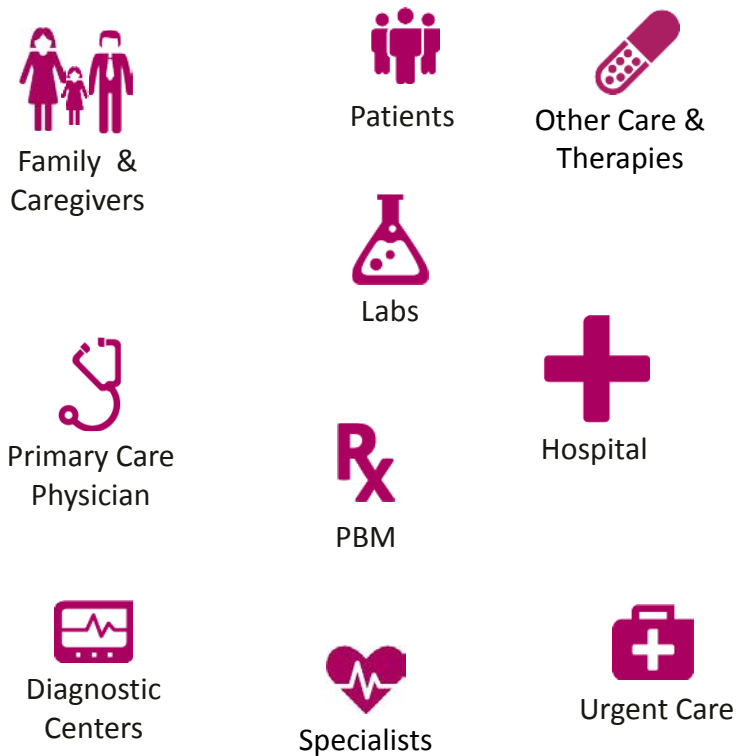


Now: \$18,142



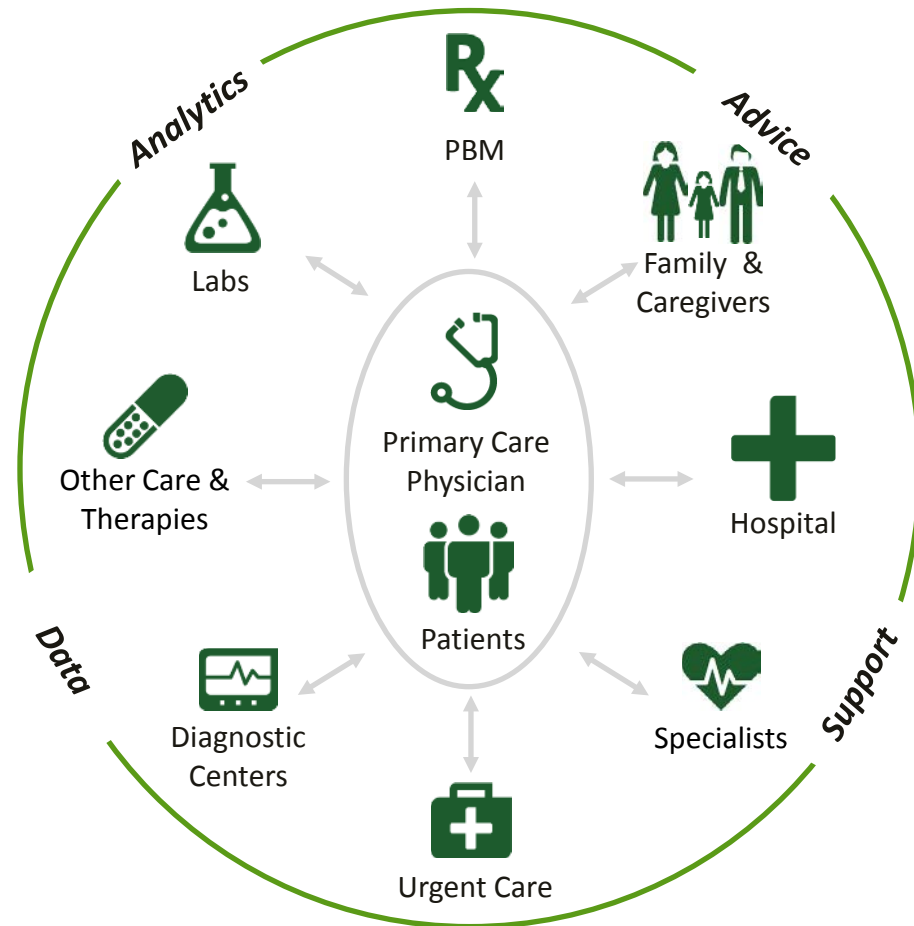
Evolving PBM Model of Care

Traditional Healthcare System



Dis-integrated. Episodic. Conflicted.

Integrated Care Delivery



Individualized. Proactive. Connected



Value Based Payment of Physicians

Quality Performance in Pharmacy



Value Based Contracting

Drug Purchasing

Payments
for drugs at a
contracted rate

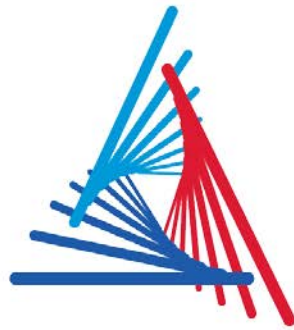
Incentives

Incentive payments
for best outcomes
or cost recoupment
for failed outcomes

Improving Health: Common Ground We Can Partner On



Care Management & Value: Our Focus, Our Future



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- ✓ Manage care
- ✓ Drive health outcomes
- ✓ Prove health outcomes
- ✓ Pay for value