



***The Educational Services Commission
of New Jersey***

Educational Services Commission of NJ Pharmacy Savings

Fiscal Year 2017 Health Benefit Savings	\$1,139,913.85
Fiscal Year 2018 Health Benefit Savings (thru April)	\$1,042,269.26
Annual ESCNJ Pharmacy Rebates earned under SynchronyRx	\$320,241.04
Total Health Benefit Savings	\$2,182,183.11



Agenda

- Introductions
- Who is ARMSRx?
- PBM marketplace... what's happening?
- SynchronyRx Program Differentiators
- Pharmacogenetics
- “Carving Out” advantages
- A “Patient-centered” Healthcare Model
- Implementation Project Plan Overview
- ECSNJ – Annual Savings with SynchronyRx

ARMSRx

ARMSRx has a team of pharmacy benefit experts specializing in:

- Rx RFP's
- Audits and Negotiation exposing undisclosed pricing methodologies and ambiguous contract language
- Forecasting market changes- employing new cutting edge strategies to compete with the latest options available

Introduction



Jennifer Wilson:

- Managed Care and Self-funded healthcare; Space Founder/CEO of ARMS, Inc. (1991). Started Pharmacy Focus (1995). Founded ARMSRx Pharmacy Benefit Consulting Firm (2004)
- Developed the first fully insured prescription Rx carve out plan
- Partner for the largest independent pharmacy benefit consulting firm in U.S.
- Past Shareholder of PBM and Specialty pharmacy (ESI Acquired)
- Focus-Creative positioning of the pharmacy benefit to save on pharmacy costs to improve profitability
- In tune with cutting edge industry changes and solutions to ensure clients are up to date, having worthy options for cost savings and pharmacy management

ARMSRx Types of Clients



Healthcare

- Managed care organizations
- Health plans/Hospitals
- Insurance Companies

Middle Market

- 340B initiatives
- Self-funded employers
- Broker marketplace
- TPA's

Vendors

- Specialty pharmacies
- PBMs - organically built and established
- Pharmacy Chains



ARMSR_x
PHARMACY BENEFIT CONSULTANTS

**We are the
Back-Room
Pharmacy
Experts**



PBM Marketplace



- Most Americans fills Generics at a rate of 86.2%
- From the January 2008 base price of \$100, Dec 2017 prices for most commonly prescribed brand drugs increased 232% to \$332.33; generics declined by 78.1% to \$21.91
- Drug spend for specialty drugs is 40.8% of total pharmacy spend for commercial plans
- Diabetes, autoimmune, hepatitis, and oncology drive spending
- 2017 saw record low drug trend for commercial plans, increasing only 1.5%

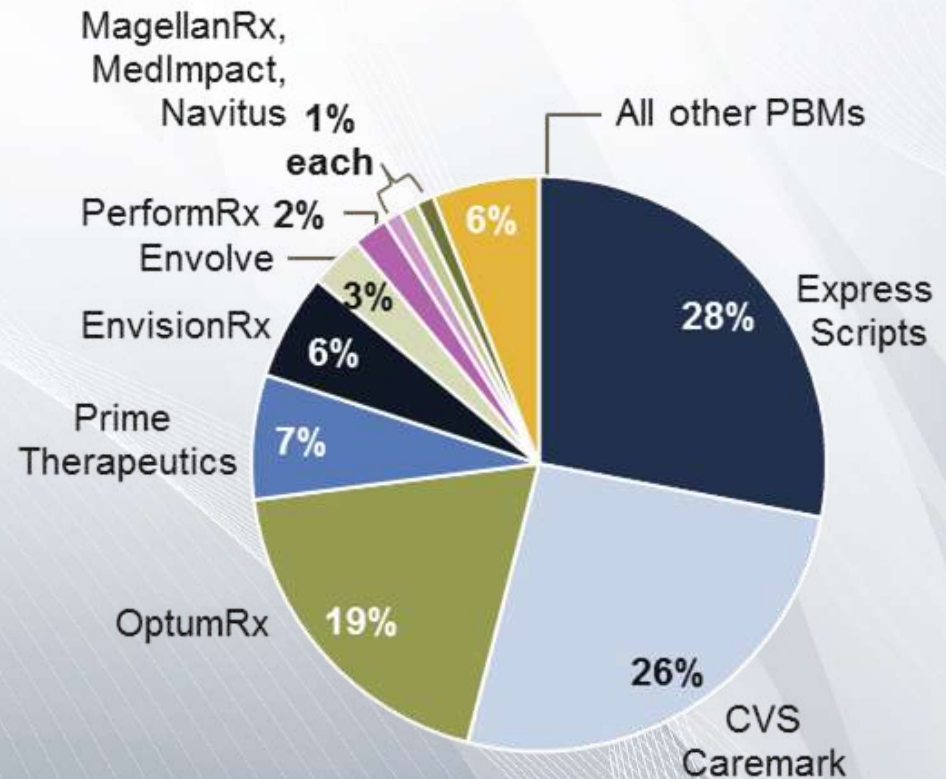
ESI Drug Trend Report

PBM Business Models Are Changing

- ❑ Stand alone
- ❑ Integrated vertical
- ❑ Health Plan integration
- ❑ Transparent
- ❑ Considerations:
 - Due diligence
 - Manage bulk of \$\$'s
 - Manage health
 - Fiduciary responsibility
 - What do we want to purchase?
 - Innovation
 - Simplicity
- ❑ Follow the MONEY!

Three Diverse Companies Control PBM Market in 2017

(Percentage share PBM lives)





SynchronyRx Program Differentiators

Offering Expertise

To Provide solutions to manage pharmacy benefits from:

- Escalating costs
- Lack of trust in PBM business models
- Leveraged contracts
- Synchrony Rx offering
- Specialty drug costs and choices
- Analytics
- Audits



The Synchrony CVS Health Advantage

Benefits for Plans:

- Financial value through scale and contracting expertise of Synchrony
- Control and flexibility
- Proven implementation process

Benefits for Plan Members:

- Savings
- Real-time benefits
- Convenience
 - Broad Network
 - Maintenance Choice[®]
 - Coram Home Infusion
 - MinuteClinic[®]
- Advanced tools

Mail pricing at CVS retail for ERISA governed plans. The Maintenance Choice program is available to self-funded employer clients that are subject to ERISA. Non-ERISA plans such as insured health plans, plans for city, state or government employees, and church plans need CVS Caremark Legal's approval prior to offering the Maintenance Choice program. Prices may vary between mail service and CVS Pharmacy due to dispensing factors, such as applicable local or use taxes.

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 **CVS**Health.



Dedicated Account Management, Clinical and support teams

Expert oversight, analytics, modeling and audits

Additional support to reduce HR administrative burden



Timely clinical and strategic support

Drug Genetic Testing options

Choice to Members



Annual market
check

Pricing
improvements each
year

Additional pricing
enhancements
when population
thresholds are met

Financial Advantages



Rebates

Clients receive
aggressive per brand Rx
guarantees

Guarantees

Specific, well-defined rate
guarantee definitions,
including reconciliation
processes and time frame

Implementation Credit

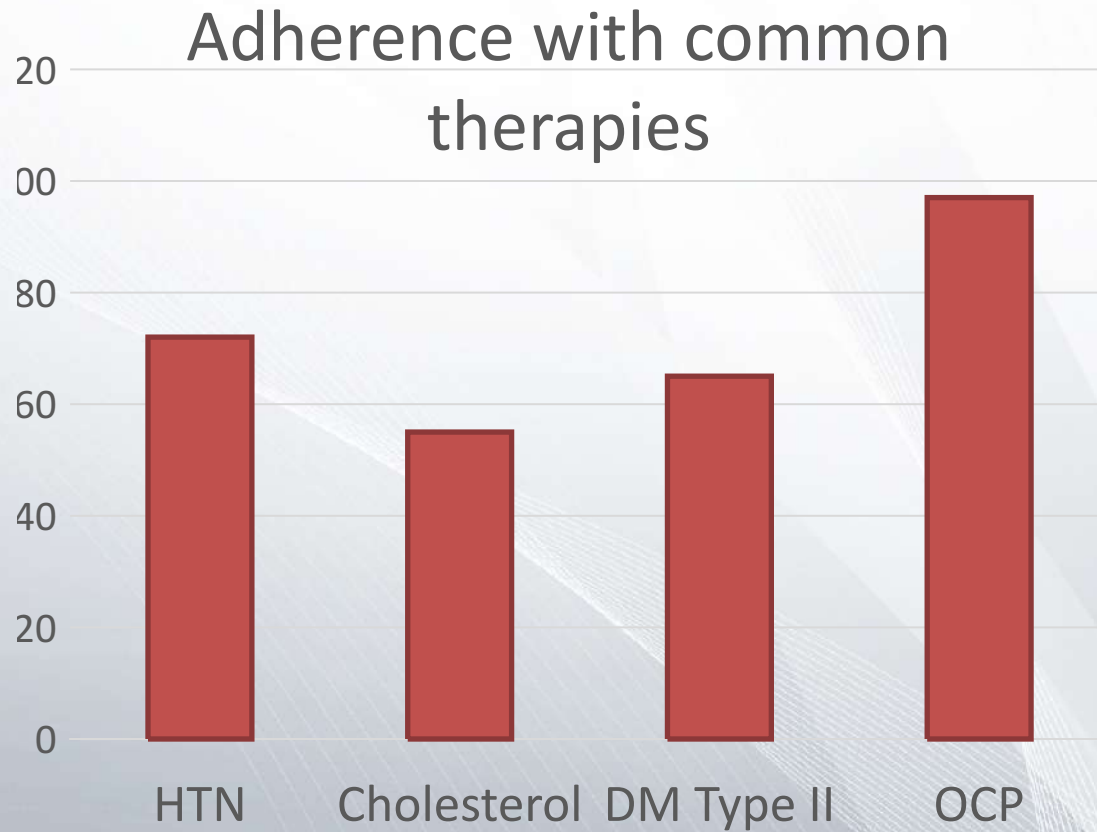
Competitive
Implementation Credit

Data and Analysis

Data & Analysis - Trends in pharmaceutical utilization are spotted quickly and allow for development of effective clinical strategies

- **Ongoing pharmacy claims review** – “mini audits” includes claim pricing, plan design and rebate monitoring
- **Modeling and analysis** – copayments, specialty drugs, administrative and clinical programs, channel distribution
- **Monthly data** - Comprehensive, monthly historical data files retained by Synchrony, available to the client at any time

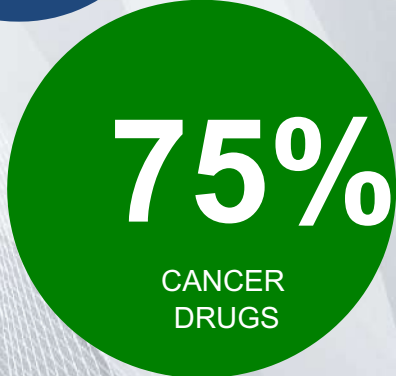
Drug Adherence



Source: BA Briesacher Pharmacotherapy.



% of population for which a particular drug is ineffective





Pharmacogenetics - and the problem

- 40 Million Americans are taking 5+ prescriptions
- 2.3 Million Adverse Drug Reactions (ADRs) per year
- Over 100,000+ deaths due to ADRs (4th leading cause of death)
- 225 prescription medications have FDA biomarker guidance in the Rx insert

Pharmacogenetics offered under Synchrony Rx



- Provides medications best suited for patient, based on their DNA
- Identifies medications to avoid
- Lifetime benefit of genetic blueprint for medications
- Replaces “Trial & Error” method used by physicians
- Rx & OTC medications
- Simple cheek swab

Risk Management – Catastrophic Event

Male Patient was placed on clopidogrel following 1st heart attack and bypass surgery.
Received stent placement in July 2014 following a 2nd heart attack.
Received second stent placement in October 2014 following 3rd heart attack.
From October 2014 to Dec 2014, patient had 2-3 episode of TIA symptoms per week.
PGx testing was performed in early December and revealed very impaired metabolism making clopidogrel (Plavix) ineffective!

July 2014, heart attack #2 hospital	\$16,400
July 2014, stent placement	\$30,000
October 2014 heart attack #3	\$16,400
October 2014, stent placement #2	\$30,000
Oct - Dec 2014	
- 6 ER visits for TIA symptoms @ \$4,300	\$25,800
- 4 EMT home visits w/o hospital transport	\$ 1,350
Cost of ineffective Plavix therapy	\$11,000
Total PREVENTABLE expenses	\$147,350



Reasons for “Carving Out” the Pharmacy Benefit

Why Carve Out the Pharmacy Benefit?

- Plan contracts directly with PBM for prescription drug coverage.
- PBM manages the pharmacy program rather than the health plan.
- Self-funded employer gains visibility and understanding of pharmacy plan performance and associated costs.



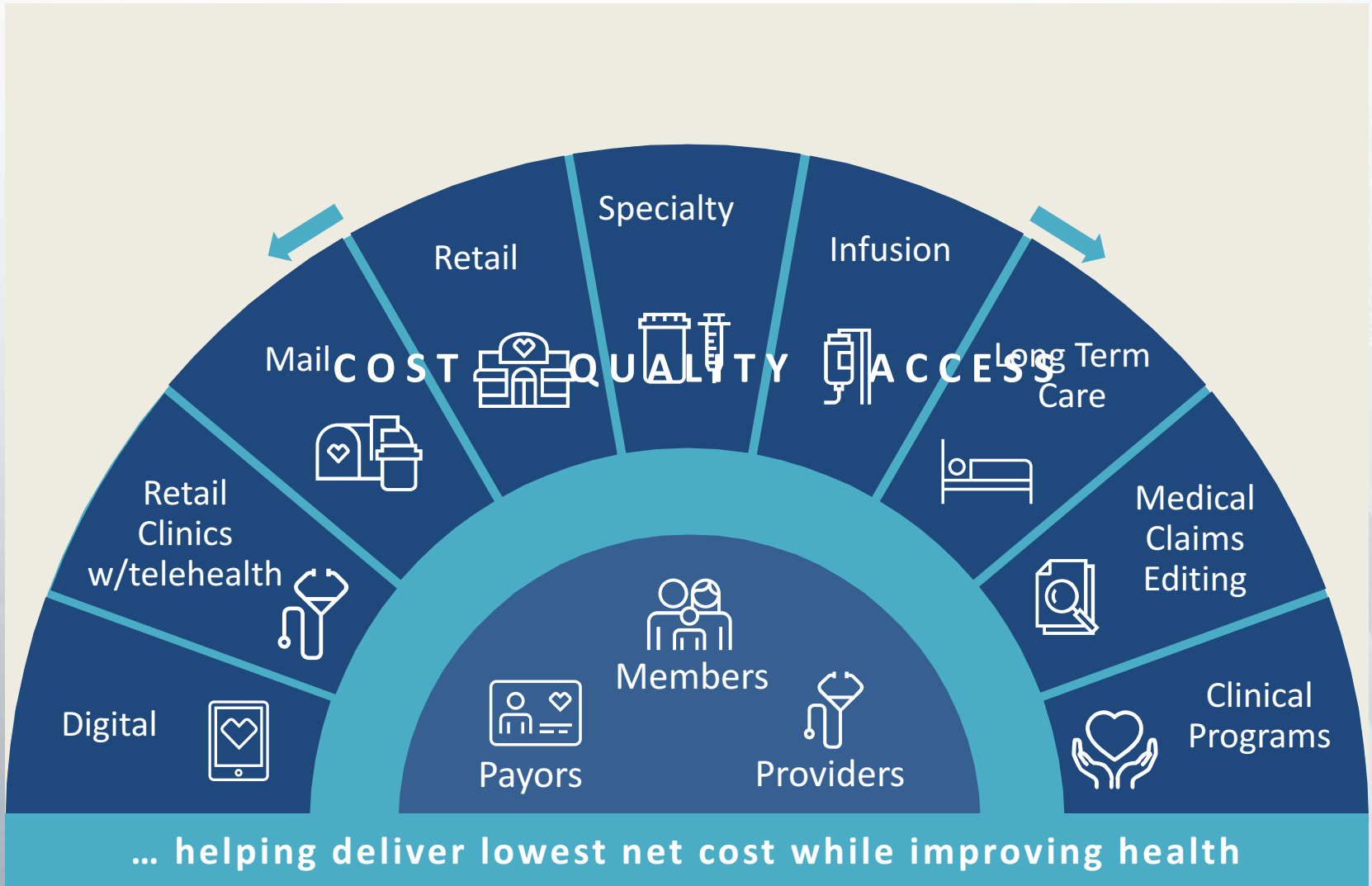
Here is Why to Carve Out

	Carve In	Carve Out
Plan Design	Off-the-shelf	<ul style="list-style-type: none"> ▪ Complete flexibility
Data	Limited availability; Little insight	<ul style="list-style-type: none"> ▪ Reports available monthly ▪ Quarterly and annual reporting ▪ Custom ad hoc
Consultative Trend Management	Limited	<ul style="list-style-type: none"> ▪ Expert pharmacy team ▪ Data drives plan design decisions
Administration	Generalist	<ul style="list-style-type: none"> ▪ Quick, expert issue resolution ▪ Consultation ▪ Overall performance guarantees
Integrated Plan	Is it really integrated?	<ul style="list-style-type: none"> ▪ Connectivity already exists ▪ Will build connectivity



SynchronyRx: A Patient-Centered Healthcare Model

A CONNECTED HEALTH CARE COMPANY
Uniquely Meets Evolving Needs ...



How the CVS Health Model Will Help Address Market Dynamics, Support and Advance Your Strategies



Containing Costs

Through our size and scale and versatile cost management solutions we've been able to keep client costs to similar, low increases year over year.

1.9%
2017 Trend¹



Connecting Care

We connect with providers with real-time information to ensure more informed decision-making and coordinated care, leading to lower costs and a better member experience.

~90%
Ability to connect to 90%
of EHRs in U.S.²



Engaging Members

Our model unites the most touchpoints – including face to face – to help influence smarter choices that lead to improved adherence and lower costs.

140M
face-to-face pharmacist
interactions each year¹

EHR (Electronic health record).

1. CVS Health Enterprise Analytics, 2017. 2. www.epic.com, 2017. CVS Health uses and shares data as allowed by applicable law, and by our agreements and our information firewall.

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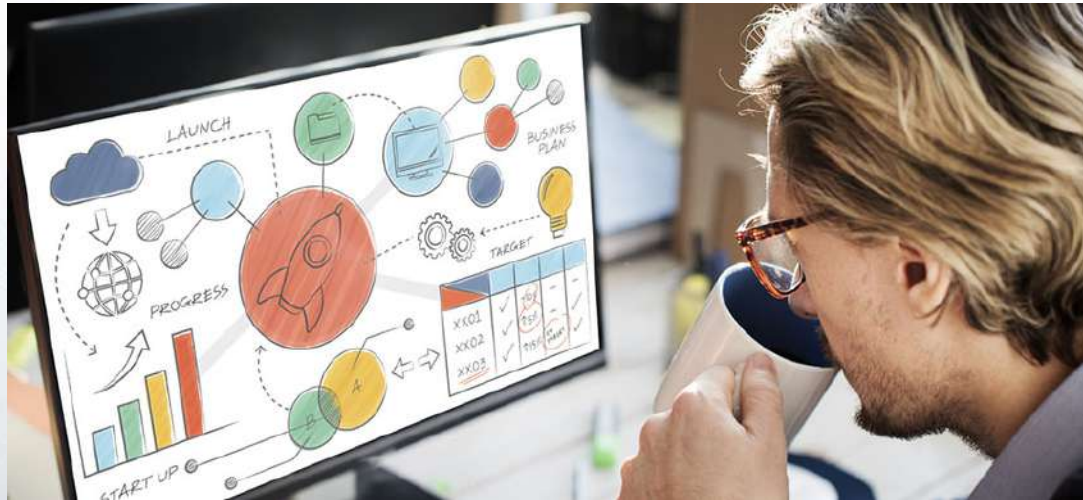
 **CVS**Health.

Cost Containment Demands Size, Scale and Innovative Solutions

COST DRIVERS	High-Cost Brand Drugs	Specialty Billed Under Medical Benefit	Network Redundancy Costs	High-Cost Sites of Care	Opioid Epidemic
SOLUTIONS	Formulary strategies, including indication based	Medical benefit management, including Coram infusion services	Performance-based networks	MinuteClinic	Opioid strategy and fraud, waste and abuse solutions
RESULTS	\$19.47 PMPM savings	Up to 16% savings ⁶	4% savings	8.3% savings	\$2K average savings per member

PMPM (Per member per month). Unless otherwise noted, savings projection from CVS Health Enterprise Analytics, 2017. 1. CVS Health Enterprise Analytics, 2018. 2. CVS Enterprise Analytics, 2016. "Medicines Use and Spending in the U.S." IMS, April 2016; 3. <https://www.onbc.com/2017/05/04/us-prescription-drug-spending-as-high-as-810-billion-by-2021-report.html>. 4. "Comparing Costs and Quality of Care at Retail Clinics With That of Other Medical Settings for 3 Common Illnesses," *Annals of Internal Medicine*, August, 2009, N = 2,100 care episodes (700 of each) compared across venues. 5. The Economic Burden of Prescription Opioid Overdose, Abuse, and Dependence in the United States, 2013. Florence, Curtis S. PhD; Zhou, Chao PhD; Luo, Feijun PhD; Xu, Likang MD *Medical Care*: October 2016 - Volume 54 - Issue 10 - p 901-906. 6. CVS Specialty Book of Business commercial NovoLogix experience and modeling 2015-2016. Percentage savings based on medical pharmacy spend. Projections based on CVS Caremark data. Individual results will vary based on plan design, formulary status, demographic characteristics and other factors. Client-specific modeling available upon request.

Effectively managing pharmacy



Plan Design

What are you including and excluding? Setting up different formulary options for cost containment.

Advantageous

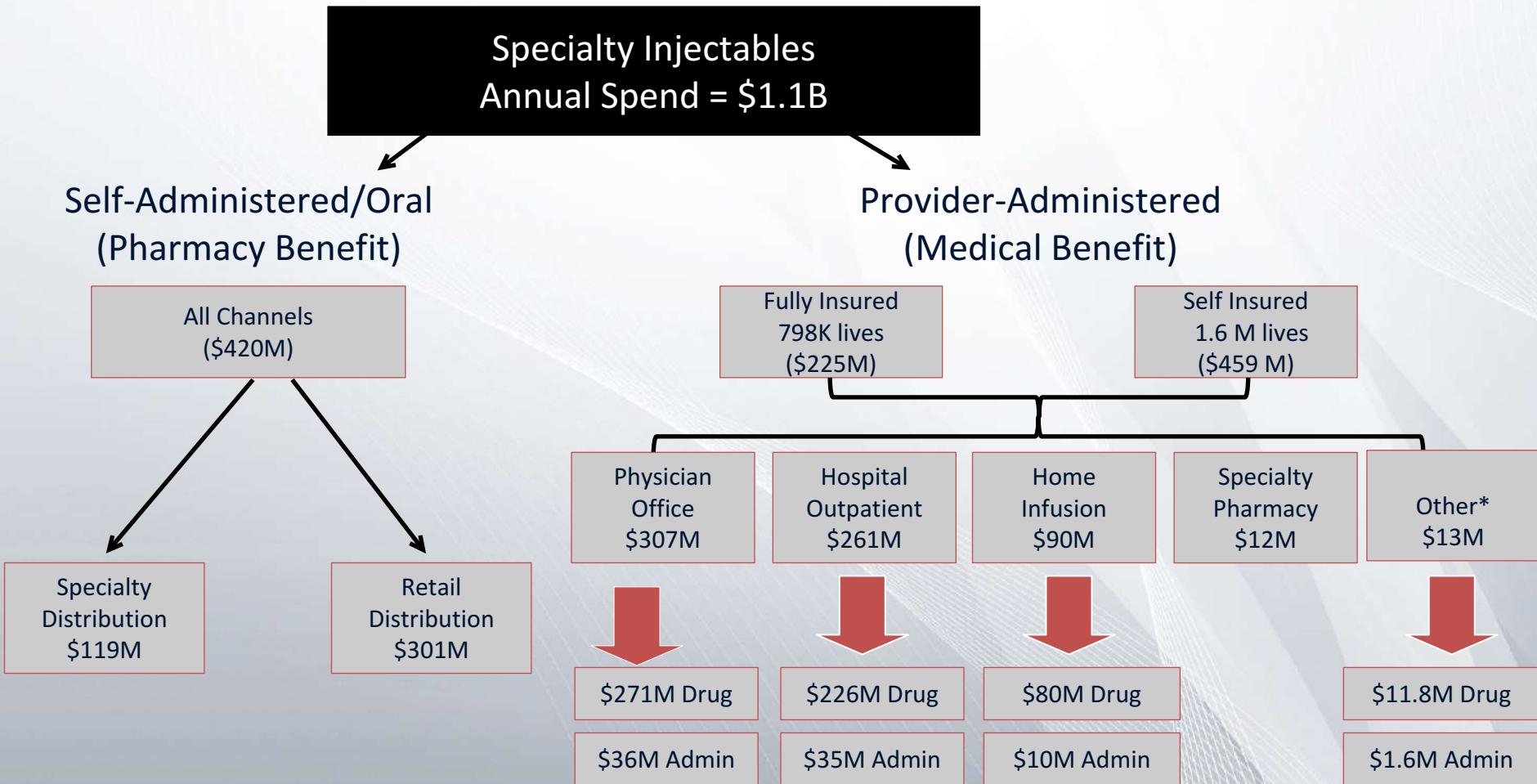
Copays, deductibles, OOP limits, lesser of copay logic, the greater of rebates, etc.

Changing how it is done

Specialty pharmacy site of care. Where are these costly drugs administered?

Site of Care for Specialty Drugs

\$1B on a 2.4M member commercial plan



*Clinics and ESRD facilities

Source: 2014 BCBS Plan

The Right Network Strategy Begins With Understanding Your Prescription Distribution

IN GENERAL, PRESCRIPTION SPEND IS COMPRISED OF:¹

70%

**maintenance
medications**



30%

**acute
medications**

**Maximize savings by implementing a comprehensive approach
that considers your plan's distribution of usage.**

1. 2014 CVS Health book of business.

■ We've Added Even More Convenient Access for Your Members: CVS Pharmacy is Now at Target



**CVS Pharmacy network
has increased by 22%
for a total of nearly
9,500 locations**

**Gives your members
more choice in where
they fill their 30- and
90-day prescriptions**



**Members will receive
the same high-quality
service and support**

**New markets include:
Seattle, Denver,
Portland and
Salt Lake City**



Re-evaluate your pharmacy network strategy to help optimize your savings.

Continuing to Improve Member Access Through New Delivery Options

54%

of U.S. shoppers define "fast shipping" as two days or less

87%

of consumers willing to use technology to avoid lines

75%

of the U.S. population lives within 5 miles of our stores

Multiple Options to Meet Members' Needs

- Nationwide 'on demand' delivery for Maintenance Choice members
- Same-day delivery in select markets (NYC, Boston, Philly, DC, Miami, SF)
- Nationwide 1-2 day delivery



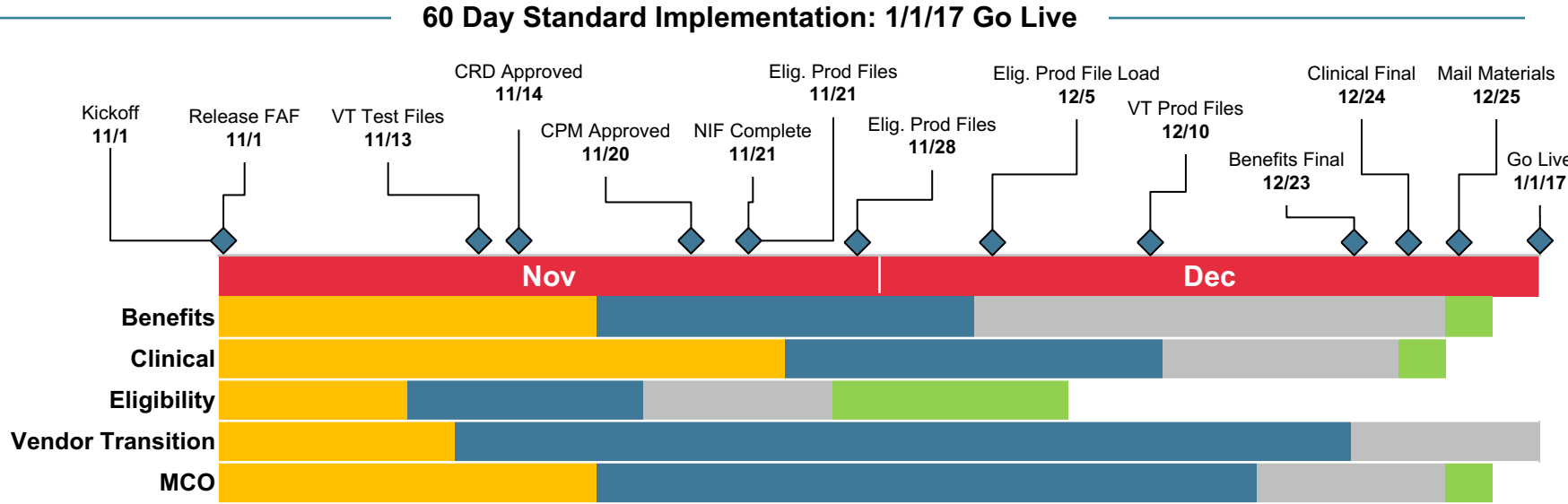
Sources: Deloitte 2017 holiday retail survey; CVS Health. Mail pricing at CVS retail for ERISA governed plans. The Maintenance Choice program is available to self-funded employer clients that are subject to ERISA. Non-ERISA plans such as insured health plans, plans for city, state or government employees, and church plans need CVS Caremark Legal's approval prior to offering the Maintenance Choice program. Prices may vary between mail service and CVS Pharmacy due to dispensing factors, such as applicable local or use taxes.



***New Client Implementation:
Project Plan Overview***

60 Day Plan: Critical Path Overview

The below chart illustrates the key dates of the primary critical path driving tasks, along with the workflow for related functional areas



Key Takeaways

- Although less than half the duration of the standard 132 day implementation, the 60 day implementation project plan retains nearly all of the key milestone tasks
- With limited slack to compensate for potential delays and the uncertainty of custom task durations, nearly all functional areas have indicated that they can only support the most basic and “vanilla” plans – if any – during a 60 day implementation
- In order to promote implementation success, the timely completion of initial intake documentation milestone tasks (i.e. FAF, NIF, CRD, CPM) is critical to avoid “final hour” heroic implementation efforts



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?? Questions ??



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