Purposely Changing our PBM Strategy

HHC / Eskenazi Health

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## Client Profile

<table>
<thead>
<tr>
<th>Health &amp; Hospital Corporation of Marion County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marion County Department of Public Health</td>
</tr>
<tr>
<td>Eskenazi Health</td>
</tr>
<tr>
<td>Indianapolis Emergency Medical Services</td>
</tr>
<tr>
<td>Sandra Eskenazi Mental Health</td>
</tr>
</tbody>
</table>

4,800+ Benefits Eligible Employees
4,100+ covered by Health Plan
10 Pharmacy locations
   Patients / Health Plan participants
   340b Pricing
Self Funded Health Plan
BUCA TPA
BUCA PBM / Specialty Pharmacy
G&A / RxConnection Retained August 2019
Plan Performance

Health Plan Paid Claims

$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$0

Medical
Domestic Rx
Non-Domestic Rx

2018  2019
Plan Performance

Health Plan Paid Claims - PEPM

<table>
<thead>
<tr>
<th>Medical</th>
<th>Domestic Rx</th>
<th>Non-Domestic Rx</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

2018 2019
Objectives

Phase 1 – 2020
- Fully Aligned PBM Strategy
- Steerage to Domestic Pharmacies (Retail / Specialty)
- Improved Formulary
- Waste Management
- Alternative Funding
- Plan Savings Balanced with Member Disruption

Phase 2 – 2021 and Beyond
- Fully Optimize Domestic Utilization
- Ongoing Formulary Management
- Leverage In-House Clinical Expertise
- Patient Engagement / Disease Management
First 100 Days

August 2019 - PBM RFP

Appropriate Drug Utilization

Clinical

Financial

Service

Pricing, Performance and Auditing

Service Support and Patient Engagement

RxConnection
The Link To Optimal Pharmacy Solutions
Non-Essential Meds

### Savings Estimate

<table>
<thead>
<tr>
<th>Type</th>
<th>All Claims</th>
<th>In-House Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims Impacted</td>
<td>1,109</td>
<td>410</td>
</tr>
<tr>
<td>Current Plan Cost</td>
<td>$306,951</td>
<td>$21,306</td>
</tr>
<tr>
<td>Est. Replacement Plan Cost</td>
<td>$68,219</td>
<td>$4,887</td>
</tr>
<tr>
<td>Savings/Rx</td>
<td>$246.06</td>
<td>$47.68</td>
</tr>
<tr>
<td>Member Paid</td>
<td>$35,687</td>
<td>$3,832</td>
</tr>
<tr>
<td><strong>Total Savings Opportunity</strong></td>
<td><strong>$272,876</strong></td>
<td><strong>$19,549</strong></td>
</tr>
</tbody>
</table>

*In-House waste savings small with AWP-81%*

### Top 5 Non-Essential Opportunities

<table>
<thead>
<tr>
<th>#</th>
<th>Plan Cost</th>
<th>Cost per Rx</th>
<th>Total Savings</th>
<th>Drug Name</th>
<th>Alternative</th>
<th>Alt. Cost per Rx</th>
<th>Savings per Rx</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>$27,804</td>
<td>$1,738</td>
<td>$21,408</td>
<td>ABSORICA</td>
<td>Amnesteem</td>
<td>$100</td>
<td>$1,338</td>
</tr>
<tr>
<td>84</td>
<td>$20,621</td>
<td>$245</td>
<td>$19,320</td>
<td>DEXILANT</td>
<td>Omeprazole</td>
<td>$15</td>
<td>$230</td>
</tr>
<tr>
<td>36</td>
<td>$19,518</td>
<td>$542</td>
<td>$19,152</td>
<td>XIIDRA</td>
<td>Artificial Tears</td>
<td>$10</td>
<td>$532</td>
</tr>
<tr>
<td>33</td>
<td>$19,764</td>
<td>$599</td>
<td>$17,787</td>
<td>METFORMIN ER OSM</td>
<td>Metformin ER</td>
<td>$60</td>
<td>$539</td>
</tr>
<tr>
<td>29</td>
<td>$14,591</td>
<td>$503</td>
<td>$14,297</td>
<td>NASCOBAL</td>
<td>Vitamin B-12 Injection</td>
<td>$10</td>
<td>$493</td>
</tr>
</tbody>
</table>

*Note: Absorica, Dexilant, Xiidra, Nascobal all preferred products with Incumbent PBM*
Specialty Alternate Funding

Alternate source funding solutions for high-cost specialty drugs

- Insert administrative step requiring members engage alternate funding solution prior to plan coverage
- PBM provides clinical approval
- “Financial Case Manager” advocacy service
- 10,000 alternate funding sources for 500+ specialty drugs

If funding is not available, patient can obtain specialty medication grievance via original coverage process

(Specialty medications are NOT excluded from coverage)

$1.5M Projected Net Savings excluding Specialty filled In-House
## PBM Market

### September 2019 - PBM RFP Results

<table>
<thead>
<tr>
<th>Participating Bidders</th>
<th>Flexibility to Enhance</th>
<th>Closed Formulary</th>
<th>Projected / Enhanced</th>
<th>Projected / Enhanced with Alternate Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incumbent</td>
<td>No</td>
<td>7.7%</td>
<td>8.8%</td>
<td>8.8%</td>
</tr>
<tr>
<td>PBM 1</td>
<td>Yes</td>
<td>6.4%</td>
<td>18.4%</td>
<td>28.0%</td>
</tr>
<tr>
<td>PBM 2</td>
<td>Yes</td>
<td>-1.0%</td>
<td>20.2%</td>
<td>29.8%</td>
</tr>
<tr>
<td>PBM 3</td>
<td>Limited</td>
<td>4.6%</td>
<td>14.0%</td>
<td>14.0%</td>
</tr>
</tbody>
</table>

$1.2M In-House Claims excluded from all savings and rebates; Incumbent requires NO incentive to use Eskenazi Pharmacy
### Purposeful Change

- Mid Market PBM
- Transparent PBM Contract
- Removed Conflict of Interest
- Improved Formulary
- Drug Waste Removal
- Alternate Funding

<table>
<thead>
<tr>
<th>Plan Details</th>
<th>2019 RFP</th>
<th>2020</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Plan Cost</td>
<td>$9.3M</td>
<td>$7.5M</td>
<td>-19%</td>
</tr>
<tr>
<td>Specialty Plan Cost</td>
<td>$4.9M</td>
<td>$2.5M</td>
<td>-50%</td>
</tr>
<tr>
<td>Plan Cost PMPM</td>
<td>$93</td>
<td>$72</td>
<td>-23%</td>
</tr>
<tr>
<td>% Specialty Plan Cost</td>
<td>47%</td>
<td>33%</td>
<td>-14%</td>
</tr>
</tbody>
</table>
Results

Increased Steerage to Domestic Pharmacies 158%
No Reduction in Benefits

Pharmacy Place of Service

- Domestic Pharmacies
- Non-Domestic Pharmacies

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Pharmacies</td>
<td>0%</td>
<td>20%</td>
<td>40%</td>
</tr>
<tr>
<td>Non-Domestic Pharmacies</td>
<td>80%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Results

Overall Health Plan Costs Decreased 17%
Rx Costs Decreased 23%

Overall Health Plan Costs Decreased 17%
Rx Costs Decreased 23%
Results

Health Plan Paid Claims - PEPM

- Medical
- Domestic Rx
- Non-Domestic Rx
- Total

Year:
- 2018
- 2019
- 2020
What’s Next

- Fully Optimize Domestic Utilization
- Ongoing Formulary Management
- Continued Focus on Specialty / Waste
- Leverage In-House Clinical Expertise
- Renewed Focus
  - Patient Engagement / Wellness
  - Disease Management

*Never accept the Status Quo*....

(Status Quo with a cross symbol)
Thank You!

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