



CAREFIRST PHARMACY

Presentation for PDAB

OCTOBER 19, 2020

Proprietary and Confidential

AGENDA

1. **Introductions**
2. Pharmacy at CareFirst
3. Rx Marketplace
4. Considerations for the Board





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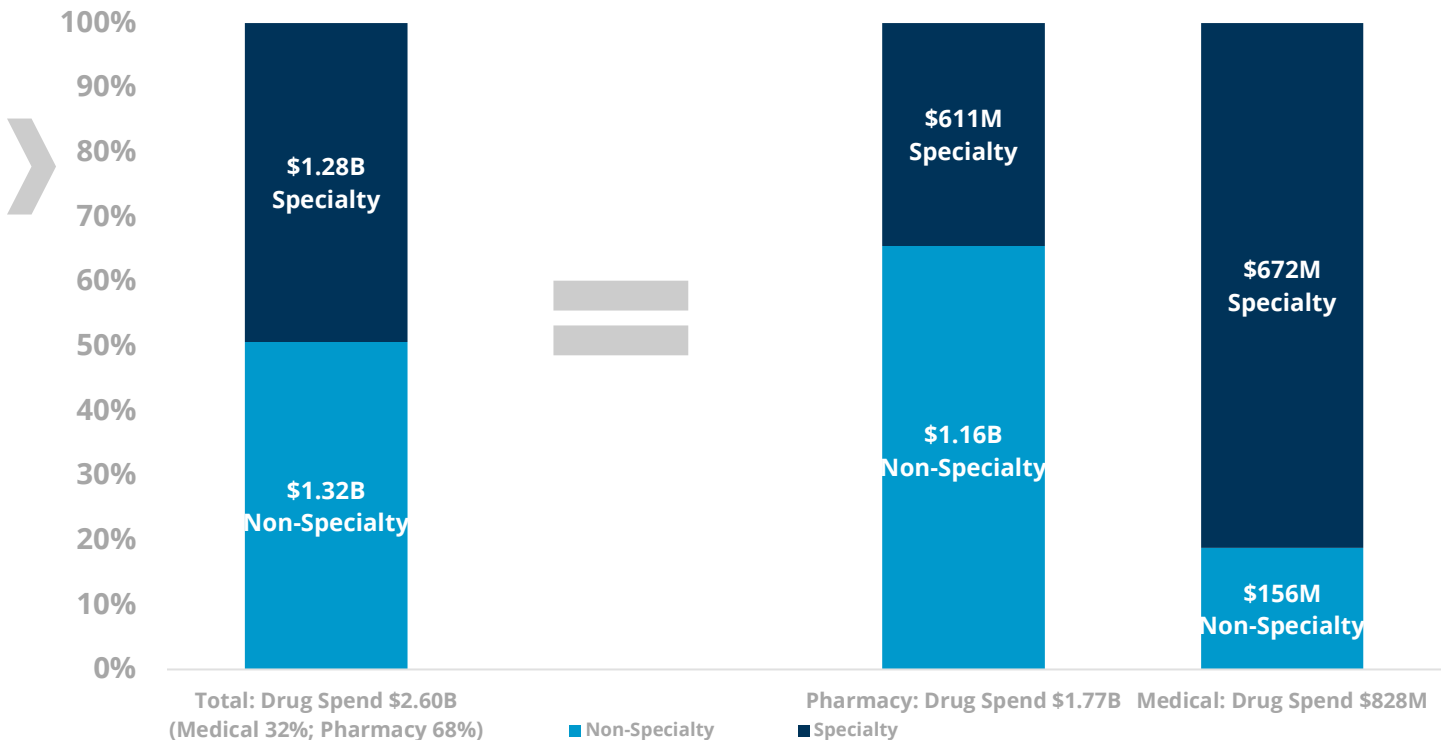


Pharmacy at CareFirst – The Numbers

- The largest insurer in the Mid-Atlantic region, serving 3.4 million Medical members and **1.2 million Pharmacy members**
 - Acquired two Medicaid plans (DC and MD)
 - Entering MAPD on 1/1/2021
- Process nearly **34,000 pharmacy claims per day**; 12 million pharmacy claims per year

\$2.60B Total Drug Spend

48% Pharmacy
52% Medical



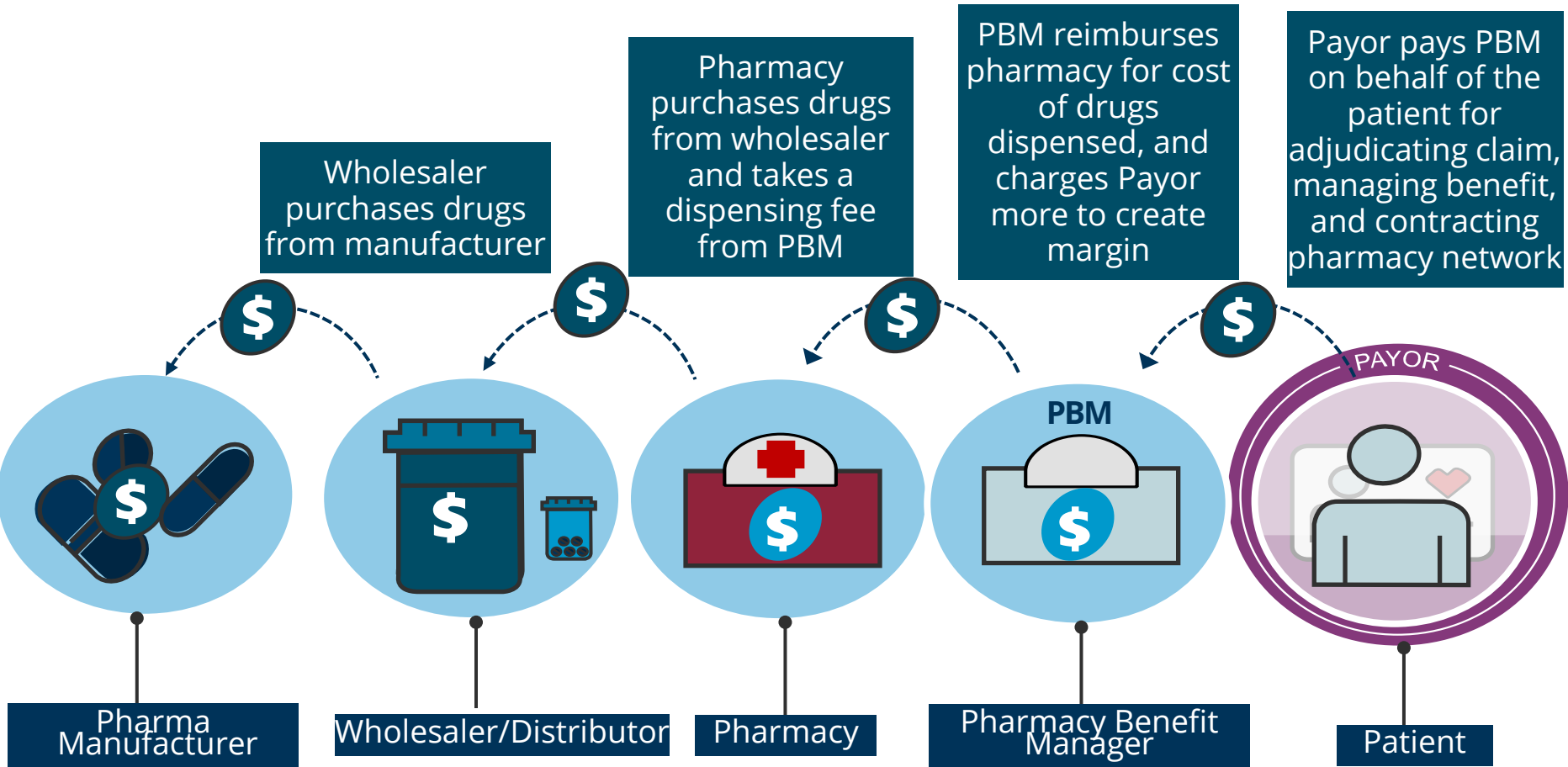
	Metric	2015	2016	2017	2018	2019
Trend	Trend w/o Rebates	13.4%	7.5%	11.6%	6.3%	1.8%
	Trend w/ Rebates	6.6%	4.6%	9.2%	4.6%	-3.0%
	Specialty Gross Trend	40.6%	7.2%	22.4%	18.8%	14.9%
	Non-Specialty Gross Trend	5.6%	7.6%	7.4%	0.7%	-5.0%
Impact on Trend	Non-Specialty Brand Inflation	8.8%	6.6%	4.6%	3.7%	3.0%
	Specialty Brand Inflation	2.2%	2.0%	2.0%	2.1%	1.6%
	Generic Inflation	0.7%	0.4%	0.1%	-0.1%	0.0%
	Utilization	1.2%	3.5%	3.8%	2.8%	1.7%
	Drug Mix/Rebates, etc.	-6.6%	-8.0%	-1.4%	-4.1%	-9.3%

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The Who's Who of Pharmacy



CareFirst has partnered with one of the top pharmacy benefit managers, CVS Caremark.

CVS Caremark brings us:

- Expertise in serving more than 100M members
- Large, national pharmacy network of more than 69,000 pharmacies
- Competitive formulary and network solutions resulting in significant discounts and rebates
- Strong negotiating clout with manufacturers

CareFirst signed a five year contract with CVS for 2019-2023.

What does a PBM do?

**Claims Administration
and Benefit
Management**

Pharmacy Network

Formulary

Rebates and Discounts

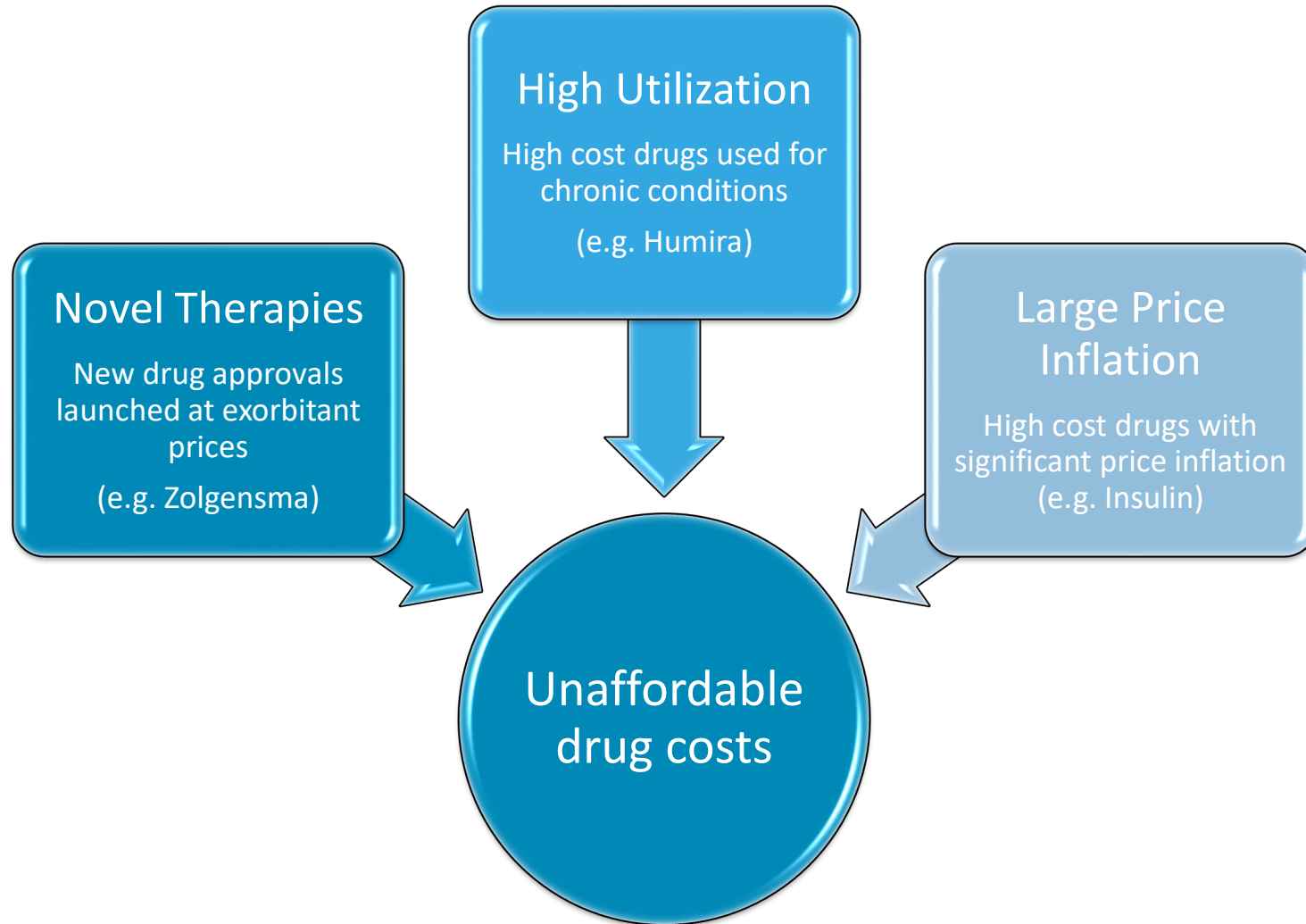
Drug Utilization Review

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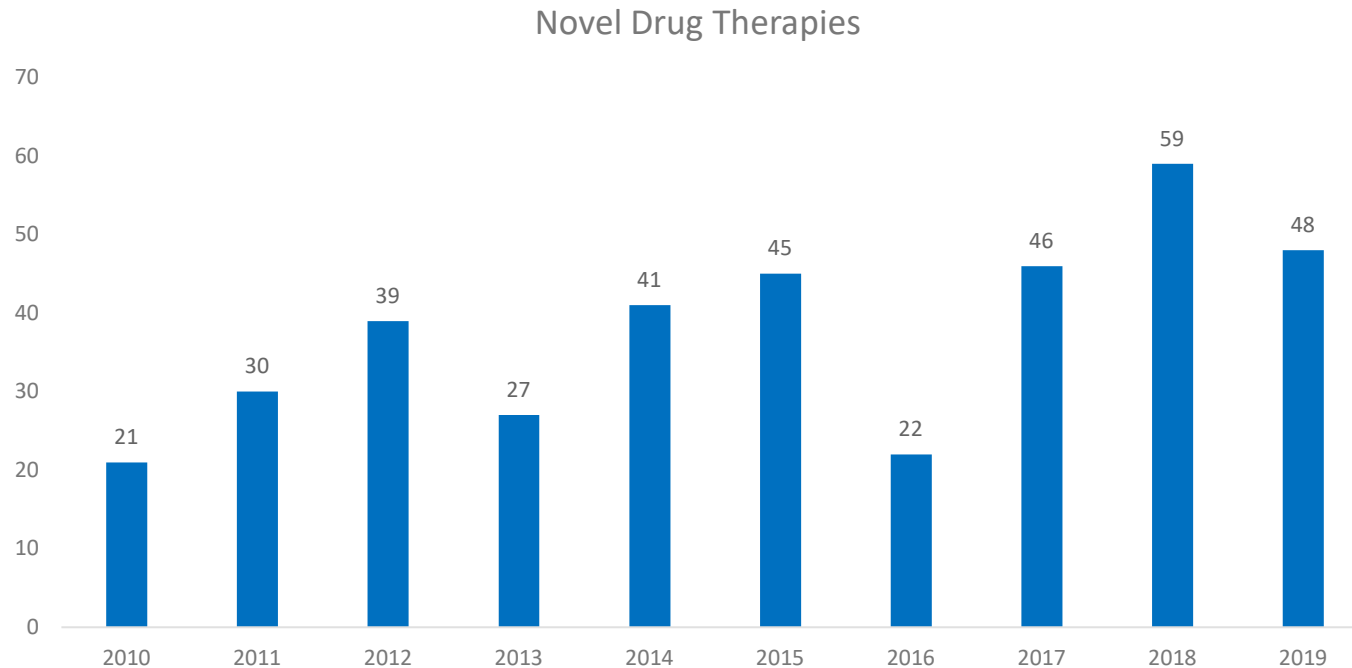
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Three Major Areas of Concern for Drug Affordability



- Majority of novel drug approvals are first in class therapies and carry high price tags
- All novel drug approvals should be watched for launch price and expected impact
- Cost effectiveness analysis should be considered



Source: FDA.gov

Top 20 Medical Drugs

- Specialty drugs account for 49% of CareFirst's total drug spend
 - 52% is under the medical benefit
- Medical claims submitted with HCPS (J code)
- Top 20 medical drugs based on cost per claim
- High cost medical drugs present affordability concerns for health payers and employers

Drug Name	Indication
Kovaltry	Hemophilia
Jivi	Hemophilia
Ultomiris	Hemolytic Uremic Syndrome/Paroxysmal Nocturnal Hemoglobinuria
Nuwiq	Hemophilia
Novoeight	Hemophilia
Acthar	Multiple Indications
Supprelin LA	Central Precocious Puberty
Proleukin	Cancer
Soliris	Hemolytic Uremic Syndrome/Paroxysmal Nocturnal Hemoglobinuria
Ocrevus	Multiple Sclerosis
Lemtrada	Multiple Sclerosis
Vimizim	Enzyme Replacement Therapy
Elelyso	Gaucher Disease
Mylotarg	Cancer
Cinryze	Hereditary Angioedema
Alprolix	Hemophilia
Elaprase	Enzyme Replacement Therapy
Xyntha	Hemophilia
Novoseven	Hemophilia
Erwinaze	Cancer

High Utilization

- Utilization is a primary driver affecting prescription drug spend
- Focus on highly utilized drugs with high unit cost
- Top 20 drugs with > 500 unique utilizers **AND** individual drug cost was estimated to be >\$5,000/year **AND** are the costly drugs based on total CareFirst drug spend

Drug Name	Indication
Humira	Autoimmune
Stelara	Autoimmune
Truvada	HIV
Biktarvy	HIV
Genvoya	HIV
Enbrel	Autoimmune
Trulicity	Diabetes
Triumeq	HIV
Novolog Flexpen	Diabetes
Victoza	Diabetes
Tresiba Flextouch	Diabetes
Januvia	Diabetes
Eliquis	Anticoagulant
Novolog	Diabetes
Farxiga	Diabetes
Odefsey	HIV
Xarelto	Anticoagulant
Otezla	Autoimmune
Jardiance	Diabetes
Ozempic	Diabetes

- The market has also seen significant price inflation of drugs
- CareFirst works with our PBM to proactively identify drugs that experienced a significant price inflation or are significantly more expensive than readily available, lower-cost alternatives
 - Hyperinflation drugs that have a clinically appropriate and more effective alternative are evaluated for either a:
 - Drug exclusion,
 - Tier change, or
 - Prior Authorization
- CareFirst identified top brand and generic medications with significant price inflation
 - Brand drugs that experienced at least a 10% price increase between 2018 and 2019 **AND** the price increase was >\$1,000 **AND** CareFirst total drug spend is >\$100,000/year
 - Generic drugs that experienced >200% price increase from 2018 to 2019

Price Inflation - Brand and Generic Drug Lists

Brand Drug Name	Indication
Stelara	Autoimmune
Victoza	Diabetes
Creon	Pancreatic Insufficiency
Zenpep	Pancreatic Insufficiency
Vemlidy	Hepatitis B
Levemir	Diabetes
Sensipar	Hyperparathyroidism
Gralise	Nerve Pain
Xultrophy	Diabetes
Belbuca	Pain
Novolog Penfill	Diabetes
Rytary	Parkinson Disease
Fetzima	Depression
Neudexta	Pseudobulbar Affect
Novolog Mix 70/30	Diabetes
Evekeo	Attention Deficit Hyperactivity Disorder

Generic Drug Name	Indication
Ribavirin	Hepatitis C
Diclofenac Sodium ER*	Pain
Terazosin HCL*	Benign Prostatic Hypertension
Lidocaine HCL (topical)*	Pain
Ethambutol HCL*	Tuberculosis
Venlafaxine HCL*	Depression
Fluticasone/Salmeterol	Asthma
Ketoprofen	Pain
Prednisolone	Oral Steroid
Chlorzoxazone	Muscle Spasm
Bisoprolol/HCTZ	Hypertension

*Not inclusive of all manufacturers

CareFirst®



THANK YOU
