

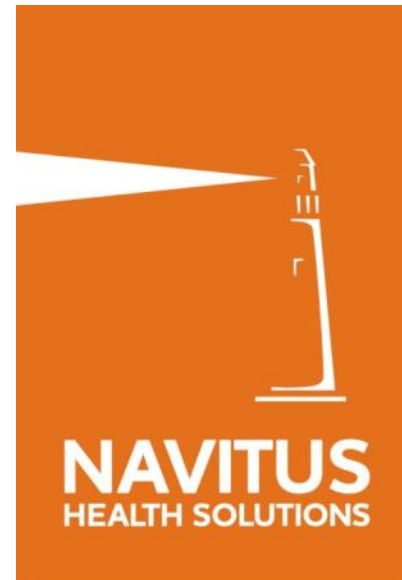


Pharmacy Benefit Management in Oncology

October 28th, 2015

Business Health Care Group
Protecting the Future of Oncology Care:
A Community Conversation

Brent Eberle RPh MBA
Chief Pharmacy Officer, Navitus Health Solutions
General Manager, Lumicera Health Services



AGENDA

- Setting the Stage
- Formulary and Utilization Management Strategies
- Plan and Benefit Design
- Role of the Specialty Pharmacy

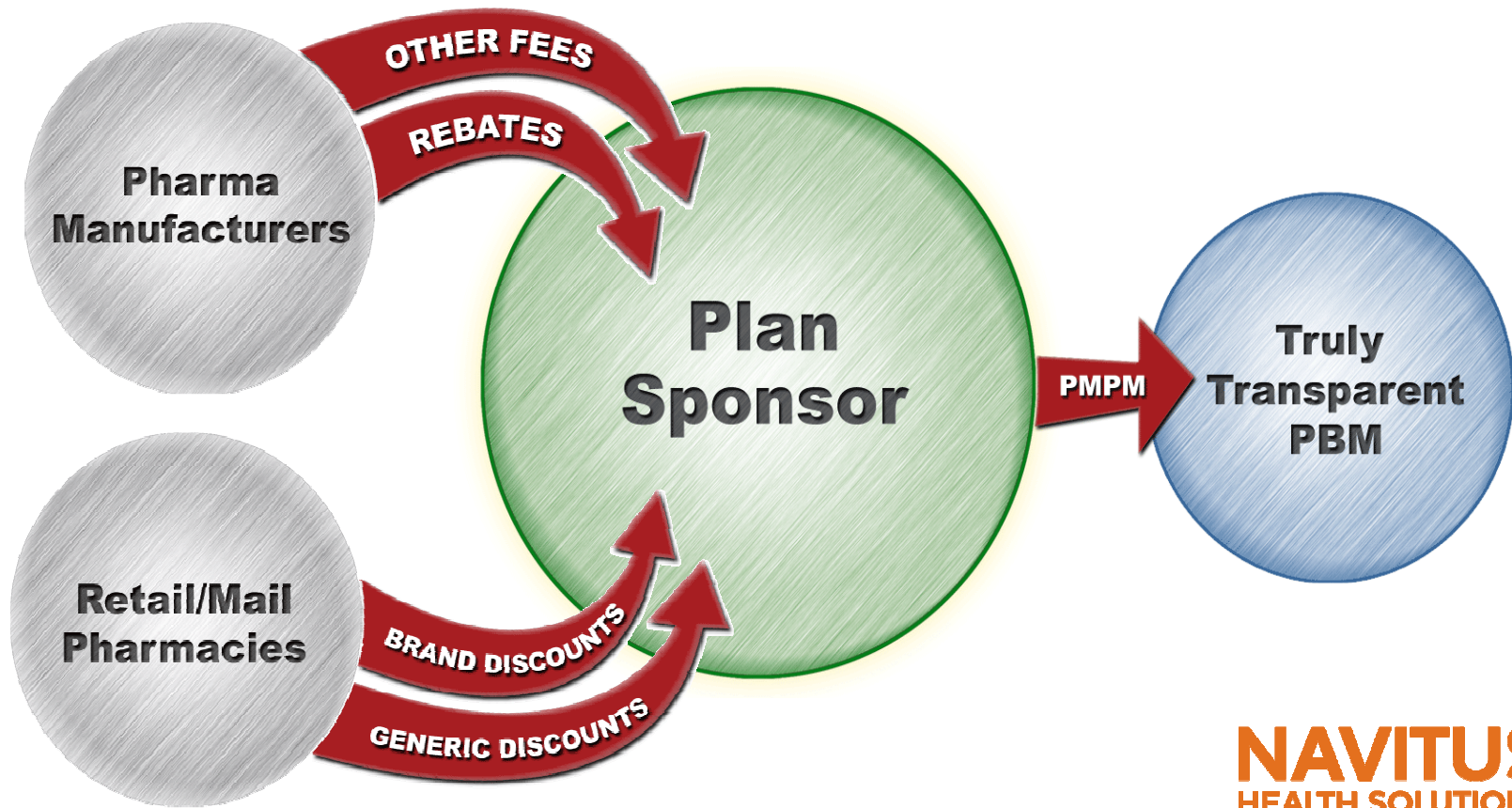
NAVITUS HEALTH SOLUTIONS

Navitus is a national, full-service pharmacy benefit manager (PBM) committed to providing superior customer service, ensuring regulatory compliance, improving member health and lowering drug costs in a manner that instills trust and confidence.

- Founded in 2003
- Owned by SSM Health
- Commitment to service excellence and evidence-based care
- Over 4.5 million members and growing
- 100% Pass-Through, Transparent Model
- Lowest-Net-Cost Strategy
- Managed Care Roots
- Madison & Appleton, WI; Austin, TX; Phoenix, AZ



NAVITUS PBM PASS-THROUGH BUSINESS MODEL



LUMICERA HEALTH SERVICES

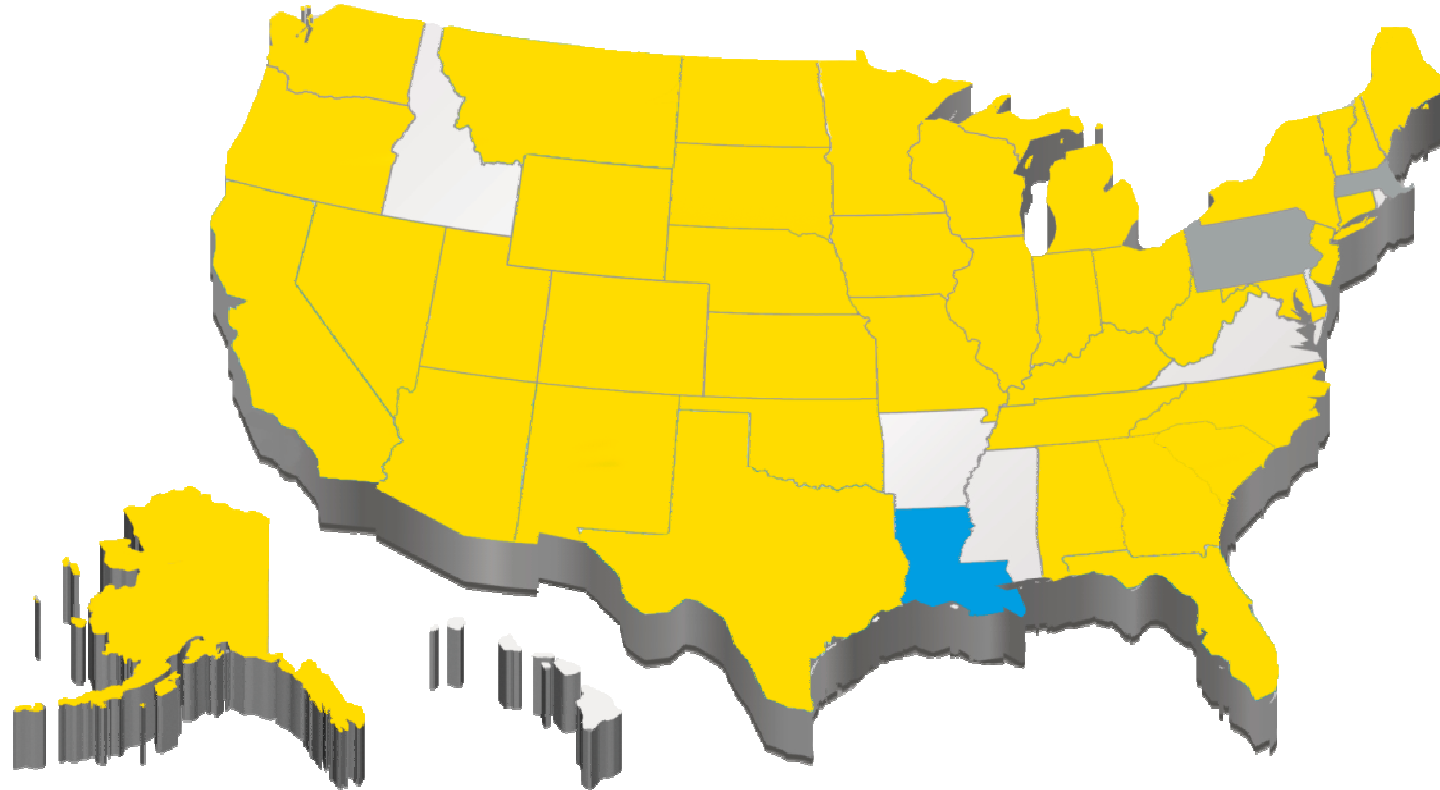
- Fully-owned subsidiary of Navitus located in Madison, WI
- Offers innovative specialty pharmacy solutions
- Functions as a stand-alone specialty pharmacy
- Adheres to Navitus' core principals of transparency and stewardship
- Employs the same high-touch, high-quality patient care currently experienced with Navitus
- Cost-Plus Business Model



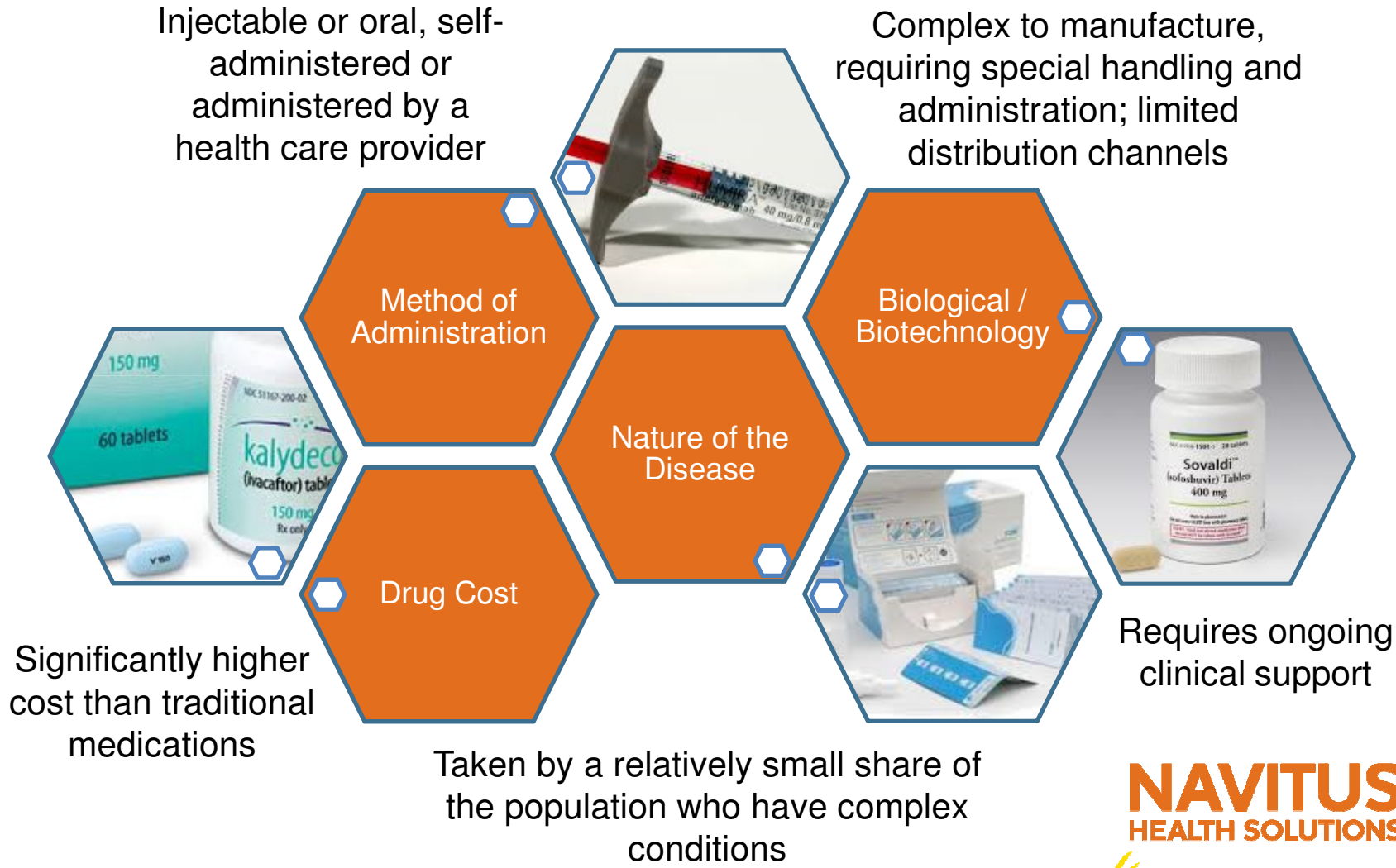
ACCREDITED
SPECIALTY PHARMACY



LUMICERA LICENSING MAP



DEFINING SPECIALTY



SMALL MOLECULE VS. BIOLOGIC

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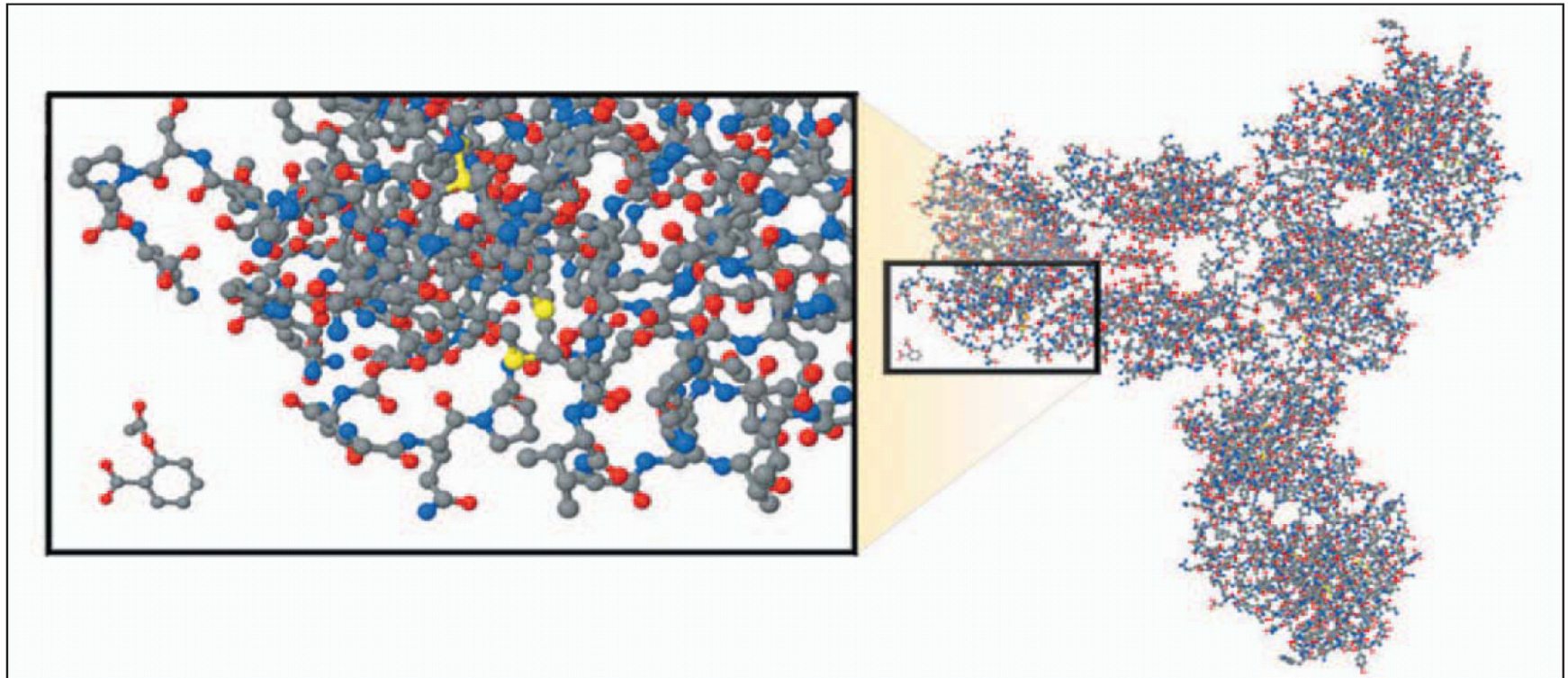
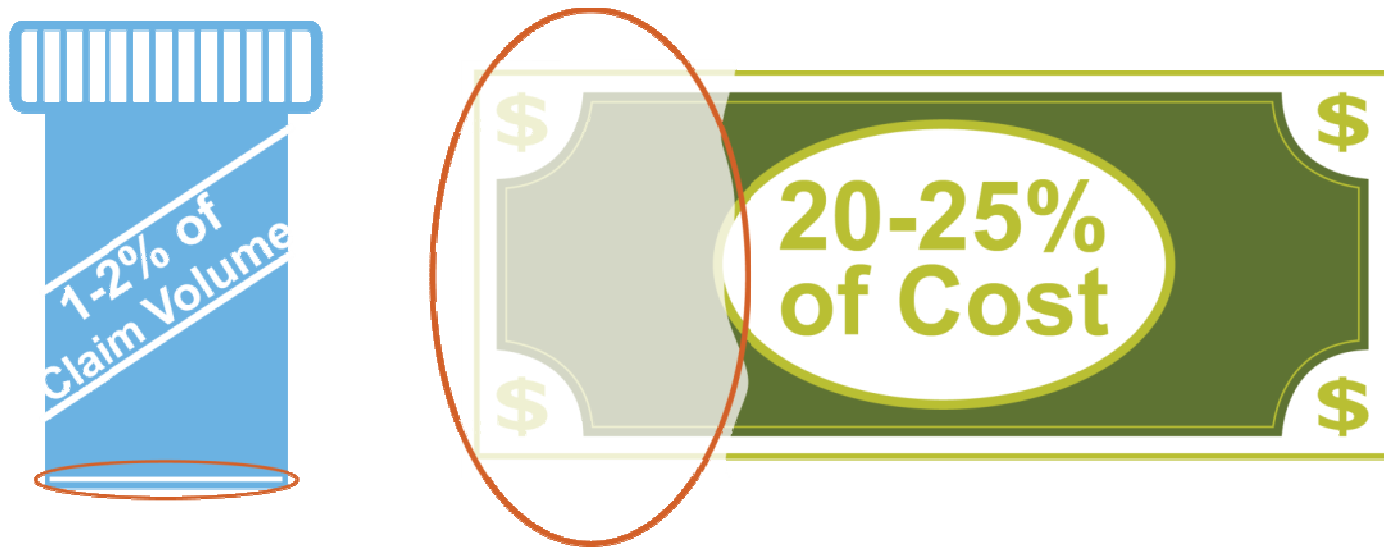


Figure 1. Comparison between a biologic monoclonal antibody and an aspirin molecule
An approximately 800-fold difference in size necessitates magnifying the boxed area to clearly identify the aspirin molecule on the lower left. The antibody structure was taken from the RCSB Protein Data Bank and has the identifier 1HZH.

N Eng J Med 365;5 NEJM.ORG August 4, 2011

NAVITUS SPECIALTY TRENDS

Current state – specialty products represent¹:



- Significant shift from traditional brand to specialty products
- Utilization and costs have continued to increase

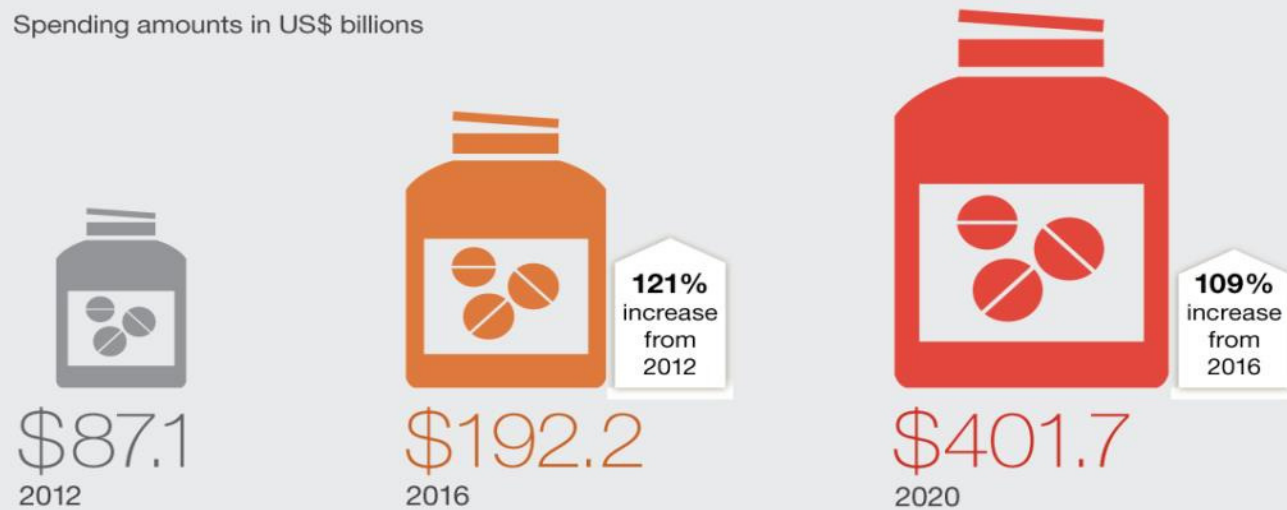
¹Navitus Internal Data

INDUSTRY PERSPECTIVE ON SPECIALTY DRUG SPEND

US specialty drug spending will quadruple by 2020

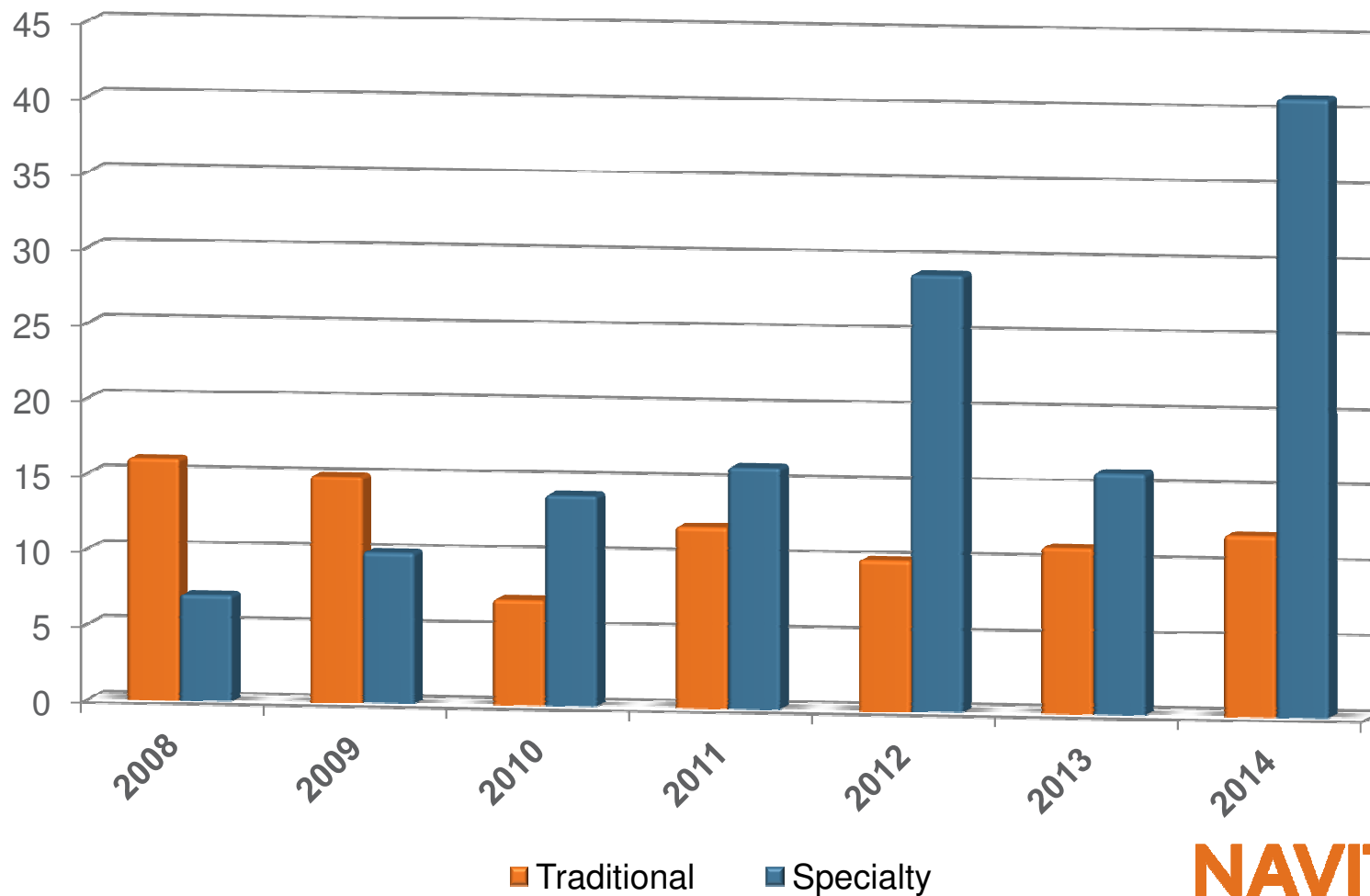
Projected specialty drug spending from 2012 to 2020

Spending amounts in US\$ billions



Adapted from 2014 PricewaterhouseCoopers LLP.
<http://www.pwc.com/us/en/health-industries/behind-the-numbers/>

FDA NEW DRUG APPROVALS



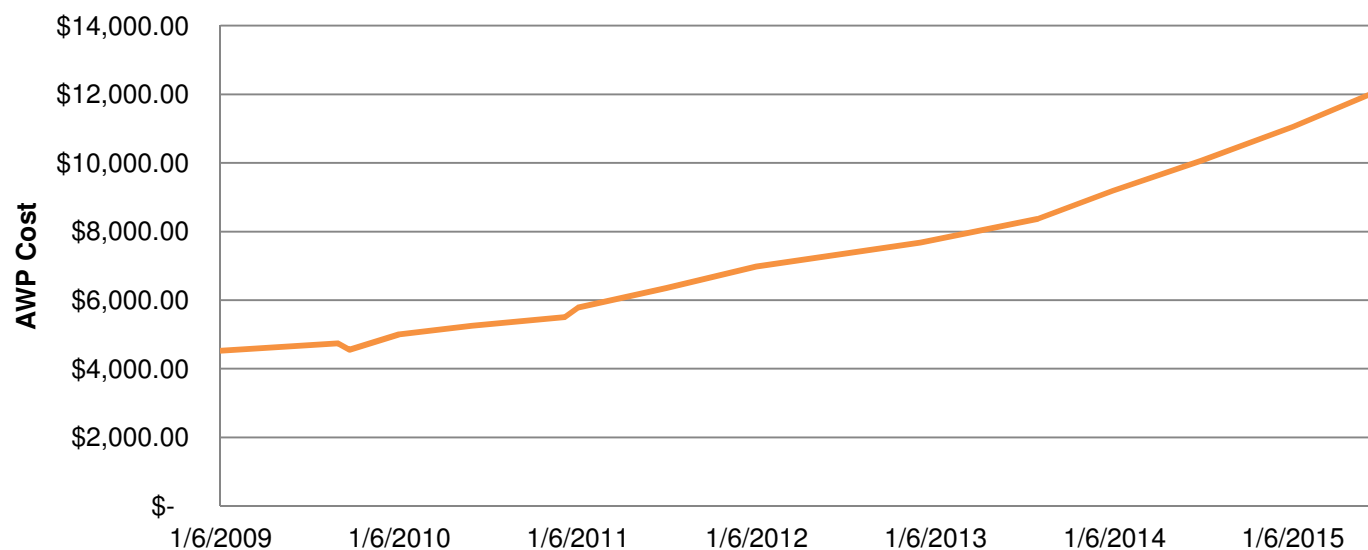
U.S. Food and Drug Administration

THEN AND NOW

The Rising Cost of Specialty Drugs



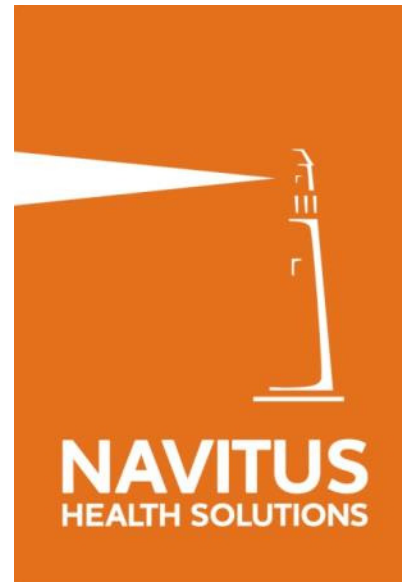
Gleevec 400mg Tablets (Average AWP per #30 pills)



- Price increased 2.7 times over last 7 years
- Average Annual price increase of 24%
- Generic expected 1Q 2016

Navitus Internal Data: 2015.

Formulary and Utilization
Management



UTILIZATION MANAGEMENT TOOLKIT

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UM TOOLS

- **Formulary and Rebate Management**
 - Identification of products that provide the best value
 - Manufacturer rebates used to offset costs
 - Tiering of products based value and plan / benefit design
- **Prior Authorization / Step Therapy / Quantity Limits**
 - Used to ensure use is consistent with FDA approved labeling and recognized national treatment guidelines
 - Encourages the use of lower cost agents when appropriate
 - Limits quantities to optimize dosing regimen
- **Reports**
 - First Fill Trigger Reports
 - Outlier claims
 - Fraud / Waste and Abuse

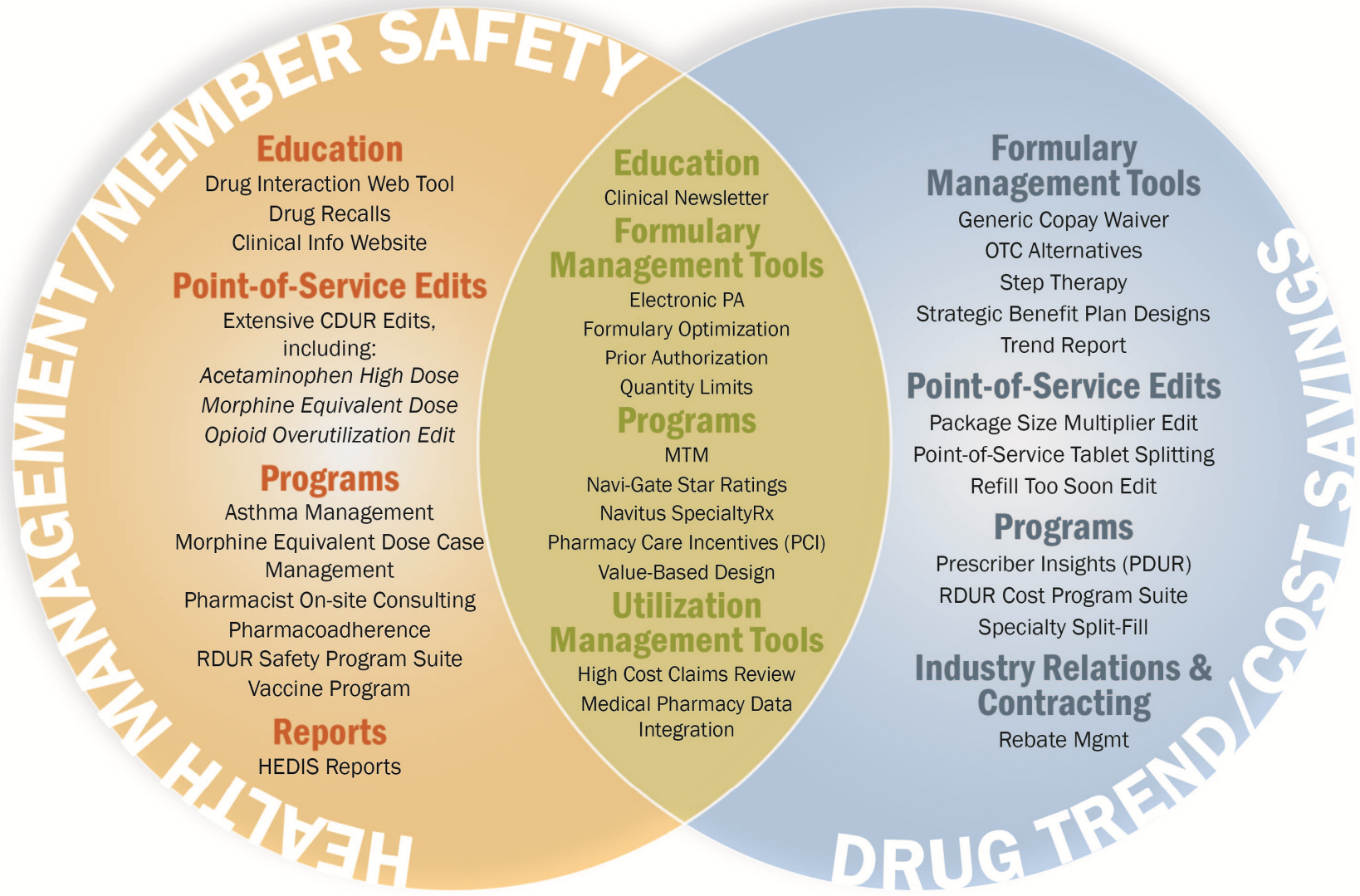
UM TOOLS CONT.

- **Drug Therapy Management**
 - Use of Clinical Pathways (PA Process / Specialty Pharmacy)
 - Patient Education
 - Side Effect Management
 - Partial Fill Programs
 - Retrospective Drug Utilization Review
 - Adherence Reporting

- **Pharmacy Network Management**
 - Preferred Specialty Pharmacies

- **Plan / Benefit Design**
 - Copays / Max Out of Pocket / Deductibles / etc.
 - Closed / Limited Pharmacy Networks
 - ACA and other regulatory limitations

CLINICAL PROGRAM OVERVIEW



ONCOLOGY DRUG A

Criteria	Y	N
Were study results published?	X	
Were study results peer reviewed?	X	
Was comparison to placebo when other treatments are possible?		X
Was it compared to active comparator?	X	
If yes, was the comparator appropriate (i.e. standard of care)?	X	
Was QOL assessed?		X
Was an appropriate tool used to assess QOL?		X
Were OS available?		X
Were PFS data available?	X	
If OS data were not available did PFS correlate with an improvement in OS?	NA	

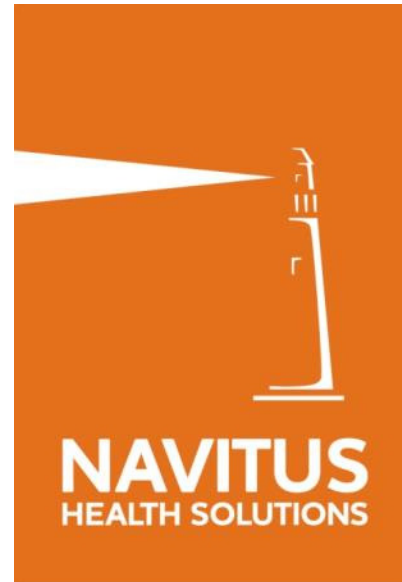
ONCOLOGY DRUG A

Criteria	Y	N
Was the drug statistically significantly better than:		
placebo?	NA	
active comparator in primary endpoint?	X	
active comparator in secondary endpoint?		X
Was there a clinically meaningful benefit to the patient?	X	
If non-inferior to the comparator are there benefits in:		
cost of drug?		?
reduced medical costs?		?
reduction of AEs?		X
improved QOL?		?

ONCOLOGY DRUG A

Criteria	Y	N
Are clinically acceptable formulary options available?	x	
Is there a therapeutic advantage of the new drug over available standard of care?	x	
Does Pharma adequately justify the increase in cost of the new drug?		?
Other metrics	NA	
Complete hematological response	NA	
Major cytogenic response	NA	

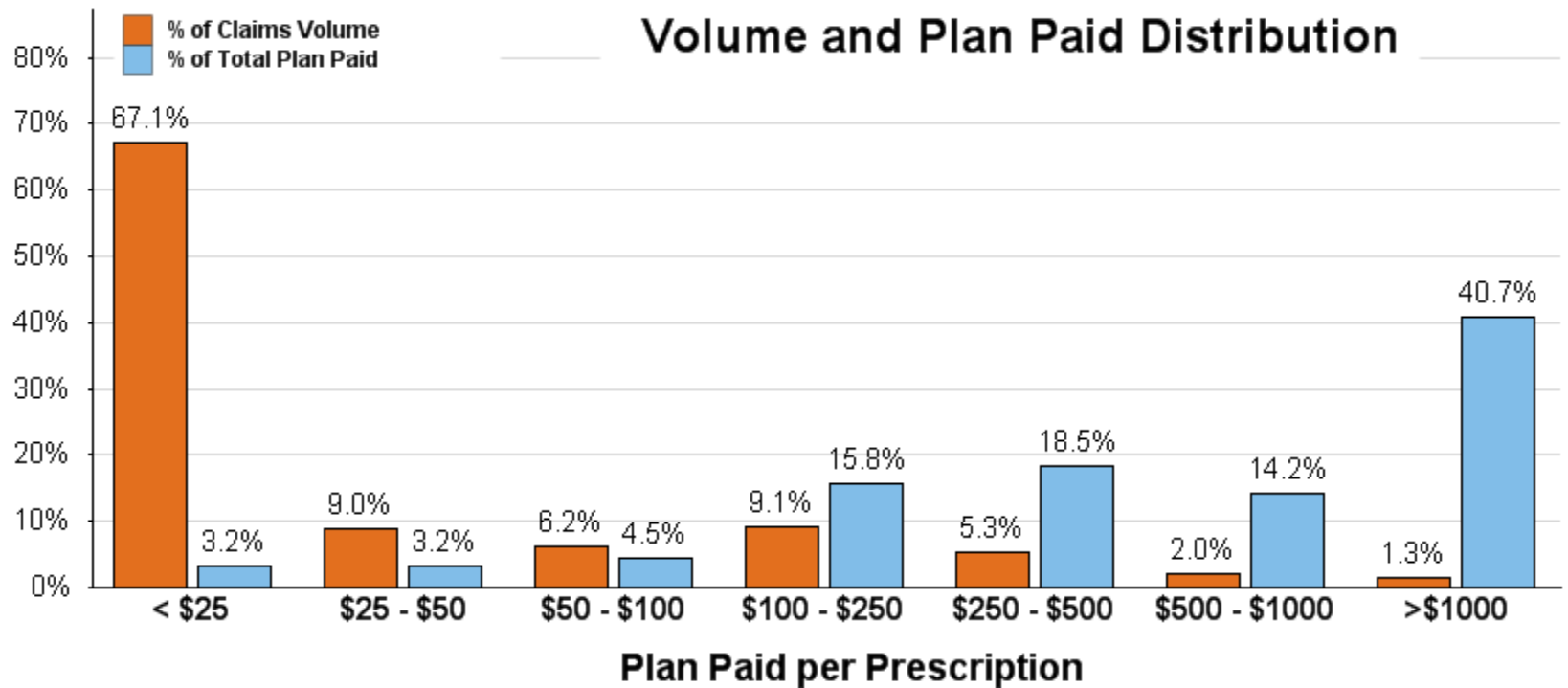
Benefit and Plan Design



Drug Utilization Review

Average Script Cost vs. Script Volume

Observations:	Plan Paid Amount	Total Scripts	Total Plan Paid
<ul style="list-style-type: none"> In 2015-Q1/Q2, 67.1% of the claims volume had a Plain Paid amount of <\$25. Only 1.3% of claims (15,144 claims) have a Plan Paid amount of >\$1000, which accounted for 40.7% of Total Plan Paid. 	< \$25	760,580	\$3,538,459
	\$25 - \$50	101,451	\$3,577,217
	\$50 - \$100	70,044	\$5,041,402
	\$100 - \$250	103,168	\$17,659,920
	\$250 - \$500	59,562	\$20,705,565
	\$500 - \$1000	23,034	\$15,864,910
	>\$1000	15,144	\$45,647,646



PLAN DESIGN TRENDS

- **Increasing Member Out-of-Pocket costs**
 - Multiple Formulary Tiers
 - Specialty Tiers
 - Co-insurance and Max-Out-of-Pocket
 - Growth in High Deductible Health Plans
 - WI Oral Chemotherapy Parity Legislation
- **Narrow or Limited Specialty Pharmacy Networks**
 - Mandating use of a preferred specialty pharmacy
 - Limited Distribution Drugs (LDD)
- **Key Statistics from EMD Serono Specialty Digest**
 - 84% of surveyed plans have high-deductible benefits
 - 59% of surveyed plans have dedicated tiers for specialty products
 - Dollar Copay for Specialty Ranged from \$45-\$250 (mean \$102)

MANUFACTURER COPAY ASSISTANCE



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Genentech BioOncology Co-pay Card Program*



This program gives eligible patients help with their monthly insurance co-payments for Tarceva. If you qualify, you may reduce your monthly co-pays, with up to \$24,000 in support per year.^{1*}

Use of the card does not obligate you to use or continue using any specific product or provider. The Genentech BioOncology Co-pay Card Program is not valid for patients whose prescription drugs are covered, in whole or in part, under Medicaid, Medicare, or any other state or federal healthcare program. This card is not health insurance or a benefit plan. Additional terms and conditions apply. Please visit www.CopayAssistanceNow.com for the full list of terms and conditions.

You may receive additional program information about the Genentech BioOncology Co-pay Card once you are enrolled. If you have any questions regarding your eligibility or benefits, or if you wish to no longer be a part of the program, contact the Genentech BioOncology Co-pay Card Program at (855) MYCOPAY (855-692-6729).

For more information about the program, ask your HCP, visit www.CopayAssistanceNow.com or call (855) MYCOPAY (855-692-6729) from 8AM to 5PM PT Monday through Friday.

*Certain restrictions apply.
¹Patients who have a household income of more than \$100,000 per year have a limit of \$8,000. Patients only need to provide a verbal statement to verify their income when they enroll. Proof of documentation at a later date may be required.
²Patients may be eligible for additional assistance if they are on more than one Genentech product. This will be determined during the enrollment process.

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Have a card? ACTIVATE NOW

Need a card? BEGIN ENROLLMENT

NAVITUS HEALTH SOLUTIONS

Lumicera
Health Services

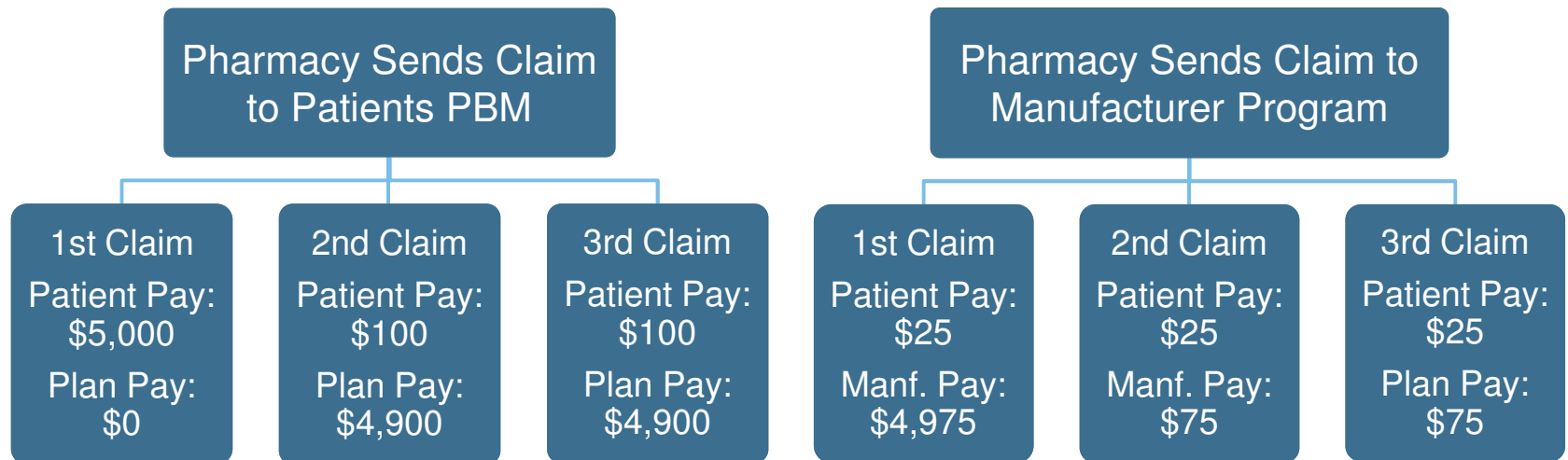
EXAMPLE

Oncology Drug A

Cost: \$5,000 / month

Benefit: HDHP - \$5,000

\$100 per Rx after deductible



Summary (3 Claims)

PBM Patient Pay: \$5,200

Actual Patient Pay: \$75

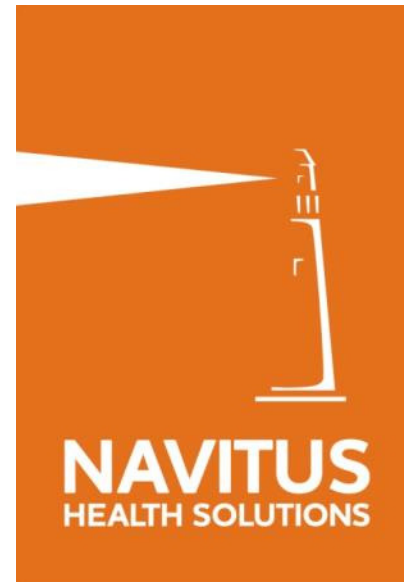
Manf. Pay: \$5,125

Plan Pay: \$9,800

DIFFERENT TYPES OF MANUFACTURER PROGRAMS

- Direct Manufacturer Program
 - Eligibility Varies
 - Copays Varies
 - Maximum Benefit Varies
- Other Copay Programs
 - Non-Profit Foundations
- Pre-paid debt cards

Specialty Pharmacy
Management



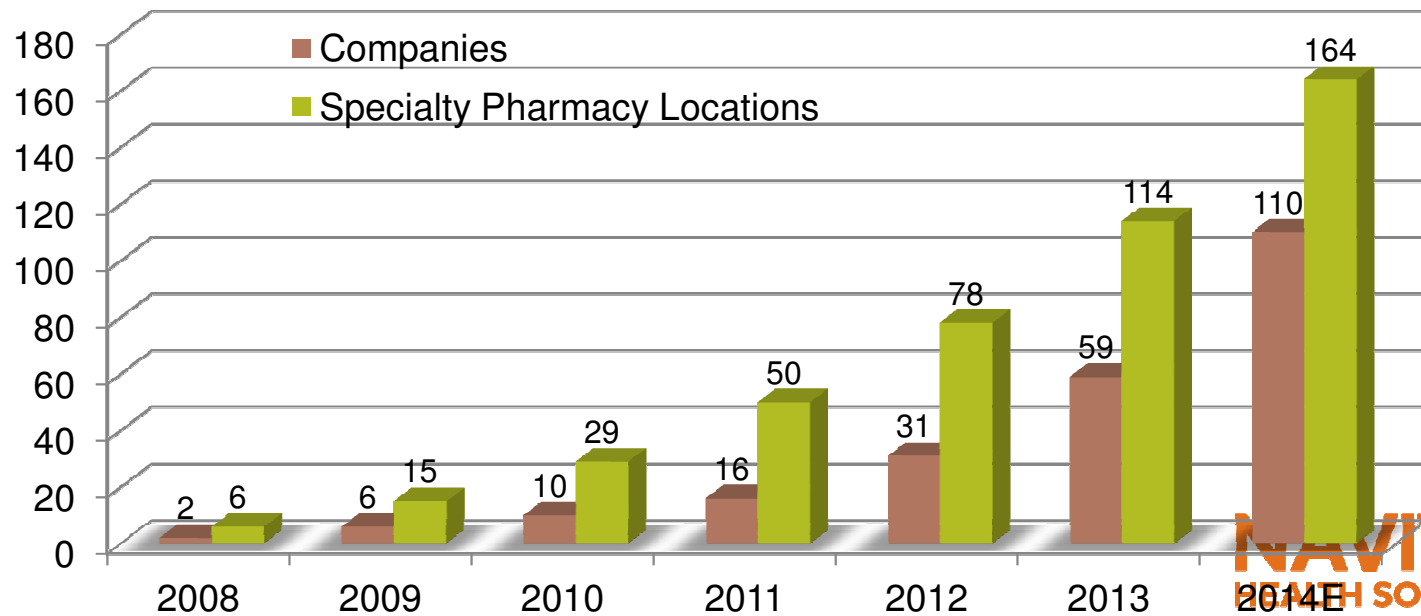
RETAIL VS. SPECIALTY

	RETAIL	SPECIALTY
Access to Product	Trend is moving specialty products AWAY from Retail to a more controlled environment with better services, patient care, and ROI	Must have "SP" service capabilities before access to product is granted
Clinical Program Benefits	Standard Adjudication , modest medical billing	Full Benefits Review including, pharmacy, medical, nursing, mail, specialty
Clinical Reporting	Rx dispensing systems typically do not allow electronic data capture in a reportable fashion	Rx Dispensing systems designed to capture data by product, by Payor, by Physician, by national guideline
CoPay Assistance	Utilizes copay cards	Uses cards, but often is connected electronically to 501c3 organizations/ foundations and manufacturer programs
Geographic Footprint	Usually Local/Regional	National: Licensure in all States Required
National Delivery	Local pick up, occasional courier	95%+ are via mail/FedEx/Courier to all Licensed States
Manufacturer Service Fees / Rebates / Discounts	Limited, if any availability	These fees are approaching 60% of gross margin for Specialty Pharmacies

WHAT IS A SPECIALTY PHARMACY?

- Any pharmacy can claim to be a specialty pharmacy
- URAC accreditation
 - Payers are increasing demand for accredited specialty pharmacies

Companies & Locations with URAC Specialty Pharmacy Accreditation, 2008-2014



*for 2014, total companies includes all companies classified as "In Process." Pembroke Consulting estimate for total locations in 2014.

Source: Pembroke Consulting analysis of URAC Directory of Accredited Companies, December 2013.

Note: This chart data appears as Exhibit 92 in the 2013-14 Economic Report on Retail, Mail and Specialty Pharmacies, Drug Channels Institute, January 2014. (http://drugchannelsinstitute.com/products/industry_report/pharmacy/)

NAVITUS
HEALTH SOLUTIONS

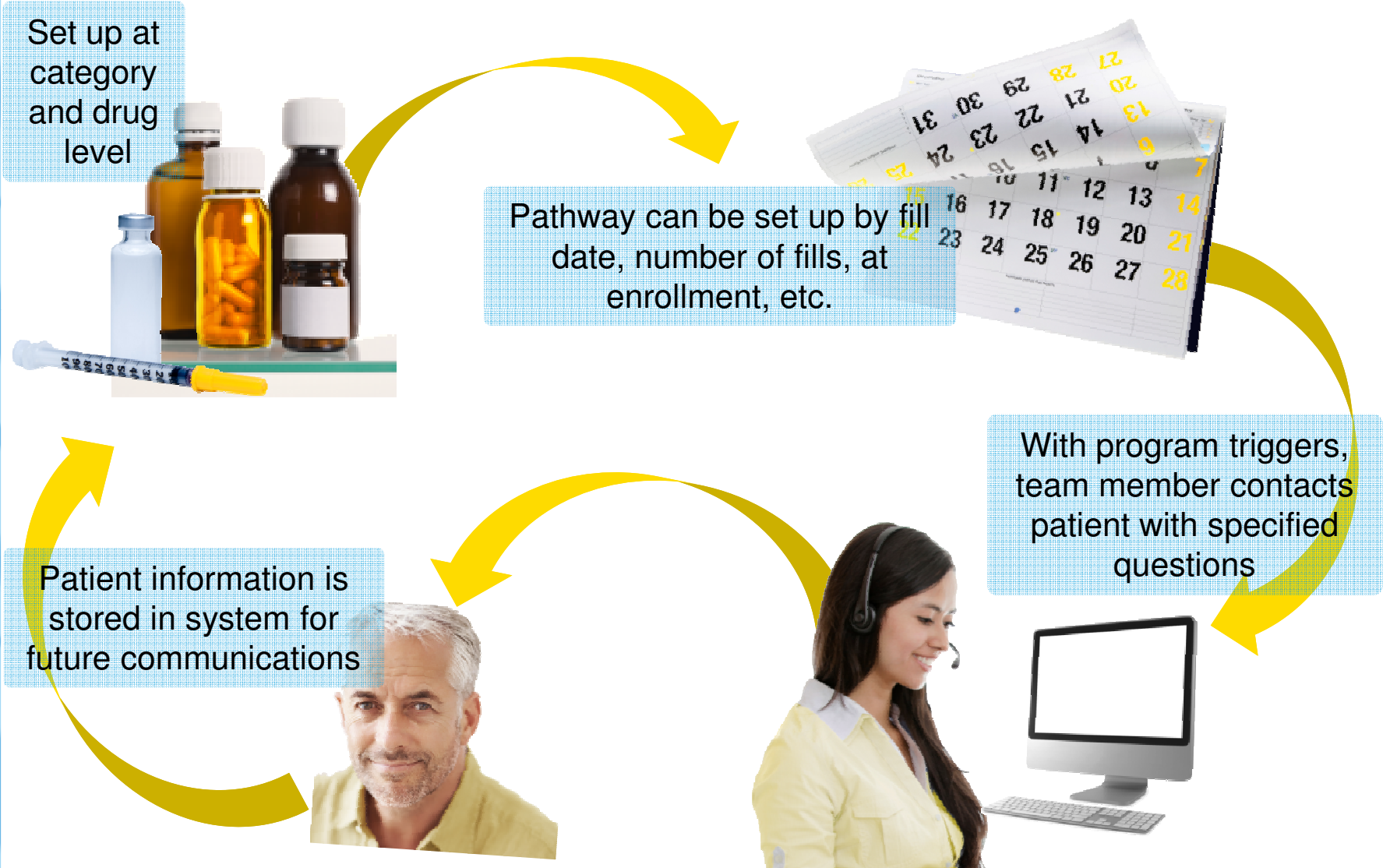
Lumicera
Health Services

SPECIALTY FULFILLMENT PROCESS

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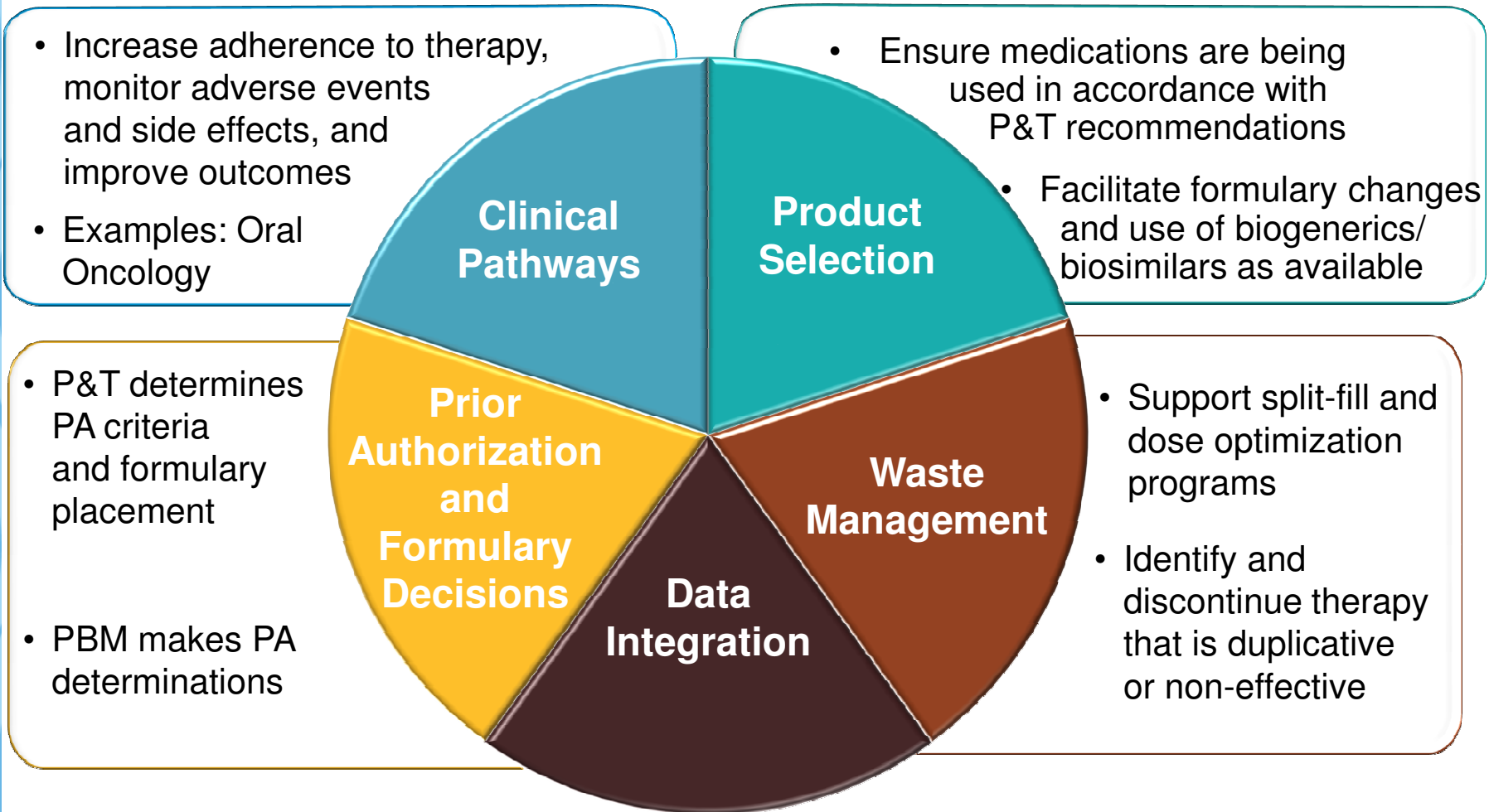


CUSTOMIZABLE CLINICAL PATHWAY PROCESS



SPECIALTY CLINICAL MANAGEMENT

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QUESTIONS?

Brent Eberle

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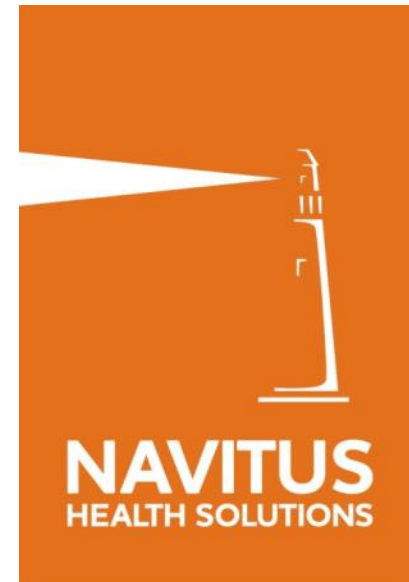


Share a Clear View

High-Touch Service

Lowest Net Drug Costs

Improved Member Health



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