Performance Highlights and Strategic Review for:

County of Fresno

2011 Year End Review

CatalystRx®

Agenda

1. 2011 Year End Review
2. Industry Updates
3. Catalyst Rx Updates

1. 2011 Year End Review

Key Results/Observations 2010 vs. 2011

Accomplishments

- Per Member Per Month expense is $14.30 below government benchmark
- 90 Day Rx Channel utilization for County of Fresno was 15.6% of Rxs in 2011, a 20% increase over 2010 of 13.0%
- Generic Dispensing Rate (GDR) increased 2.0% and remains above Government Benchmark.

Financial Results

- Plan Costs increased $8.14 per member per month (PMPM) or 15.5%
- Medication Management net savings of $956,016 with Return on Investment (ROI) of 30.0:1
- MedMonitor RetroDUR net savings of $490,235 with ROI of 17.4:1
- MedMonitor MTM net savings of $55,748 with ROI of 2.3:1

Cost Drivers/ Areas of Concern

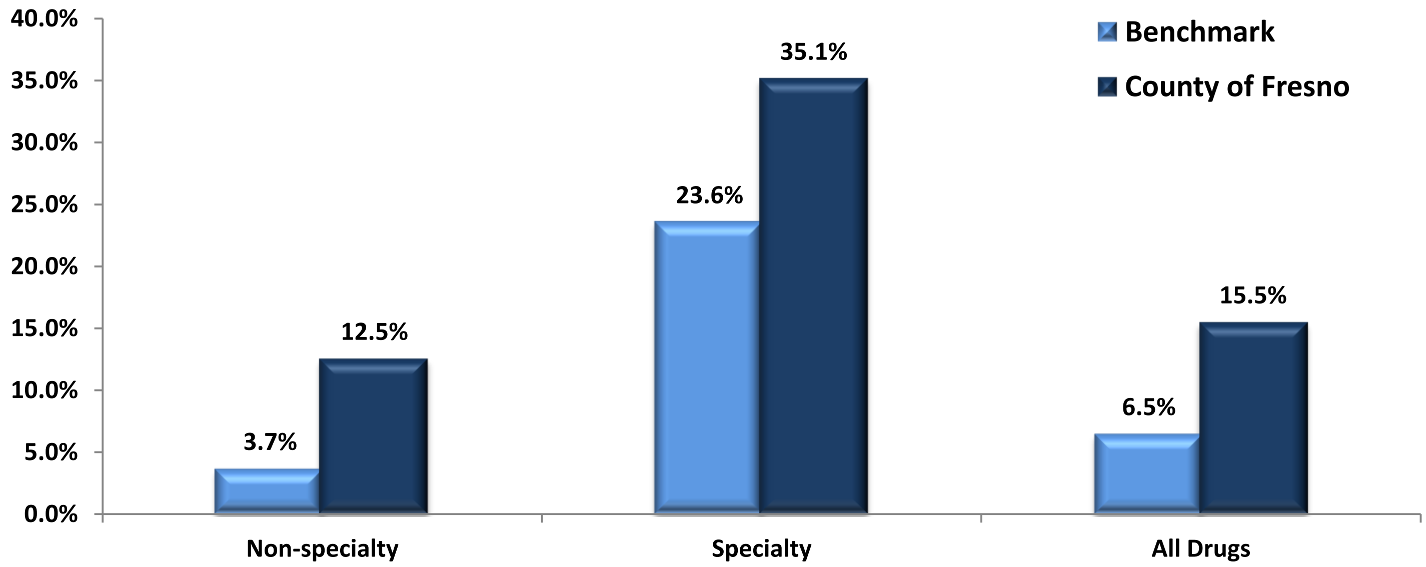
- Non-Specialty medication plan costs increased $5.73 PMPM or 12.5%
- Specialty plan costs increased $2.41 PMPM or 35.1%
- Therapeutic class cost drivers include Diabetes, Antivirals, and Antipsychotics due to increased Rx Count and Unit Cost

Recommendations

Currently Implementing the Following Programs:

- *Formulary Advantage*
- *Quantity Level Limits*
- *Diabetic Sense*

Plan Cost Trend 2010 to 2011



- The County of Fresno's (CoF) pharmacy costs increased 15.5% in 2011 compared with the Government benchmark of 6.5% increase
- Non-Specialty plan costs increased 12.5% year over year with Specialty medications increasing 35.1%

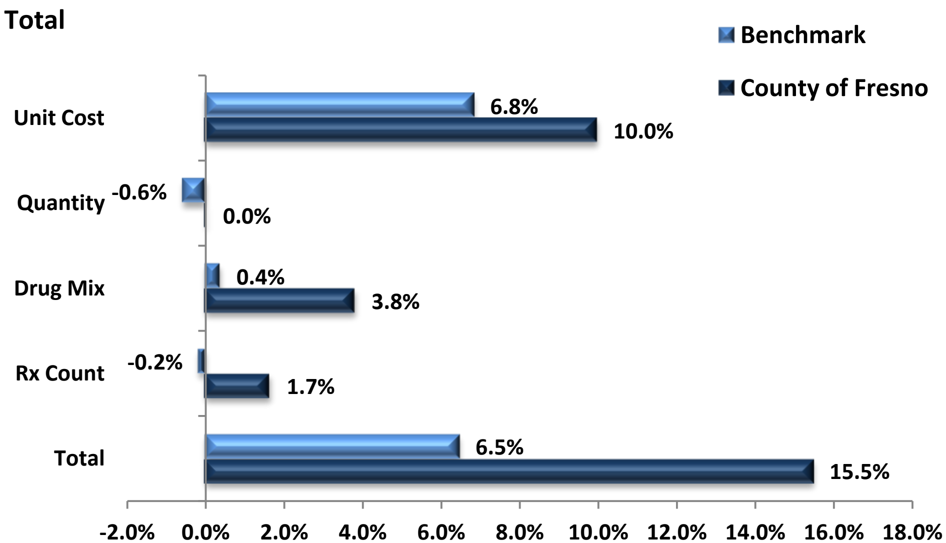
Plan Costs vs. Benchmark 2011

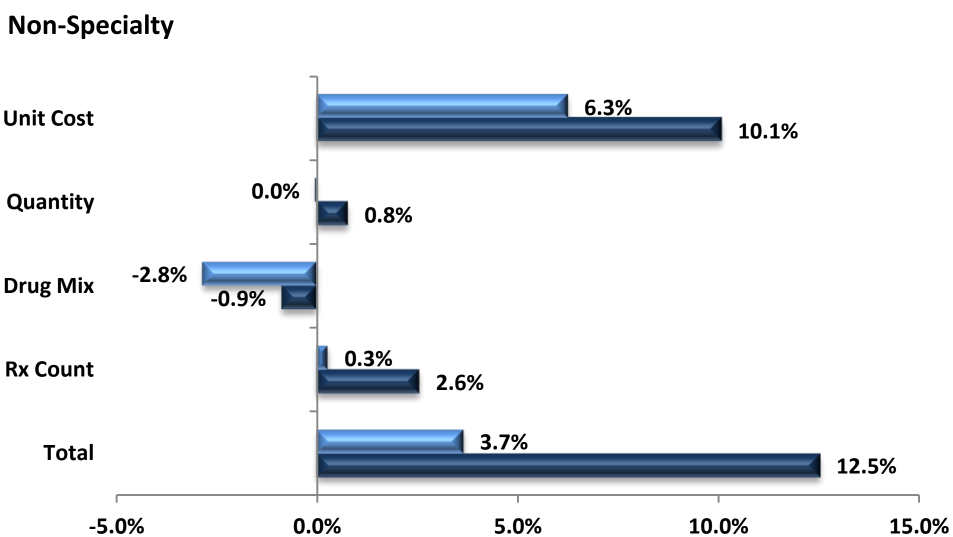
Drug Type	County of Fresno				Benchmark			
	2010 PMPM	2011 PMPM	Diff.	Trend	2010 PMPM	2011 PMPM	Diff.	Trend
Non-Specialty	$45.74	$51.48	$5.73	12.54%	$60.53	$62.74	$2.21	3.65%
Specialty	$6.85	$9.26	$2.41	35.14%	$9.95	$12.30	$2.35	23.56%
All Drugs	$52.59	$60.74	$8.14	15.48%	$70.48	$75.04	$4.56	6.47%

- The County of Fresno's 2011 pharmacy costs per member per month (PMPM) were $14.30 lower than the Government Benchmark for Non-Specialty, Specialty and All Drug costs

- Specialty medications saw the largest percent increase in plan costs of 35.1% compared to the benchmark of 23.6%

Overall and Non-Specialty Trend Components





- Unit Cost or price increase was the most dominant Driver for the County of Fresno and the Benchmark
- Quantity per Rx decreased Overall but increased slightly for Non-Specialty
- Drug Mix, which is the mix of higher cost drugs vs. lower cost drugs, increased for Fresno due to the influence of Specialty
  - Drug Mix was moderating Trend driver for the Non-Specialty due to increased use of generics
- Rx Count also drove increased Trend although to a lesser extent than Unit Cost
  - 72% of MedMonitor RetroDUR interventions in 2011 were to improve medication adherence

Utilization Summary – Client Level

	COUNTY OF FRESNO			GOVERNMENT BENCHMARK		
	2010	2011	% Change	2010	2011	% Change
Total number of eligible members	11,319	11,324	0.0%			
Total number of utilizing members	8,555	8,557	0.0%			
% of eligible members utilizing	75.6%	75.6%	0.0%	79.6%	81.5%	2.4%
Total cost	$8,621,871.15	$9,720,192.93	12.7%			
Plan cost	$7,150,480.07	$8,256,847.38	15.5%			
Member cost	$1,471,391.08	$1,463,345.55	-0.5%			
Plan pay %	82.9%	84.9%	2.4%	80.9%	82.0%	1.4%
Member pay %	17.1%	15.1%	-11.7%	19.1%	18.0%	-5.8%
Total cost PMPY	$761.72	$858.36	12.7%	$1,053.51	$1,099.40	4.4%
Plan cost PMPY	$631.72	$729.14	15.4%	$852.75	$901.15	5.7%
Average days supply PMPY	314	322	2.5%	422	427	1.2%
Average units PMPY	655	644	-1.7%	757	768	1.5%
Total cost PUPY	$1,007.82	$1,135.94	12.7%	$1,322.75	$1,349.28	2.0%
Plan cost PUPY	$835.83	$964.92	15.4%	$1,070.69	$1,105.96	3.3%
Average days supply PUPY	415	426	2.7%	530	524	-1.1%
Average units PUPY	867	852	-1.7%	951	943	-0.8%

For the Walgreens Book of Business, the most significant change in 2011 was the increase in utilizing members. Expenditures increased by 4%, yet eligible members increased at a lower rate. An assessment of the Cost Drivers for the Book of Business (BOB) indicate the Claim count increased, but there was significant shifting to more cost-effective medications. Member Cost Share decreased rather significantly in 2011, indicating the copays and member responsibilities are not keeping pace with inflation and Drug Mix changes.

County of Fresno's(COF) rate of users remains unchanged from the same period last year, and is lower than within the Book of Business (BoB). The overall plan year expenses increased 12.7% as compared to 2010. COF's percentage of expenses increased while the member's share decreased, resulting in the plan bearing more of the expenses than in the prior year. This is the same trend as was identified in the BoB analysis.

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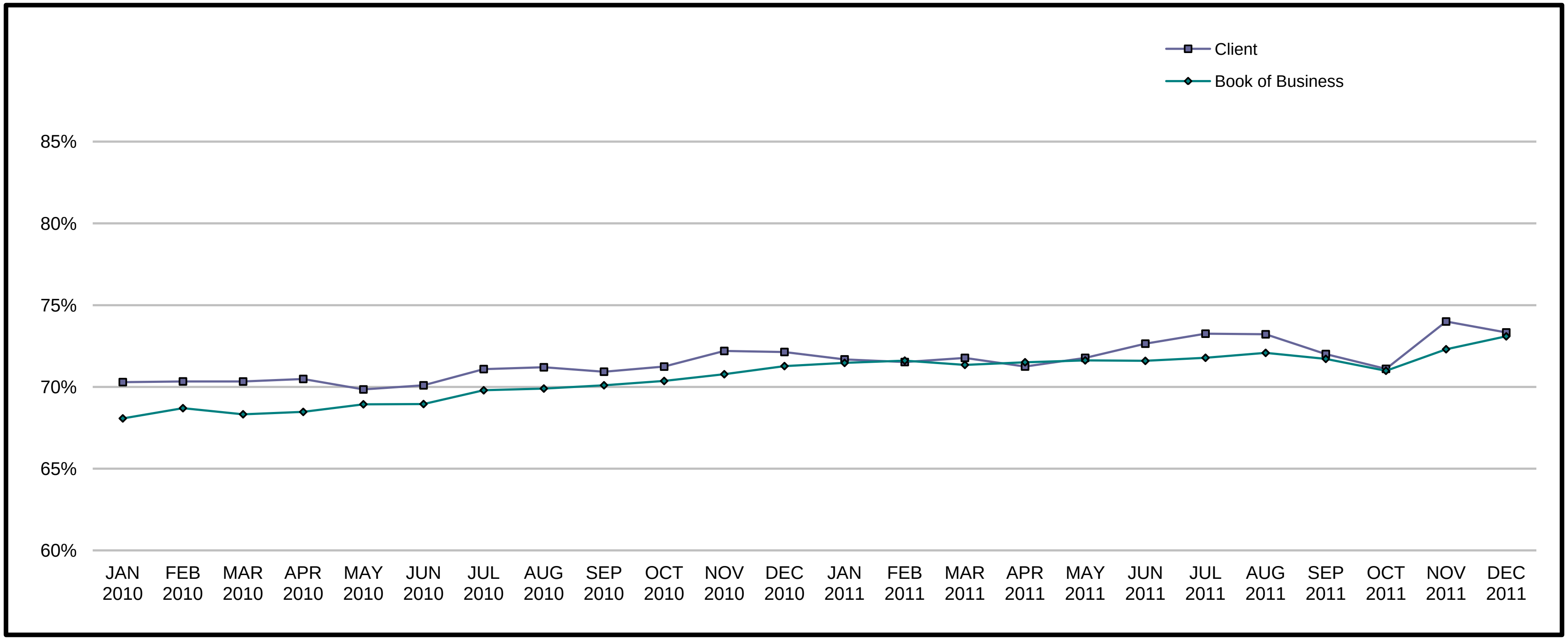
Utilization Summary – Client Level Continued

		COUNTY OF FRESNO			GOVERNMENT BENCHMARK		
		2010	2011	% Change	2010	2011	% Change
Average Total Cost per Rx	Retail 30	$63.90	$73.27	14.65%	$72.57	$77.96	7.43%
	Retail 90	$167.65	$174.24	3.93%	$160.72	$160.09	-0.39%
	Mail	$167.02	$184.71	10.59%	$200.93	$208.23	3.63%
	Average Rx PMPY	9.85	9.65	-2.03%	11.49	11.28	-1.83%
	Average Rx PUPY	13.03	12.77	-2.00%	14.43	13.84	-4.09%
Generic Efficiency	Retail 30	97.71%	97.71%	0.00%	91.85%	94.91%	3.33%
	Retail 90	96.69%	97.01%	0.33%	89.60%	92.91%	3.69%
	Mail	97.13%	96.61%	-0.54%	87.66%	90.82%	3.60%
	Overall	97.60%	97.61%	0.01%	91.35%	94.43%	3.37%
Generic Utilization	Retail 30	72.07%	73.72%	2.29%	70.30%	72.44%	3.04%
	Retail 90	62.22%	64.26%	3.28%	67.07%	70.10%	4.52%
	Mail	64.09%	64.23%	0.22%	60.35%	62.35%	3.31%
	Overall	70.84%	72.26%	2.00%	69.45%	71.74%	3.30%

Walgreens Book of Business had a considerable increase in in Generic Dispensing Rate (GDR) in 2011, by over 3 percentage points. The Average Cost / Rx increased at both Retail 30 and Mail Order, due to price inflation, despite the increase in generic utilization; while Advantage 90 had a decrease in Average Cost/ Rx, possibly due to generic utilization and pricing improvements.

COF's members use their benefits less frequently than is seen within the government segment, and the rate of decline was higher than in the benchmark. COF's GER, or rate of use of generics when one is available, is much higher than the benchmark's. The percent increase was smaller than the BOB, but this is the result of the metric already being high, leaving less room for increase. COF's Generic Dispensing Rate, or GDR, (the rate of generic use as compared to all prescriptions), increased 2.00% and is still above benchmark level, even though the rate of increase was below the BOB.

Generic Dispensing Rate (GDR) Comparison



- County of Fresno's overall GDR increased 2.0% throughout 2011 and is now 72.3%.

- WHI's 2011 Government benchmark GDR rate is 71.7%.

Generic Dispensing Rate Key Contributors

• For Walgreens, generic utilization continues to increase, which is a favorable trend for both Clients and Members.

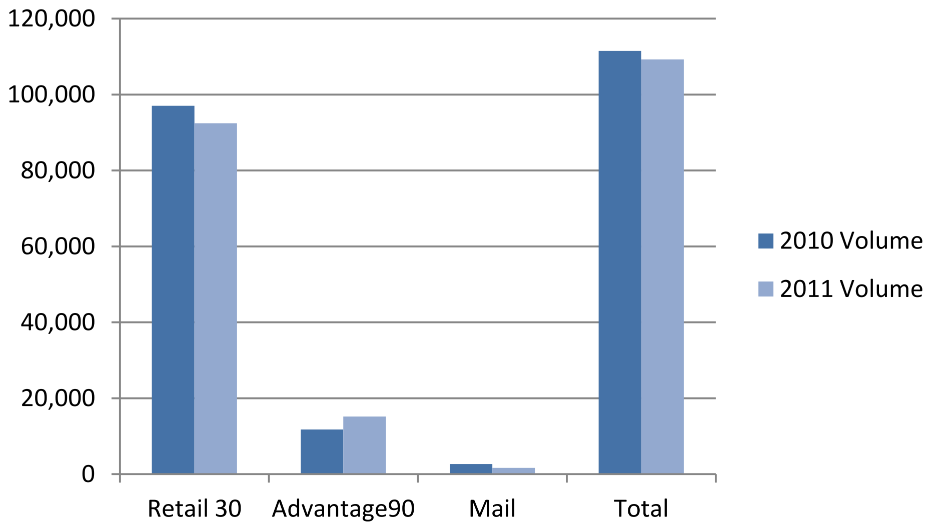
• While generic medications account for 74% of the claims, the expenditures are less than 23% of the total.

• The Key First Time generics for 2011 include generic Levaquin (antibiotic) and Lipitor (cholesterol-lowering medication). The effect of Levaquin was seen most significantly, as it became available in July, 2011. The significance of generic Lipitor is yet to be seen, as it became available in December, 2011. It should prove to be a major Cost Driver (in a favorable manner) in 2012.

• Other new generics available in 2011 include Zyprexa (atypical antipsychotic), Femara (anti-estrogen), VFend (antifungal), Xalatan (glaucoma agent), and Concerta (ADHD)

Channel Comparison

Outlet	2010 Volume	2010 Percentage	2011 Volume	2011 Percentage
Retail 30	97,018	87.00%	92,426	84.60%
Advantage90	11,767	10.60%	15,180	13.90%
Mail	2,690	2.40%	1,644	1.50%
Total	111,475	100.00%	109,250	100.00%



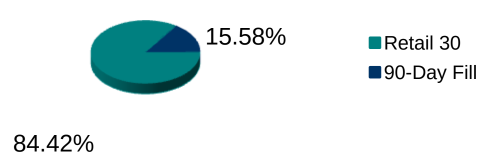
County of Fresno’s total claim volume decreased slightly between the two periods. 90 day utilization has increased and now exceeds 15%.

The Mail Order penetration rate has decreased, but the growth rate within the Advantage 90 network more than makes up for the loss within mail order. Members are moving their prescriptions from the mail order facility and selecting use of the retail 90 network due to convenience. Research shows having a face to face interaction with a pharmacist is one of the best ways to increase compliance, thereby reducing medical expenses, so this is a desired trend.

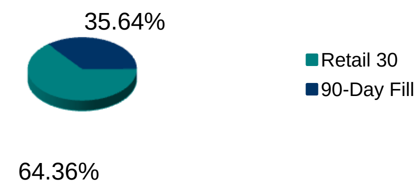
Channel Comparison Continued

COUNTY OF FRESNO	COUNTY OF FRESNO	GOVERNMENT BENCHMARK

Rxs By Channel



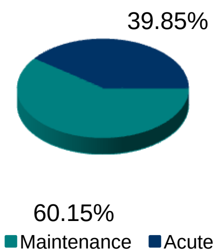
***Adjusted Rxs by Channel**



***Adjusted Rxs by Channel**

**Adjusted Rxs by Channel represents the number of 90 day claims * 3*

Opportunity for Savings - Retail 30 Rxs



Specialty Claims Excluded

For WHI's BoB, the number of prescriptions dispensed in 90-day supplies increased by over 2% from 2010 to 2011. Compared with the 30-day retail channel, plans that offer a 90-day fill option reduce their medication costs through deeper AWP discounts, fewer dispensing and administrative fees, and higher generic utilization. Additionally, medication adherence is increased by reducing the impediments associated with monthly refills, which can assist in improving overall compliance and health outcomes.

County of Fresno's 90 day program utilization rate is below the government benchmark's. This is likely due to the lack of mandatory 90 day utilization which has been put in place by other clients. County of Fresno still has 60% of maintenance claims being filled in a retail 30 setting which could be converted to a 90 day channel.

Top Therapeutic Categories by Total Cost

Therapeutic Category	COUNTY OF FRESNO					GOVERNMENT BENCHMARK	
	Rank	Total Cost	PMPY	% of Total Cost	Total Cost Trend	Rank	PMPY
DIABETIC THERAPY	1	$1,100,230.73	$97.16	11.3%	18.7%	2	$88.81
LIPOTROPICS (Cholesterol Lowering)	2	$855,466.13	$75.54	8.8%	10.8%	1	$105.68
ANTIVIRALS	3	$580,488.09	$51.26	6.0%	54.2%	6	$52.72
PSYCHOSTIMULANTS-ANTIDEPRESSANTS	4	$579,971.18	$51.22	6.0%	1.7%	3	$67.81
BRONCHIAL DILATORS (Asthma/COPD)	5	$510,948.04	$45.12	5.3%	0.4%	5	$55.99
ANTIARTHRITICS	6	$467,854.54	$41.32	4.8%	4.4%	4	$58.59
ANTIHYPERTENSIVES (High Blood Pressure)	7	$450,632.70	$39.79	4.6%	12.1%	7	$50.49
NARCOTIC ANALGESICS (Pain Management)	8	$446,943.93	$39.47	4.6%	14.4%	8	$42.52
ATARACTICS-TRANQUILIZERS (Antipsychotics)	9	$373,003.81	$32.94	3.8%	42.0%	9	$33.92
ANTINEOPLASTICS (Cancer Medications)	10	$321,172.35	$28.36	3.3%	18.2%	10	$28.29

Top Therapeutic Categories by Total Cost Continued (Reference Table on Slide 14)

- 2011 Top Therapeutic Classes by Total Cost remained relatively consistent from 2010 to 2011, with Diabetic Therapy as the most costly therapeutic class.
  - Increased utilization of Insulin Pens over Insulin vials, which cost more/unit but also increase compliance and decrease waste, drove increased costs in this category for County of Fresno.
  - County of Fresno saw increased utilization of diabetic test strips. Implementation of Diabetic Sense program will offer a cost-effective distribution channel and make available a value-added Diabetes Self Management Program at no charge to the County or members.

- Increased unit cost (price inflation) was by far the primary driver of cost increases in categories of medication such as Statins (Cholesterol), Oral Diabetes medications, SSRI Antidepressants, and Asthma medications due to increased cost due to recent or pending patent expirations such as Lipitor for cholesterol in Nov 2011 and Actos for Diabetes, Seroquel for Schizophrenia and Bipolar, Lexapro for Depression, and Singulair for Asthma in 2012.

- Increased utilization in several categories was the primary driver of increased costs including Antipsychotics and Antidepressants, Attention Deficit and Hyperactivity Disorder (ADHD), High Blood Pressure, HIV and Chronic Hepatitis C (Antivirals), and Diabetes test strips and non-insulin injectable Diabetes medications.

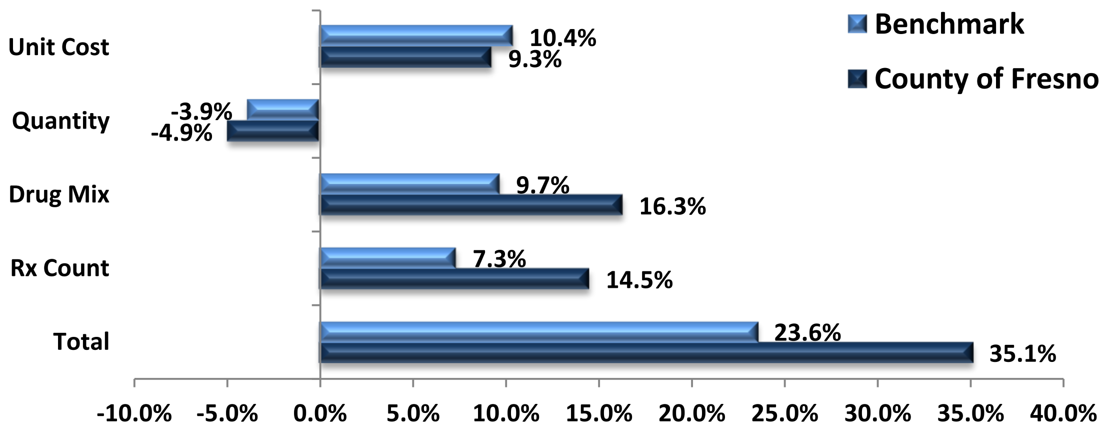
- County of Fresno's per member per year costs for the Top 10 therapeutic categories remains below the benchmark for all except Diabetic Therapy and Antineoplastics (cancer medications)

Positive Trend Drivers (Increased Cost): Top Cost Drivers – Year Over Year

Brand Name *Specialty	COUNTY OF FRESNO Rank	GOVERNMENT BENCHMARK Rank	Therapeutic Category	Total Cost	% of Total Cost	Total Cost Trend
LIPITOR	1	1	LIPOTROPICS (Cholesterol Lowering)	$247,279.77	2.5%	26.5%
ACTOS	2	9	DIABETIC THERAPY (Oral Diabetes Med)	$243,746.01	2.5%	15.4%
ABILIFY	3	11	ATARACTICS-TRANQUILIZERS (Antipsychotics)	$187,630.18	1.9%	57.7%
ADVAIR DISKUS	4	8	BRONCHIAL DILATORS (Asthma/COPD)	$166,359.14	1.7%	-2.6%
ENBREL*	5	4	ANTIARTHRITICS	$165,624.58	1.7%	-8.5%
ONE TOUCH ULTRA TEST STRIPS	6	14	DIAGNOSTICS (Blood Glucose Test Strips)	$130,957.65	1.3%	14.2%
SINGULAIR	7	6	BRONCHIAL DILATORS (Asthma/COPD)	$129,073.98	1.3%	6.8%
NOVOLOG	8	20	DIABETIC THERAPY (Insulin)	$125,214.27	1.3%	18.2%
CYMBALTA	9	7	PSYCHOSTIMULANTS-ANTIDEPRESSANTS	$117,447.72	1.2%	36.5%
CRESTOR	10	2	LIPOTROPICS (Cholesterol Lowering)	$114,791.26	1.2%	14.6%
DIOVAN HCT	11	16	ANTIHYPERTENSIVES (High Blood Pressure)	$111,940.91	1.2%	14.6%
LANTUS SOLOSTAR	12	19	DIABETIC THERAPY (Insulin)	$108,218.10	1.1%	53.1%
FENTANYL CITRATE	13	25	NARCOTIC ANALGESICS (Pain Management)	$107,625.69	1.1%	9.0%
HUMALOG	14	18	DIABETIC THERAPY (Insulin)	$106,111.20	1.1%	21.5%
INCIVEK*	15	23	ANTIVIRALS (Hepatitis C)	$99,703.62	1.0%	
HUMIRA*	16	3	ANTIARTHRITICS	$97,561.07	1.0%	-17.7%
NIASPAN	17	21	LIPOTROPICS (Cholesterol Lowering)	$94,713.37	1.0%	10.1%
DIOVAN	18	15	ANTIHYPERTENSIVES (High Blood Pressure)	$92,463.84	1.0%	15.1%
SIMPONI*	19	24	ANTIARTHRITICS	$89,190.07	0.9%	42.4%
SEROQUEL	20	17	ATARACTICS-TRANQUILIZERS (Antipsychotics)	$88,381.86	0.9%	34.5%

- Generic pipeline: Lipitor (Nov ‘11), Actos (May ‘12), Singulair (August ‘12), Diovan/HCT (September ‘12), and Seroquel (March ‘12)
  - Utilization decreasing due to less promotion
  - Price increases ahead of patent expiration
- Increased utilization of Abilify, Diabetes Test Strips, Insulin Pens, and Cymbalta

Specialty Trend 2010 to 2011



2010					2011				
Num Rx	Utilizers	% of Total Plan Spend	Total Cost	Total Cost PMPY	Num Rx	Utilizers	% of Total Plan Spend	Total Cost	Total Cost PMPY
487	69	10.9%	$940,922.50	$83.13	559	88	13.1%	$1,270,178.84	$112.17

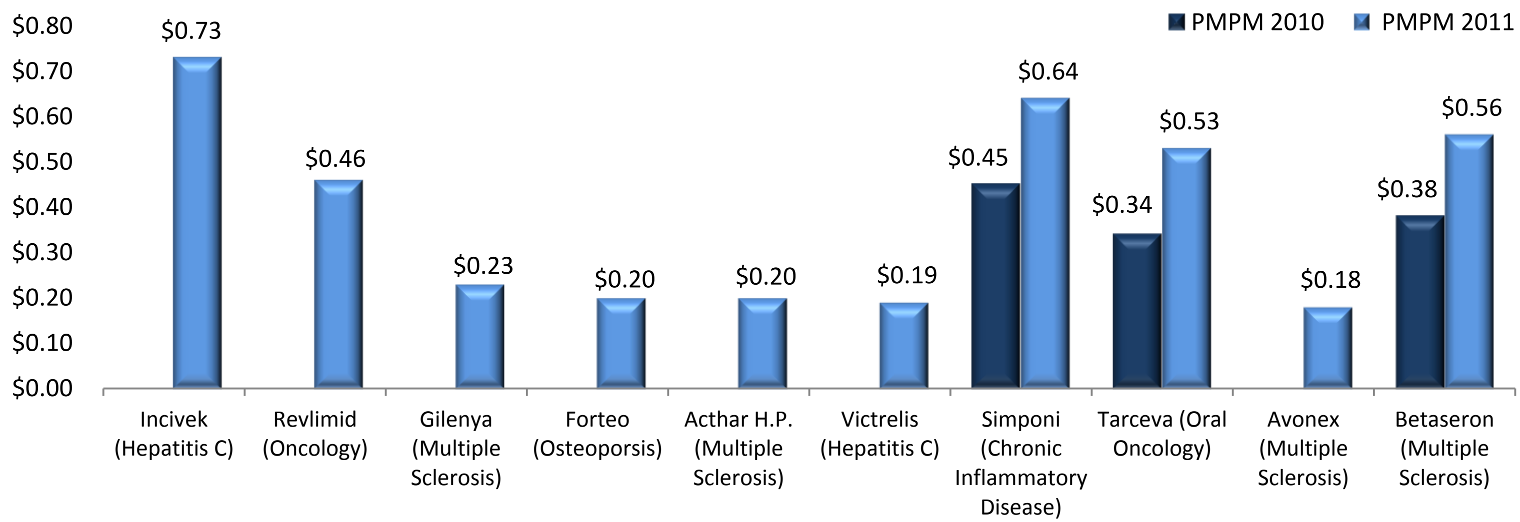
- County of Fresno experienced a 35.1% Trend for Specialty Medications in 2011 compared to 23.6% for the Government Benchmark
  - Overall Specialty represents 13.1% of total costs for Fresno and 13.8% for the Benchmark
  - Specialty utilization increased by 72 Rxs and 19 Patients in 2011
- Unit Cost or price increase was a significant Driver at 9.3%
- Drug Mix increased Trend for County of Fresno
  - Increased use of more expensive (newer) Specialty medications
- Rx Count was also a significant Driver due to increased utilization

Top Specialty Categories 2011

Specialty Category Description	COUNTY OF FRESNO Rank	GOVERNMENT BENCHMARK Rank	% of Total Specialty Spend	Total Cost PMPY	% Share of Total Specialty Rxs	Total Cost Trend
Biologic Response Modifiers	1	1	31.4%	$35.17	36.3%	-11.2%
Viral Hepatitis	2	4	20.3%	$22.81	22.7%	146.8%
Oral Oncology	3	3	20.0%	$22.46	10.7%	76.6%
Multiple Sclerosis	4	2	16.2%	$18.13	13.4%	73.7%
Anticoagulants	5	5	2.9%	$3.30	4.8%	111.2%

- Biologic Response Modifiers, which include Humira and Enbrel, agents to treat Rheumatoid Arthritis, was the most costly Specialty Category for the County of Fresno and the Benchmark and represented 31.4% of the Specialty expenditures and 36.3% of Specialty Rxs
  - Utilization and Cost decreased slightly in this category in 2011 for the County by 5 utilizers
- Viral Hepatitis saw significant increase in costs and utilization in 2011
  - Increased utilization due to the FDA approval of 2 new oral antivirals that are used in combination with existing Specialty drug regimen for Hepatitis C
- The County of Fresno had 4 new utilizers of Oral Oncology medications in 2011 driving increased costs
  - County of Fresno saved $3,939.92 from the Cycle Management/Partial Fill program in 2011
- Multiple Sclerosis costs also increased by 73.7% in 2011 from 2 new utilizers
  - One new utilizer of the new oral drug Gilenya, which runs $3,000/mo
  - Gilenya utilizer was also treated for acute exacerbation of MS with a Specialty medication that cost $26, 615 for one prescription (Acthar H.P.)
- Utilizers of injectable Anticoagulants such as generic Lovenox doubled in 2011 (from 12 utilizers in 2010 to 21 in 2011)
  - Was there a corresponding increase in medical claims for heart attack and stroke or high risk pregnancy?

Specialty Drug Trend Drivers



- Specialty plan costs increased $2.75 PMPM for the Top 10 Specialty Drugs by PMPM Increase
- Seven of the Top 10 specialty drugs by PMPM increase were not utilized in 2010
  - 4 of Top 10 drugs were Multiple Sclerosis medications
    - Betaseron is a target of the Formulary Advantage Program implemented on 3/1/12
  - 2 of Top 10 were for the new oral Hepatitis C medications
    - Victrelis is also a target of the Formulary Advantage Program (grandfathered category)
    - Interferons (Pegasys and PegIntron) will be added as Formulary Advantage category in Q2 2012. Agents already required prior authorization. Utilizers of Peg Intron must fail Pegasys.
  - Chronic Inflammatory Disease medications category will be added as Specialty Formulary Advantage categories in Q2 2012. All products already require prior authorization. Utilizers of Cimzia, Orencia, and Simponi will require trial and failure of both Enbrel and Humira.

Medication Management Performance

Medication Management Program 1/1/11-12/31/11	Approved Edits	Denied Edits	Denied %	Denied Savings
Clinical Prior Authorization	146	57	28.1%	$260,291
Specialty Prior Authorization	41	16	28.1%	$764,668
Step Care Therapy	453	167	26.9%	$2,170,640
Total for All Medication Management Programs	640	240	27.3%	$3,195,599

Gross Program Savings (AWP)	$3,195,599
Plan Savings*	$988,936
Return On Investment (ROI)	30.0:1

*Gross savings minus plan discount and member share

- The County of Fresno saved $988,936 in denied authorization plan savings in 2011 for a return on investment of 30.0:1
- Additional plan savings will be realized through the Catalyst Rx Formulary Advantage Program (FAP) which is enhanced formulary management

MedMonitor® RetroDUR Performance

RetroDUR Profile Statistics	2011
Profiles Reviewed	1,028
Conflicts Validated	1,089
Average Conflicts per Profile Reviewed	1.29
Total Provider Interventions	1,262
# Positive Outcome Interventions	422
% Clinical Impact	43.7%
Prescription Financial Impact - PFI	$19,074
Conflicts Reducing Rx Spend	$47,204
Conflicts Increasing Rx Spend	-$28,130
Medical Financial Impact - MFI	$501,046
Total Financial Impact	$520,120
Program Cost	$29,885
Return on Investment (ROI)	**17.4:1**

- County of Fresno realized total financial savings of $520,120 over the last 12 months resulting in a total healthcare return on investment for MedMonitor RetroDUR of 17.4:1.
- 786, or approximately 72%, of the interventions were for underutilization (a form of noncompliance)
- 86, or almost 8%, of interventions were for therapeutic appropriateness/gap in therapy (e.g. diabetic not on a lipid lowering agent)
- 73, or 6.7%, of interventions were for overutilization (e.g. multiple prescribers, multiple pharmacies)

MedMonitor® MTM Performance

Comprehensive Medication Review (CMR) Cases				Comprehensive Medication Review Return on Investment (ROI)			
Members Assessed	Cases Assessed*	Intervened Members†	Intervened Cases	Total Rx Savings	Total CMR Fee	ROI	PIMPM Rx Savings
Results for interventions from 1/1/2011 through 6/30/2011							
367	367	163	163	$69,438	$40,370	1.72	$35.50

*Cases are generated for patients taking at least 6 or more chronic medications, who have 2 or more chronic conditions, who are projected to spend at least $3000 in drug cost annually. Start date of CMR interventions was 3/1/10 - reporting done every 6 months for interventions with at least 4 monts of post-intervention claims data available.

†Intervened Members are those cases where we made drug therapy recommendations to prescribers. All members assessed receive review of drug therapy and consultation by a pharmacist. PIMPM = Per Intervened Member Per Month

- Through the Comprehensive Medication Review component of MedMonitor® MTM, the County of Fresno realized a pharmacy cost savings of $69,438 from 1/1/11- 6/30/11 resulting in a 1.72:1 return on investment

MedMonitor® MTM Performance Cont.

Appropriateness of Therapy (AOT) & Innapropriate Medications in the Elderly (IMIE)	2011
Total # Interventions Measured During Period	76
# Positive Outcome Interventions	15
% Clinical Impact	20.0%
Prescription Financial Impact - PFI	-$1,335
Conflicts Reducing Rx Spend	$866
Conflicts Increasing Rx Spend	-$2,200
Medical Financial Impact - MFI	$29,915
Total Financial Impact	$28,580
Program Cost	$1,900
Return on Investment (ROI)	**15.0:1**

- Appropriateness of Therapy and Inappropriate Medications in the Elderly interventions generated $28,580 in estimated avoided medical and pharmacy costs in 2011.

2. Industry Updates

Industry Updates

Potential blockbuster class: Rheumatoid Arthritis

- New agents for Rheumatoid Arthritis and Psoriasis
- Enbrel 's patent was expected to end in October 2012
- Amgen's new patent may delay Enbrel biosimilars for another 17 years
- Two new therapies with novel mechanisms of action are in development
- Expected to be a >$13 billion market in 2012

Brand Name	Generic Name	Pipeline Comments
N/A	fostamatinib disodium (R788)	SYK Inhibitor, Expected launch 4Q 2012, Rigel and AstraZeneca
N/A	tofacitinib (previously known as tasocitinib, CP-690550)	JAK Inhibitor, Expected launch 4Q 2012, Pfizer

Catalyst Rx Actions:

1. These drug currently require prior approval through Catalyst Rx's Biologic Response Modifier Specialty Prior Authorization (SPA) program which clinically reviews and promotes appropriate utilization for all patients
2. Formulary Advantage Program being added for Rheumatoid Arthritis drugs in Q2 2012

What's New in the Industry?

Pipeline highlight: Cushing's syndrome

- Endogenous Cushing's syndrome is a serious, debilitating and rare multisystem disorder
- It is caused by the overproduction of cortisol (a steroid hormone that increases blood sugar levels) by the adrenal glands
- Korlym was approved for use in patients with endogenous Cushing's syndrome who have type 2 diabetes or glucose intolerance and are not candidates for surgery or who have not responded to prior surgery
- Korlym and the pipeline product in development are high cost, specialty products

Brand Name	Generic Name	Pipeline Comments
Korlym	mifepristone	Cushing's indication approval received February 17, 2012
N/A	pasireotide	Somastain analog approval projection is 4Q12

Catalyst Rx Actions:

- New therapies will be reviewed by Catalyst Rx's P&T Committee to determine the necessity of a Utilization Management Program designed to promote appropriate utilization

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What's New in the Industry?

Patient Protection and Affordable Care Act Contraceptive Coverage

- The Patient Protection and Affordable Care Act—the health insurance reform legislation—was passed by Congress and signed into law by President Obama on March 23, 2010
- The Act requires health plans to cover preventive services, including all FDA-approved contraceptive methods and counseling. A new proposed rule clarifies the required covered services and is open for comment until June 19, 2012.[1]
- Non-grandfathered plans and issuers are required to provide coverage without cost sharing consistent with these guidelines in the first plan year (in the individual market, policy year) that begins on or after August 1, 2012
- Group health plans sponsored by certain religious employers, and group health insurance coverage in connection with such plans, are exempt from the requirement to cover contraceptive services.[2]

Catalyst Rx Actions:.

- The Formulary Operations and Clinical Analytics teams are developing a baseline analysis that will show client impact of covering agents at zero dollar
  - The analysis will assume coverage of all agents and a 10% increase in utilization due to the zero dollar coverage
- Client's may request the analysis through their account management team

[1] http://www.gpo.gov/fdsys/pkg/FR-2012-03-21/pdf/2012-6689.pdf

[2] http://www.regulations.gov/#!documentDetail;D=HHS_FRDOC_0001-0443

What's New?
National Prescription Take-Back Day

Free promotion of **National Prescription Drug Take-Back Day**, an event sponsored by the U.S. Drug Enforcement Administration (DEA) and its community partners to decrease the opportunity of prescription drug theft and abuse.

On April 28th, members can bring old prescription and over-the-counter medications for proper disposal at designated collection sites.

Catalyst Rx has developed a courtesy email campaign template you can distribute to your plan participants. Contact your Catalyst Rx Account Manager to obtain a copy.

3. Catalyst Rx Updates

2012 Advantage Formulary Changes

- Patent extensions and single source restrictions
  - New drugs to market added:
    - Intermezzo (zolpidem)
    - Subsys (fentanyl)
  - Existing drugs on the market to be added during 2nd Quarter, after impact is assessed and addressed
    - Pediaderm AF, Pediaderm TA, Pediaderm HC

- All HIV medications now process as preferred (few products were non-preferred but have been added to show consistency in the class)

Utilization Management Program Changes and Additions

- Sleep Aids Quantity Level Limits Category
  - Addition of **Intermezzo (zolpidem)** with a standard limit of **0.5/day** and a conservative limit of **1/day**
- Respiratory Products Quantity Level Limits Category
  - Correction of **Brovana (aformoterol)** limit from **2mL/day** to **4mL/day**

Formulary Advantage Program Changes

- SSRI Category
  - **Lexapro (escitalopram)** went generic during first quarter. The new generic was removed from this program as a target.
- PPI Category
  - **Lansoprazole** was removed as a target in this program.
- GLP Inhibitors Category
  - **Bydureon (exenatide)** hit the market during the first quarter. It is a new dosing formulation of Byetta which is preferred in this program. Bydureon was added as preferred in the GLP Inhibitors category.
- Atypical Antipsychotics Category
  - **Seroquel (quetiapine)** and **Geodon (ziprasidone)** both went generic during this past quarter and remain prerequisite agents.
- Bisphosphonate Category
  - **Boniva (ibandronate)** went generic during this past quarter and remains a prerequisite agent.
- Intranasal Steroid Category
  - **Qnasl (beclomethasone)** recently hit the market. This is being added as a target in the category.
- ARB Category
  - **Avapro and Avalide (irbesartan and irbesartan/hctz)** went generic early April. The new generics were removed from this program as targets.

Formulary Advantage Program Additions for 2nd Quarter

- The addition of two new Specialty Formulary Advantage programs will bring the Specialty offering up to six categories
- These will be managed within the Prior Authorization (PA) process and all products will require a PA (both preferred and targets)
  - Interferon Category
    - Prerequisite: **Pegasys (peginterferon alfa-2a)** will be preferred
    - Target: **Peg Intron (peginterferon alfa-2b)**
  - TNF Inhibitors Category
    - Prerequisites: **Humira (adalimumab)** and **Enbrel (etanercept)** will be preferred
    - Targets: **Cimzia (certolizumab pegol), Orencia (abatacept)** and **Simponi (golimumab)**
    - Must try **BOTH** prerequisites before obtaining a target

Catalyst Rx Formulary Advantage

- Classes selected for high number of therapeutically equivalent alternatives
- Drive generic utilization and formulary compliance, leading to lowest net cost
- Savings accrue to your bottom line
- All targets are non-preferred when you implement the Formulary Advantage Program

Drug Class	Targeted Medications	Preferred Alternatives	Expected Generic Dispense Rate	Expected Formulary Compliance
Albuterol *Asthma*	Proventil HFA, Ventolin HFA, Xopenex HFA	ProAir HFA	**	>90%
Androgens *Testosterone Replacement*	Androderm, Axiron, Fortesta, Testim	AndroGel	**	>90%
Angiotensin II Receptor Blockers *Blood Pressure*	Atacand/HCT, Avalide, Avapro, Benicar/HCT, Edarbi, Edarbyclor, Teveten/HCT	losartan, losartan/hctz, Diovan/HCT, Micardis/HCT	40-50%	>95%
Atypical Antipsychotics[1] *Mental Health Conditions*	Abilify, Fanapt, Invega, Latuda, Saphris	risperidone, olanzapine, quetiapine, ziprasidone	75%	80-90%
Bisphosphonates *Osteoporosis*	Actonel, Actonel with Calcium, Atelvia	alendronate, ibandronate, Fosamax Plus D	60-70%	90-95%
Fenofibrates *High Triglycerides/Cholesterol*	Antara, Fenoglide, Lofibra, Tricor, Triglide, Trilipix	Lipofen, and all generic fenofibric acid products	70-80%	>90%
GLP Inhibitors *Diabetes*	Victoza	Byetta, Bydureon	**	>85%
Glucose Test Strips *Diabetes*	Ascensia, Freestyle, Precision	Accu-Chek and OneTouch Products	**	>85%

[1] *Current utilizers not required to change agents, new utilizers only.* [2] *Unless noted, approval not required for members under age 18.* [3]*NEW DRUG CLASS EFFECTIVE 1/1/2012*

** no limited current generics in the class

Unless noted, approval not required for members under age 18 and other exceptions may apply.

Catalyst Rx Formulary Advantage

Drug Class	Targeted Medications	Preferred Alternatives	Expected Generic Dispense Rate	Expected Formulary Compliance
Hypnotics *Sleep Aids*	Edluar, Lunesta, Rozerem, Silenor, Zolpimist	All generic hypnotics	80-90%	80-90%
Insulin *Diabetes*	Humulin, Humalog	Novolin, Novolog	**	>95%
Insulin, Basal *Diabetes*	Levemir	Lantus	**	80-90%
Intranasal Steroids *Nasal Allergy*	Beconase AQ, Nasacort AQ, Omnaris, Rhinocort Aqua, Tri-Nasal, Qnasl, Vancenase AQ, Veramyst	flunisolide, fluticasone propionate, Nasonex	55-65%	>95%
Ophthalmic Prostaglandins *Glaucoma*	Lumigan	latanoprost, Travatan Z	20-30%	80-90%
Proton Pump Inhibitors *Ulcer*	AcipHex, Dexilant, Prevacid, Prevacid SoluTabs, Prilosec packets, Zegerid	omeprazole, pantoprazole, Nexium	40-50%	>95%
SSRIs [2] *Depression*	Luvox CR, Pexeva	citalopram, fluvoxamine, fluoxetine, paroxetine, sertraline	>90%	80-90%
Triptans *Migraine*	Axert, Frova, Sumavel, Treximet, Zomig	naratriptan, sumatriptan, Maxalt, Maxalt-MLT, Relpax	25-35%	>95%

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** no or limited current generics in the class

Unless noted, approval not required for members under age 18 and other exceptions may apply.

Catalyst Rx Formulary Advantage Specialty Categories

Drug Class	Targeted Medications	Preferred Alternatives	Expected Generic Dispense Rate	Expected Formulary Compliance
Interferons [3]	Peg Intron	Pegasys	**	70-80%
TNF Inhibitors [3]	Cimzia, Orencia, Simponi	Humira ,Enbrel	**	>95%
Follicle Stimulating Hormones [1,2] *Infertility*	Gonal F	Follistim AQ	**	70-80%
Growth Hormones [1,2]	Nutropin, Omnitrope, Saizen, Serostim, Zorbitive,Tev-Tropin	Genotropin, Humatrope, Norditropin	**	80-90%
Hepatitis C [1,]	Victrelis	Incivek	**	70-80%
Multiple Sclerosis [1,]	Betaseron	Extavia	**	80-90%

[1] *Current utilizers not required to change agents, new utilizers only.* [2] *Unless noted, approval not required for members under age 18.* [3]*NEW DRUG CLASS EFFECTIVE 4/1/2012*
** no or limited current generics in the class
Unless noted, approval not required for members under age 18 and other exceptions may apply.

CatalystRx

What's New?

Catalyst Rx Opens New Orlando, FL Facility

- 60,000 sq. ft. Center of Excellence
  - 36,000 sq. ft. dedicated to Member Services Department, featuring state-of-the-art technology and customer service management capabilities
- Hosts a myriad of innovative design, technology and creative finishes as well as elements to reinforce the Catalyst culture



Next Steps and Action Items

QUESTIONS?