Driving results through individual health ownership

Specialty Pharmacy: A Turning Point for Drug Management
Driving results through individual health ownership

- INFORMATION that motivates
- INTEGRATION that simplifies
- INNOVATION that empowers

- Personalized experience
- Health plan design & cost sharing
- Network design & transparency
- Population health & productivity
- Simpler member experience
- Better outcomes
- Lower costs
Today’s session

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OptumRx

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Specialty Benefits and Outcomes,
OptumRx
We have consolidated our pharmacy management services to better meet all of our customers’ needs now and in the future.
Guiding Better Decisions With Synchronization
The Member’s Reality:
Fragmented Health Care

“Let me transfer you …”

“I don’t have access to that information …”

“Have you filled your medication?”

“Check your PBM for your preferred drug”
Better Decisions Lead to Health Ownership and Savings

Make smart medication choices
Guidance on the right medication based on total healthcare costs

Choose the right pharmacy
Guidance on pharmacies and facilities based on quality and cost.

Help manage overall health
Synchronized Care Management helping members stay adherent and engage in programs

Make the experience easy
ONE synchronized experience and support for better decisions
Clinical Synchronization: One Team

ONE Team

Connecting …
- Member Services
- Pharmacists
- Nurses
- Case Managers
- Physicians

Sharing case notes and expertise.

Aligned goals for better health and lower total cost.

Fueled by ONE System with a 360° member health view and real-time data

Up to 30 days faster engagement on health and savings opportunities

Embedded Pharmacists conduct medication consults with consumers identified as “at risk” for medication mismanagement

Partnering across pharmacy and medical benefits to improve specialty pharmacy trends and overall costs

1. Based on monthly pharmacy data feed vs. Optum synchronized data. 2. Savings for combined clinical synchronization capabilities in the pilot analysis from June 2012-July 2013
One System Helps Guide Better Decisions

360° health view of each member

63% of health and savings opportunities driven by pharmacy and gaps in care rules

Value Factor Pharmacy Risk Score
Indicates complex medication issues
- Chronic conditions/medications
- Quality measures (Rx gaps, STAR ratings)
- Current and future risk factors

Automated Alerts for prioritizing health and savings opportunities
Synchronized Member Support for Better Decisions

Making the most of every interaction

ONE Experience

One Call Support

- Over 90% of pharmacy calls resolved without transfers¹
- Optimizing inbound calls for other opportunities

Up to 30 days faster engagement on health and savings opportunities with proactive outreach²

Simplified self-service

“I can help you right now ...”

¹ Estimate based on current enhanced service model performance rate. ² Based on monthly pharmacy data feed vs. Optum synchronized data.
Enhancing the member experience and improving outcomes through quicker detection and resolution of issues with ONE System and ONE Care Team.

**Traditional Stand-Alone Services**
- No Connections from Rx to Medical

**Synchronized OPTUM**
- Rx Directly Connects “At Risk” Member to Nurse with System Alert

**DATA VELOCITY**
- Monthly Rx Data Feed & Analysis
- Real-time Rx Data Feed with Claims Auto-populated for Nurses

**SPECIALTY PHARMACY**
- No Connections from Nurse to Specialty Pharmacist
- Nurse and Specialty Pharmacist Share Two-way Connection

**TEAMWORK**
We are reaching a turning point...

50% Projected Specialty Pharmacy spend by 2018.

The generic wave is over.
## Several Dynamics Impacting Cost

### Specialty Drugs

- **#1 driver** of overall drug trend.
- Specialty Rx costs estimated to be **40%** of total drug costs by 2015.

### Patent Expiration

- **$90-$100B** in patent expirations over the next 2 years. ¹

### Direct to Consumer

- Pharmaceutical industry will increase social media spending to an estimated **1.86B** by 2015.²
- Humira® alone spent **$29.4M** on DTC marketing in the first quarter of 2012.³

### Copay Coupons

- An estimated **100-125 million** prescriptions use copay coupons each year.⁴
- Coupon use is expected to rise to **500M** prescriptions/year by 2021.⁵

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The right strategies are needed to lower costs for members and employers.
Better Decisions are Critical – Especially for Complex Conditions

<table>
<thead>
<tr>
<th>Medical Treatment</th>
<th>Pharmacy Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knee Replacement</td>
<td>Multiple Sclerosis</td>
</tr>
<tr>
<td>Coronary Bypass Surgery</td>
<td>Pulmonary Hypertension</td>
</tr>
<tr>
<td>Transplant</td>
<td>Hemophilia</td>
</tr>
</tbody>
</table>

**One Time Expense**
- Knee Replacement: $50k
- Coronary Bypass Surgery: $100k
- Transplant: $250k+

**Annual Expense**
- Multiple Sclerosis: $50k
- Pulmonary Hypertension: $100k
- Hemophilia: $250k+

To manage cost, everyone should be expected to make **Better Decisions.**

Price tags are illustrative rough estimates only.
Specialty Market
Projected Growth

Projected growth in specialty market

$80 billion

$400 billion

25% of total drug spend
2010

44% of total drug spend
2020

Drug Price Inflation

Price inflation of branded and specialty drugs have shown significant increases.

For a specialty medication that costs $2,000 per month – a price increase of 10% equates to $2,400 in additional cost per year for a single patient.
50% of drugs in the pipeline are specialty drugs. Of these, one-third are indicated for treating cancer.

<table>
<thead>
<tr>
<th>Disorder</th>
<th>Spending</th>
</tr>
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<tbody>
<tr>
<td>Autoimmune disorders</td>
<td>45</td>
</tr>
<tr>
<td>Blood disorders</td>
<td>41</td>
</tr>
<tr>
<td>Cancer/related conditions</td>
<td>288</td>
</tr>
<tr>
<td>Digestive disorders</td>
<td>49</td>
</tr>
<tr>
<td>Growth disorders</td>
<td>7</td>
</tr>
<tr>
<td>HIV infection</td>
<td>16</td>
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<tr>
<td>Musculoskeletal disorders</td>
<td>52</td>
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<tr>
<td>Neurological disorders</td>
<td>74</td>
</tr>
<tr>
<td>Respiratory disorders</td>
<td>47</td>
</tr>
<tr>
<td>Skin disorders</td>
<td>44</td>
</tr>
</tbody>
</table>

**Medical Benefit vs. Pharmacy Benefit Spend**

Specialty drugs under the medical benefit:

- Require physician or nurse administration
- Need more intense physician oversight and support

Spend chart source: Based on UnitedHealthcare claims analysis.
Biologic Medications & Impact

10-25% expected savings\(^1\) with biologics vs. 75-85% with typical generics.

TPADTICAL MEDICATIONS

These are your typical brand and generic medications.

Simple structure
Easy to reproduce and replicate
FDA approval requires ~50 simple tests\(^3\)
Many generics available

BIOLOGIC MEDICATIONS

Many specialty medications are considered “biologics”.

Extremely complex structure
Made in living cells = identical copies impossible
FDA approval requires ~250 complex tests\(^3\)
Generics, or “biosimilars,” not yet available

Nearly 21 biologics worth more than $50B will lose patent protection by 2019\(^4\)

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13% total reduction in medical and pharmacy costs related to oncology in our Specialty Pharmacy Program

Total Care Coordination
- Personal Care Team
- Physician Coordination
- Adherence Support

Total Cost Control
- Drug Cost and Choice
- Right Benefit – Medical or Pharmacy
- Appropriate Patients and Use

SPECIALTY PHARMACY: TOTAL MANAGEMENT ACROSS MEDICAL AND PHARMACY

Multi-channel Management Capabilities

Insight into all channels is crucial in managing total cost and providing better care.

You need to ask:

1. How is the drug administered?
2. Which benefit supports better care?
3. What is the total cost impact?

<table>
<thead>
<tr>
<th>Distribution Channel</th>
<th>UHC &amp; OptumRx</th>
<th>Traditional Carve-Out</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specialty Pharmacies</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td>Hospital / Facilities</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>Doctor Office</td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>
## Assisted-Administered Specialty Drug Pipeline

<table>
<thead>
<tr>
<th>Medication Name</th>
<th>Therapeutic Use</th>
<th>Expected Cost per Patient/Year</th>
<th>Expected Launch Date</th>
<th>Clinical</th>
<th>Medical Necessity</th>
<th>Network</th>
<th>Admin. Protocol</th>
<th>Benefit Design</th>
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</thead>
<tbody>
<tr>
<td>NLX-P101</td>
<td>Parkinson’s Disease</td>
<td>$488,256</td>
<td>Q4 2013</td>
<td>✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
</tr>
<tr>
<td>Lemtrada</td>
<td>MS</td>
<td>$28,512</td>
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<td>✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
</tr>
<tr>
<td>BiovaxID</td>
<td>Cancer</td>
<td>$104,400</td>
<td>Q3 2014</td>
<td>✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
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<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
</tr>
<tr>
<td>Rindopepimut</td>
<td>Cancer</td>
<td>$70,272</td>
<td>Q4 2014</td>
<td>✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
</tr>
<tr>
<td>Biosimilar Epogen</td>
<td>Anemia</td>
<td>$8,880</td>
<td>Q4 2014</td>
<td>✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
<td>✓  ✓  ✓  ✓  ✓  ✓  ✓  ✓</td>
</tr>
</tbody>
</table>

✓ = strategy strong potential  
✓ = strategy being considered
Hepatitis C Virus (HCV) is a chronic infection that causes severe liver disease and is the leading cause for liver transplants.

**HEPATITIS C OVERVIEW**

As a contagious liver disease, it is spread primarily though contact with blood infected with the Hepatitis C Virus.

- Top 6 class by spend under pharmacy benefit
- Estimated 3.2 million have Hepatitis C, most are unaware
- Each year 17,000 Americans become infected

**POPULATION**

- Most common in those born 1945-1965
- 31% of UHC's membership is at risk

**GENOTYPES**

Identified by lab test and help determine therapy, length of treatment, and predicting therapy response.

- Genotype 1 is most common in U.S. accounting for 75%
- Genotype 2-3 are less common (10-15%)
- Other genotypes are rare in the U.S.

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Big Changes for Hepatitis C

Until recently, Hepatitis C has been difficult to treat and nearly impossible to cure with existing therapies.

Hepatitis C virus infection is the most common chronic blood-borne infection in the United States, with approximately 3.2 million people infected.

It has at least six genetic variations that respond differently to drug therapies.

A recently approved test quickly identifies the exact form of the virus breaking a barrier for treating Hepatitis C.

U.S. annual cost to treat with traditional therapies:

$9,000,000,000,000
Impact of New Therapies: Prescription Cost and Projected Cure Rates

Most successful treatment to date

COST  
$20-40k  
$50-70k  
$108-168k  

CURE RATE  
44%  
72%  
80-100%  

2001 – 2011  
2011 – 2013  
2013 (Q4) – 2014  

Dual therapy  
Incivek or Victrelis  
Sovaldi or Olysio

Peg-interferon (injection), ribavirin (oral)  
Added to dual therapy  
Replaces Incivek and Victrelis. Added to dual therapy.

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## Current Management Strategies

Managing the class as a whole helps identify program and cost savings opportunities

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
<th>Tier 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>ribavirin</td>
<td>Incivek N SL</td>
<td>Ribapak C E N SL T4</td>
</tr>
<tr>
<td></td>
<td>Olysio N SL</td>
<td>Sovaldi C N SL</td>
</tr>
<tr>
<td></td>
<td>Pegasys N SL</td>
<td>Victrelis C N SL</td>
</tr>
</tbody>
</table>

This list is subject to change.

**Pharmacist Drug Review**
- Designated Pharmacists
- Combination Therapy
- Drug Interactions (Drug Utilization Review)

**Clinical Management Program**
- Pharmacists and nurses specialized in Hepatitis C
- Education materials
- Integration with Optum Behavioral Services

**Utilization Management Programs**
- Drug Tiering / Supply Limits
- Notification / Prior Authorization
  - Genotype and Genetic Testing
  - Medical Necessity

**Specialty Pharmacy Processing**
- 28-Day Supply
- Refill and Text Msg Reminders
- 24/7 Pharmacist Access

The processes outlined above are specific to OptumRx. Processes may vary, depending on specialty pharmacy.
Management Strategies Delivering Value

**Contracting Innovation**
Episode payments, drug fee schedules, preferred products, price protection

**Clinical and Utilization Management**
Similar, novel clinical programs to pharmacy ensuring clinically appropriate coverage

**Drive to Lowest Cost Site of Service**
Coverage based on cost and clinical needs

**Comprehensive Care and Management**
Best and appropriate care at the lowest cost

**Reporting**
Custom, client-specific trends and insights

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**Medical Benefit Trend**

Traditional PBMs don’t report trend for potential carve-out drugs

- **5.2%**

UnitedHealthcare and OptumRx

Traditional PBM

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UHC/OptumRx specialty trend reported (pharmacy and medical) is based on FY 2012 UHC Legacy Fully Insured business. There is not a common definition of ‘specialty medication’ in the marketplace therefore significant differences may exist when comparing trends among PBMs.
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Questions?