

Working Together for Employers July 2018

AGENDA



- BHCG Opening Comments & Introductions
- Navitus Executive Overview
- Financial Analysis Looking Beyond the Spreadsheet
- Data Access Guaranteed Transparency
- Member Portal Encouraging Smarter Choices
- Implementation Transition Expectations
- Final Thoughts



NAVITUS HEALTH SOLUTIONS



Navitus is a 100 percent pass-through pharmacy benefit manager (PBM). We provide superior customer service, ensure regulatory compliance, improve member health, and lower drug costs in a manner that instills trust and confidence.

- Founded in 2003
- Owned by SSM Health
- Continued rapid growth
- 100% pass-through and transparent business model
- Shared commitment to excellence in service and evidence-based clinical care
- Lowest-net-cost trend management philosophy
- Corporate campuses in Madison and Appleton, WI; Austin, TX & Phoenix, AZ
- 2017 & 2018 5-Star EGWP Rating by CMS



PLAN SPONSORS SEEK FULL DISCLOSURE



Anthem Sues Express Scripts
Over Prescription Drug Pricing

Washington Post

Pharmacy benefit managers could be in legislative crosshairs

Watchdog.org

PBM TO PAY \$7.9 MILLION TO RESOLVE KICKBACK ALLEGATIONS

US Department of Justice

'Deceptive' PBM overcharged for drugs: lawsuit

CNN Money

Strategies to Improve PBM Management of an Employee Drug Prescription Drug Plan

American Journal of Managed Care

Rebates to pharmacy benefit managers are a hidden contributor to high drug prices

STAT News

Federal Court Dismisses PBM Lawsuit Against Drug Pricing Transparency Law

Pharmacy Times

ANGRY OVER DRUG PRICES

MORE STATES PUSH BILLS FOR PHARMA
TO DISCLOSE COSTS

The Wall Street Journal

UnitedHealth, OptumRx Targeted in Latest Class-Action Suit Alleging Prescription Scam

Louisiana Record



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"PBMs are serving two customers – being paid both by manufacturers for getting on formularies and by plans for managing their drug benefit. This makes it unclear who they're actually aligned with."

CMS Administrator Seema Verma at the American Hospital Association Annual Membership Meeting, May 2018

HOW DO TRADITIONAL PHARMACY BENEFIT MANAGERS MAKE MONEY?





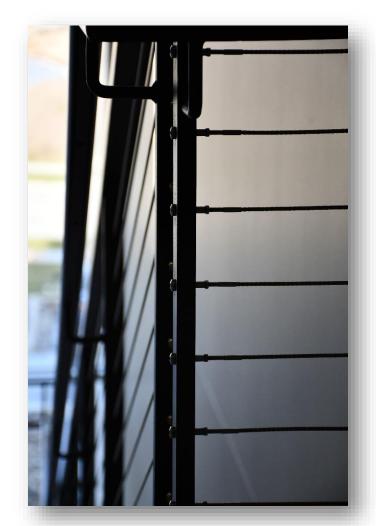
ALIGNED INCENTIVES



Navitus has a **responsibility** to every client partner it serves.

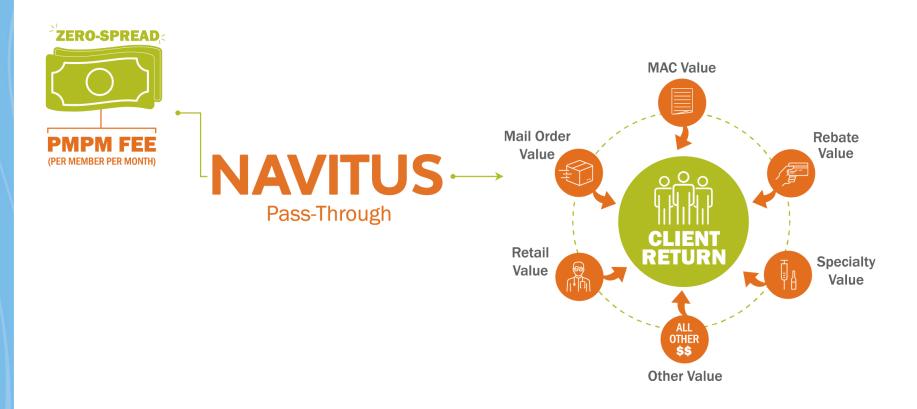
As a standout in the marketplace, our **only source of revenue is an administrative fee**.

We are **committed** to delivering industry-leading value, and our clients benefit from an organization that does not serve shareholders or Wall Street interests.



HOW DOES NAVITUS MAKE MONEY?





ALL-IN MATTERS



Know where the money is going—don't pay more than you should.

Administrative Fee

MAC

Retail, Mail & Specialty Rebate

Retail Brand & Generic Discount



Specialty Brand & Generic Discount

Formulary Management

Clinical & Utilization
Management

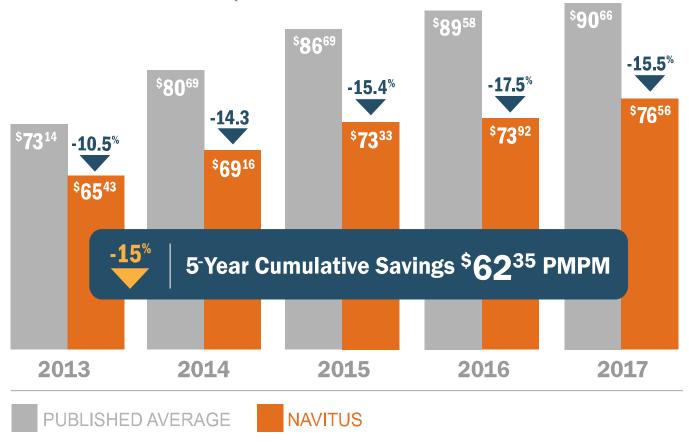
Mail Brand & Generic Discount

- Proven year-over-year lowest-net-cost trend management
- No hidden revenue streams
- No conflicts of interest or ties to big pharma
- 100 percent audit capabilities at the claim level

INDUSTRY-LEADING PMPM



5-Year Cumulative Impact

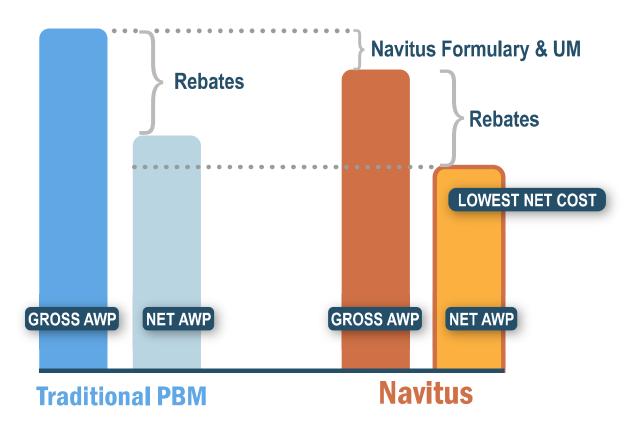


In 2017, we achieved an industry-leading PMPM of \$76, which is **15.5% lower** than the national average of \$90.



LOWEST-NET COST DRIVES GREATER VALUE





Cost containment strategies that optimize drug mix are more significant than maximizing rebates

BETTER FORMULARY CHOICES EXAMPLE



Are you willing to pay higher prices for more rebates?

	Dexilant	omeprazole, pantoprazole, lansoprazole
Cost	\$460K	\$9K
Estimated Rebates	\$184K	\$0
Total Cost	\$276K	\$9K

Actual example based on 1,174 claims

Net Savings Per Brand Claim
Rebates of \$184K or savings of \$267K using alternative

360° VISIBILITY



Aligned Approach to Formulary Choices

Therapeutic Class	Drug	Drug Avg. Cost	Equiv./Alt. Equiv./ Alt. Drug Avg. Cost		Potential Savings per Claim
NSAID + PPI	VIMOVO	\$2,289.80	OTC NAPROXEN + OMEPRAZOLE	\$4.00	\$2,285.80
GI	DUEXIS	\$2,209.20	OTC FAMOTIDINE + IBUPROFEN	\$4.00	\$2,205.20
CARDIOVASCULAR	YOSPRALA	\$187.54	OTC ASPIRIN + OMEPRAZOLE	\$4.00	\$183.54
ACNE	ORACEA	\$556.22	DOXYCYCLINE	\$41.96	\$514.26
DIABETES	GLUMETZA	\$1,642.52	METFORMIN ER	\$14.50	\$1,628.02
NAIL FUNGUS	KERYDIN	\$1,438.48	TERBINAFINE 250MG	\$13.44	\$1,425.04
NAIL FUNGUS	JUBLIA	\$842.63	TERBINAFINE 250MG	\$9.70	\$832.93
FISH OIL	VASCEPA	\$250.41	OTC FISH OIL	\$4.00	\$246.41
SLEEP	BELSOMRA	\$341.42	ZOLPIDEM, ZALEPLON	\$9.55	\$331.87
SLEEP	SILENOR	\$424.04	ZOLPIDEM, ZALEPLON	\$9.55	\$414.49
CNS	REXULTI	\$1,004.70	QUETIAPINE, RISPERIDONE, ARIPIPRAZOLE	\$32.32	\$972.38
CNS	WELLBUTRIN	\$923.09	BUPROPION	\$20.27	\$902.82
EYE ALLERGIES	PAZEO	\$213.03	OTC KETOTIFEN	\$11.52	\$201.51

360° VISIBILITY



Lowest Net Cost Formulary Approach – Generic Mix Matters!

Therapeutic Class	Drug Product	Equiv/Alt Drug	Per Claim Formulary Drug	Per Claim Cost Alternative	Cost Variance	Total Savings
DIABETES	METFORMIN ER	METFORMIN ER (GLUCOPHAGE XR EQUIV)	\$2345.03	\$25.97	\$2,319.06	\$53,338.38
TOPICAL STEROID	CLOBETASOL	BETAMETHASONE	\$178.31	\$42.25	\$136.06	\$7,347.24
SLEEP	ZOLPIDEM ER	ZOLPIDEM	\$71.18	\$4.34	\$66.84	\$4,879.32
ULCER	ESOMEPRAZOLE	OMEPRAZOLE	\$343.98	\$9.65	\$334.33	\$24,406.09
ANTIBIOTIC	VANCOMYCIN CAPSULE	VANCOMYCIN SOLUTION	\$1,644.92	\$94.20	\$1,550.72	\$4.652.16
ANTIPSYCHOT	CLOMIPRAMINE	NORTRIPTYLINE	\$542.79	\$15.14	\$527.65	\$3,165.90
ANTI- INFLAMMATORY	NAPROXEN ER	NAPROXEN	\$445.75	\$6.72	\$439.03	\$2,195.15
TOPICAL ANTIFUNGAL COMBO	NYSTATIN/ TRIAMCINOLONE	CLOTRIMAZOLE/BETA METHASONE	\$118.85	\$22.66	\$96.19	\$2,308.56
					\$5,469.88	\$97,640.64

- Eight generic medications, based upon drug spend
- Based upon claim activity in calendar year 2016



NAVI-GATE® 3D



Web-Based Reporting

Transparent Data: 360° disclosure

- 100 percent pass-through data
- Individual claim level

Intuitive Data: ask questions, get answers

- Facilitate data at the speed of thought
- Custom queries and ad hoc reporting
- Unsurpassed drill-down capability

Transcending Data: see results

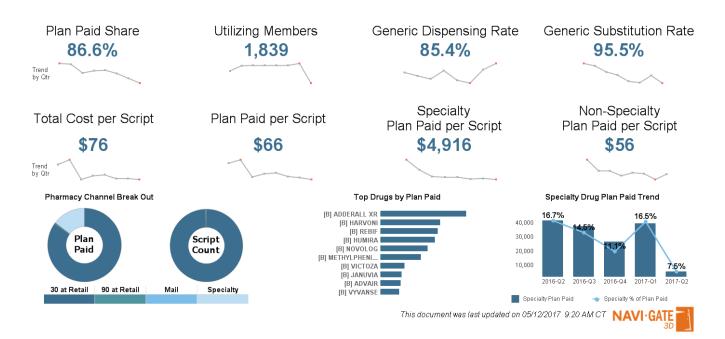
- Sound data providing actionable information
- Advanced business solutions to achieve lowest net cost and improved member health

NAVI-GATE® 3D



Web-Based Reporting

- Online access to all transactions
- Data refreshed every 24 hours (rolling 40 months)
- Query data at summary level with ability to dive into claims detail





NAVI-GATE® PORTALS





Greater User Satisfaction with Real-Time Updates!

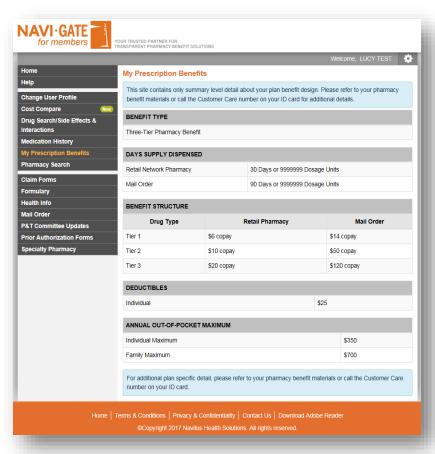
SERVING YOUR MEMBERS



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Navi-Gate® for Members Web Tool

- Benefit Information
- Formulary Listing
- Mail Order Service
- Self-Service Forms
- Pharmacy Locator
- Medication History
- Drug Search/Side Effects and Interactions
- Health Management Information
- Client-Specific FAQ
- Cost Compare



NAVI-GATE® COST COMPARE



- Helps members make informed decisions about pharmacy selection and filling prescriptions at the best cost
- Provides real-time, accurate estimates created by submitting "mock" pharmacy claims according to the client's specific benefit plan
- Offers pharmacy search by location
- Employs responsive web design for easy mobile access on any device, anywhere, anytime
- Provides total cost and co-pay amounts
- Reflects price results of the amount a member should expect to pay

Offers a no-cost benefit available to all Navitus members.



IMPLEMENTATION



Proven Execution—100% Successful Implementation Record

Process

- Sales-to-Implementation transition
- Implementation readiness assessment
- Project kick-off meeting (external)
- Document requirements and client approval
- Project kick-off meeting (internal)
- Go-live
- Post-implementation review
- Implementation-to-Client Services transition

Tools

- Experienced project management
- Dedicated internal project team
- Well-developed implementation guide
- Defined, documented process
- Custom web-based project update site

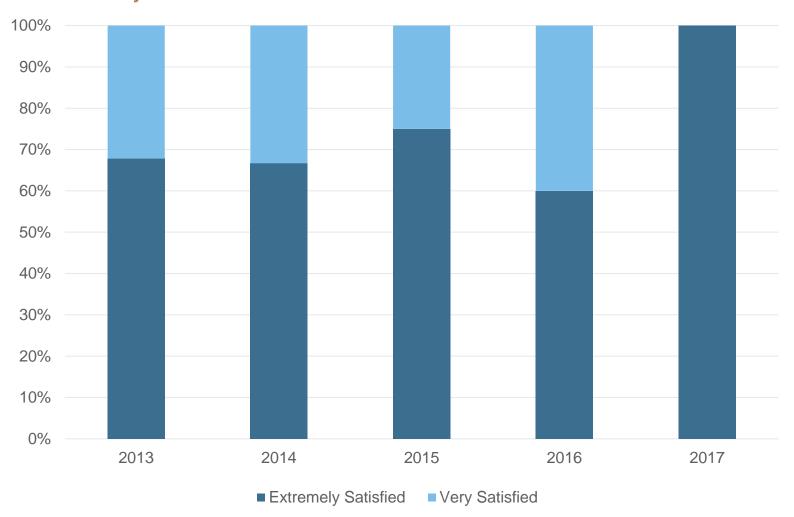


For <u>six consecutive years</u>, 100 percent of post-implementation survey participants have rated their Overall Satisfaction as Very Satisfied or Extremely Satisfied!

2013 - 2017 IMPLEMENTATION SATISFACTION SURVEY



Consistency is in Our DNA – 100 Percent Overall Satisfaction







We align with our clients **Business Model Matters**

"Navitus was the only respondent that offered a fully transparent model. This model allows us to truly be in a fiduciary role for our plan performance. Our implementation was extremely efficient. I have been through PBM implementations previously, and this was by far the best experience. Navitus has proven to be an excellent partner, and I recommend Navitus without reservation."

Marilyn Bartlett Administrator – Health Care & Benefits Division State of Montana "Navitus is fortunate to have a very knowledgeable and caring team. Everyone did an excellent job listening to clients at the Navitus Client Advisory Forum and providing suggestions to help them shape their health care strategy. It's very apparent to me that Navitus is truly interested in helping us achieve our goals. Thanks Navitus for a great conference and for continuing to work hard on our behalf."

Mary Ann Reichling Director – Benefits, Compensation, and EIS Lands' End

WHY NAVITUS?



Service & Clinical Excellence

- White-glove service; customer-centric member experience
- Industry-leading customer satisfaction scores
- 100% client implementation satisfaction
- Evidence-based clinical programs
- Formulary strategy aligned with clinical effectiveness and lowest net cost

Contractual Alignment

- Audit rights to ALL claims with pharmacies
 & pharma manufacturers
- Clear, reconcilable contract terms & definitions
- Administrative fee-only revenue stream
- Strategically aligned interests

BHCG Member Employers

Financial Savings

- 360° financial transparency
- 100% pass-through, including all ongoing network rate and rebate improvements, and all pharma-related dollars
- Industry-leading Rx trend management consistently out-perform national trend
- Unique specialty pharmacy model with 2% cost savings

THANK YOU.

Share a Clear View

High-Touch Service

Lowest Net Drug Costs

Improved Member Health



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