



# RxInsights<sup>®</sup>

## UNIVERSITY OF ALASKA

Prescription Benefit Review

Jul 2008 - Jun 2009

10/08/2009



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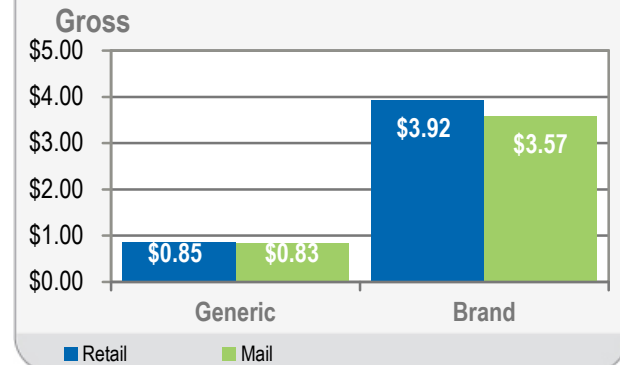
## Executive Summary - Snapshot

Eligibility	Jul-Jun 08	% Change	Jul-Jun 09	Employer	Industry *
Average Eligible Members per Month	9,862	0.5%	9,907	BOB	
Avg. Monthly Utilizers as % of Members	27.8%	-0.8%	27.5%	34.6%	36.1%
Cost					
Total Gross Cost	\$8,036,306	-6.3%	\$7,527,896		
Total Net Cost	\$7,259,498	-11.6%	\$6,418,620		
Gross Cost PEPY	\$1,630	-6.7%	\$1,520	\$2,053	\$2,081
Net Cost PEPY	\$1,472	-12.0%	\$1,296	\$1,668	\$1,666
Member Cost Share	9.7%	52.4%	14.7%	18.8%	19.8%
Utilization					
Total Prescriptions	88,943	-3.3%	86,047		
% Retail Prescriptions	88.8%	-0.6%	88.2%	80.7%	89.8%
% Mail Prescriptions	11.2%	4.9%	11.8%	19.3%	10.2%
Days' Supply PEPY	568	-3.1%	551	845	798
Drug Mix					
% Single Source Brands	41.7%	-8.2%	38.3%	34.7%	35.3%
% Multi Source Brands	3.7%	-18.0%	3.0%	2.0%	2.3%
Generic Dispensing Rate	54.7%	7.4%	58.7%	63.3%	62.4%
Generic Substitution Rate	93.7%	1.5%	95.1%	96.9%	96.5%
Specialty					
Specialty Utilizers as % of Members	0.8%	8.0%	0.9%		
Specialty Total Gross Cost	\$824,229	4.0%	\$857,434		
Specialty Gross Cost PEPY	\$167	3.6%	\$173	\$258	\$288
Specialty % Total Gross Cost	10.3%	11.1%	11.4%	12.4%	13.6%
Specialty % of Total Prescriptions	0.7%	40.6%	1.0%	0.6%	0.8%

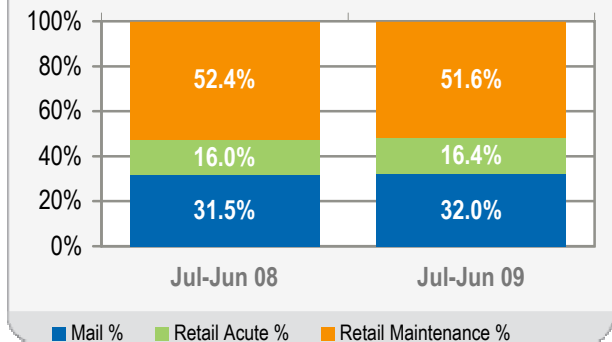
\* Industry: Colleges And Universities

\*\* Excluding Specialty and Acute Claims

Cost Per Day for Brand and Generics by Delivery System\*\*



Your Non Specialty Mail vs. Retail Days' Supply



### Renewal Pricing, along with Plan Changes implemented in 2008 have provided overall savings to Univ of Alaska

- U of Alaska trend continues to decline (gross trend FY 2008 was 7.8% versus -6.7% in FY 2009)
- Univ of Alaska and CVS/Caremark will focus on strategies to continue improving Generic Dispensing Rates

## The University of Alaska Prescription Benefit Financial Summary

	Jul-Jun 08	% Change	Jul-Jun 09
<b>Your Total Prescription Cost (AWP)</b>	<b>\$10,882,086</b>	<b>0.3%</b>	<b>\$10,914,532</b>
Discount	\$2,845,780	19.0%	\$3,386,636
<b>Total Savings</b>	<b>\$2,845,780</b>	<b>19.0%</b>	<b>\$3,386,636</b>
<b>Cost Components</b>		<b>% Change</b>	
<b>Total Gross Cost</b>	<b>\$8,036,306</b>	<b>-6.3%</b>	<b>\$7,527,896</b>
Member Cost	\$776,808	42.8%	\$1,109,276
Member Cost Share	9.7%	52.4%	14.7%
<b>Total Net Cost</b>	<b>\$7,259,498</b>	<b>-11.6%</b>	<b>\$6,418,620</b>
<b>Financial Impact Beyond Drug Costs</b>		<b>% Change</b>	
<b>Total Plan Cost</b>	<b>\$7,259,498</b>	<b>-11.6%</b>	<b>\$6,418,620</b>

# Your Gross Trend Component Drivers

**Gross Trend**  
-6.7%

**Pricing/Inflation**  
2.6%

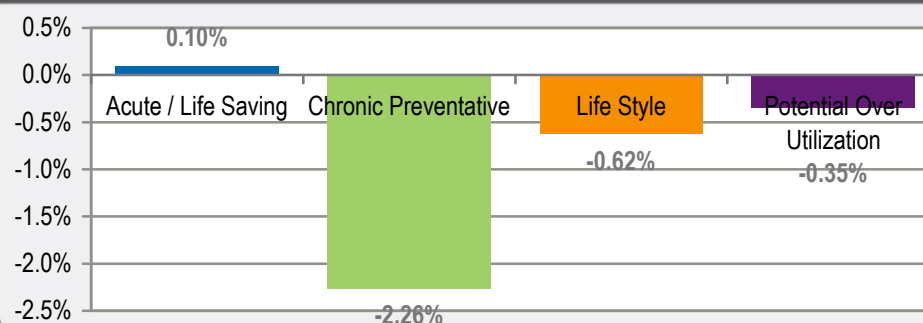
**Utilization**  
-3.1%

**Drug Mix**  
-6.2%

## Category Definitions:

- Acute/Life Saving therapies include drugs used to treat cancer, infections, HIV, and hepatitis.
- Chronic Preventative therapies include maintenance medications used to treat cardiovascular diseases, arthritis/osteoporosis, certain neurologic conditions, asthma, depression, diabetes, and hemophilia.
- Included in the Life Style category are medications used for acne, weight management, sexual dysfunction, smoking cessation and fertility.
- Examples of therapies with the potential for overutilization or misuse include growth hormones, narcotics, sleep aids, and heartburn medications.

## Categories Driving Your Utilization Trend

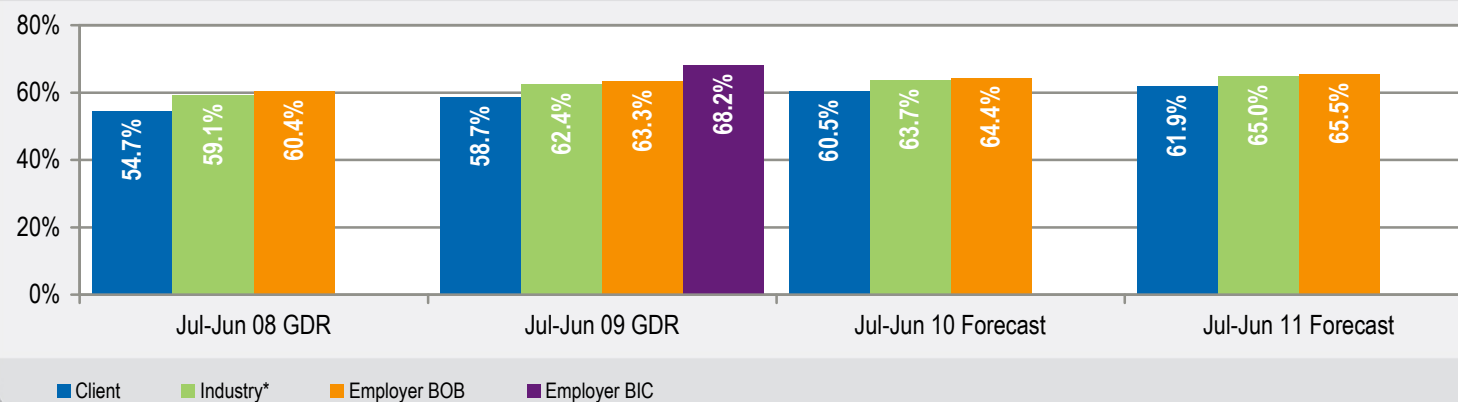


	Jul-Jun 08	% Change	Jul-Jun 09	Employer BOB	Industry*
<b>Pricing / Inflation</b>					
Overall AWP Inflation	5.6%		5.5%	5.8%	
Brand AWP Inflation	7.7%		8.8%	8.7%	
Generic AWP Inflation	-0.5%		-3.6%	-0.5%	
<b>Utilization</b>					
Average Member Age	0.0		35.6	38.8	37.0
Average Monthly Member Utilization as % of Eligible Members	27.8%	-0.8%	27.5%	34.6%	36.1%
Average 30-Day Prescriptions per Eligible Member Per Year (PMPY)	9.5	-3.1%	9.2	13.9	13.0
<b>Drug Mix</b>					
Generic Dispensing Rate	54.7%	7.4%	58.7%	63.3%	62.4%
Single Source Brand Dispensing Rate	41.7%	-8.2%	38.3%	34.7%	35.3%
Multi Source Brand Dispensing Rate	3.7%	-18.0%	3.0%	2.0%	2.3%
Specialty Percentage of Total Gross Cost	10.3%	11.1%	11.4%	12.4%	13.6%

\* Industry: Colleges And Universities

# GDR Performance and Forecast

Past GDR Performance and two-year Forecast (assuming no Plan Changes)



Therapeutic Class	Jul-Jun 08 GDR	Jul-Jun 09 GDR	Industry* GDR	Employer BOB	Jul-Jun 10 Forecast GDR	Jul-Jun 11 Forecast GDR
Antihyperlipidemics	19.8%	26.3%	35.1%	35.4%	26.1%	25.9%
Antidepressants	54.7%	61.4%	66.0%	64.2%	61.3%	69.6%
Ulcer Drugs	26.6%	38.9%	45.4%	46.7%	47.5%	52.9%
Antiasthmatic And Bronchodilator Agents	12.3%	6.6%	12.1%	15.0%	6.8%	6.9%
Antidiabetics	52.2%	55.1%	53.5%	53.4%	54.9%	54.7%
Antivirals	21.1%	25.1%	27.3%	25.8%	52.5%	70.1%
Antihypertensives	58.6%	61.3%	62.9%	62.0%	61.8%	66.3%
Psychotherapeutic And Neurological Agents - Misc.	4.4%	6.7%	3.6%	4.4%	6.7%	7.8%
Dermatologicals	57.5%	60.9%	63.6%	64.9%	60.7%	60.7%
Analgesics - Anti-Inflammatory	75.1%	75.5%	76.9%	77.0%	75.0%	74.4%

\* Industry: Colleges And Universities

The Best-in-Class metric is CY2008 BOB utilization adjusted to the GPI-2 class performance of the top 10 percent of ranked clients for this metric. BIC clients must have more than 50,000 annual claims. Mail only and retail only clients were excluded.

This analysis is an estimate for information purposes only.

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## Making the Most of Generic Opportunities

- For each 1% increase in GDR, a plan sponsor's gross pharmacy spend is estimated to decrease by 1%
- Plan design factors that increase GDR include:
  - Increasing brand/generic copay spread
  - Flat dollar generic copay; coinsurance for brands
  - Patient DAW penalty
  - Step therapy
  - Mandatory mail or MaintenanceChoice
- Generic Copay Waivers:
  - Participant's copay waived for a defined number of fills
  - Targets specific brand-to-generic conversions (direct and indirect substitution)



# Your Top 10 Therapeutic Class Review

## Trend analysis by gross cost

Therapeutic Class

### Percentage Change Period-Over-Period

Prior Rank	Current Rank	Therapeutic Class	Total Gross Cost	Utilizing Members	Gross Cost PMPM	Percentage Change Period-Over-Period				
						Cost	Cost Components		Utilization Components	
						Utilization	Drug Mix/Inflation	Density of Use		
					Gross PMPM	Days' Supply PMPM	Gross Cost per Day	Utilizing Members	Days' Supply/ Utilizing Member	
2	1	Antihyperlipidemics	\$686,023	909	\$5.77	-3.3%	-2.6%	-0.7%	6.3%	-8.4%
1	2	Antidepressants	\$638,978	1,037	\$5.37	-13.0%	-4.7%	-8.7%	-1.9%	-2.8%
3	3	Ulcer Drugs	\$579,644	785	\$4.88	-5.8%	-2.3%	-3.6%	8.8%	-10.2%
4	4	Antiasthmatic And Bronchodilator Agents	\$507,478	940	\$4.27	10.3%	1.6%	8.5%	6.9%	-5.0%
5	5	Antidiabetics	\$425,738	367	\$3.58	3.2%	3.6%	-0.5%	5.9%	-2.1%
8	6	Antivirals	\$385,346	353	\$3.24	26.6%	15.6%	9.6%	9.5%	5.6%
6	7	Antihypertensives	\$304,858	882	\$2.56	-9.7%	-1.7%	-8.1%	3.9%	-5.4%
7	8	Psychotherapeutic And Neurological Agents - Misc.	\$272,481	115	\$2.29	-16.4%	-32.6%	24.0%	-28.0%	-6.4%
9	9	Dermatologicals	\$245,424	1,199	\$2.06	-10.0%	-6.9%	-3.3%	-2.4%	-4.6%
11	10	Analgesics - Anti-Inflammatory	\$208,415	840	\$1.75	-10.8%	-9.3%	-1.7%	-8.3%	-1.0%

Top 10 Therapeutic Classes as percent of total plan gross cost: 56.5%

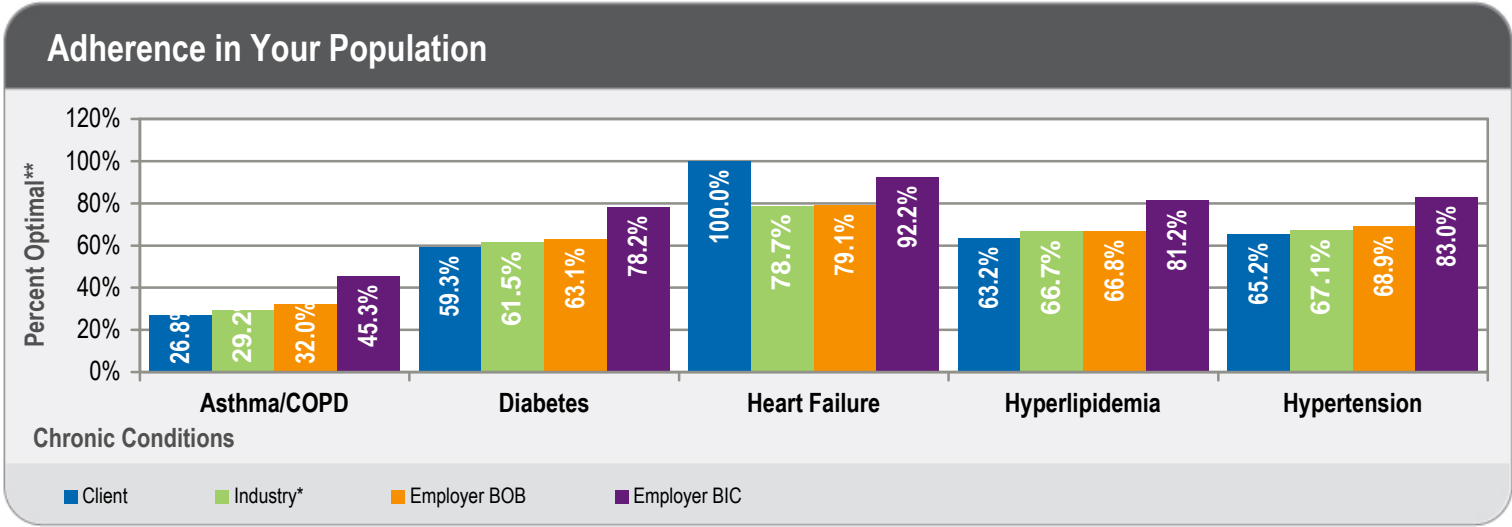
### Summary of Specific Findings:

- Four drugs; namely valtrex, truvada, atripla, and valcyte make up 47% of your antiviral cost. Valtrex (# 8 on your top 25 drugs by gross cost) is anticipated to become generic in the 4th Quarter of 2009 which should help moderate trend in this category.
- The Antiasthmatic and Bronchodilator Agents saw a 10.3% increase in Gross PMPM. Just like the antivirals, this category increased due to an increase in utilization and inflation. Advair Diskus along with Singulair represent 62 % of the cost in this category. An FDA advisory panel that met in December 2008 was split on the benefits and risks of long-acting beta agonists, but backed the use of combination products like Advair and Symbicort for certain asthma patients since they combine long-acting ingredients with an inhaled corticosteroid.



# Your Adherence Measures

## Adherence



One in three patients who start a maintenance drug will drop off before the first refill is due.

### Proactive Adherence Strategy: Earlier Engagement Improves Adherence

- First-fill counseling at CVS/pharmacy
- Refill reminders and pick-up reminders help prevent therapy disruptions
- Automatic Continuation of Therapy eliminates need to order refills
- Consultative outbound calls when therapy falls below standards of compliance
- Tailored letter-based communications for specific maintenance medications
- Personalized mailings based on behavioral triggers

## Adherence Measures in Your Population for Common Conditions (Most recent 12 months)

Chronic Conditions	Number optimal	Number Sub-optimal	Estimated Savings Per Conversion to Optimal	New Users in Disease State Who Dropped Off After First Fill	Percent of New Users in Disease State Who Dropped Off After First Fill
Asthma/COPD	126	345	\$276	137	52.7%
Diabetes	182	125	\$2,253	20	25.0%
Heart Failure	6	0	\$2,998	0	0.0%
Hyperlipidemia	500	291	\$314	53	21.9%
Hypertension	687	366	\$1,034	70	26.9%

\* Industry: Colleges And Universities

\*\* Optimal: (> 80% MPR)

Best-in-Class groups for Adherence will consist of clients who fall in the top 10% of any of the disease-state MPR measures.

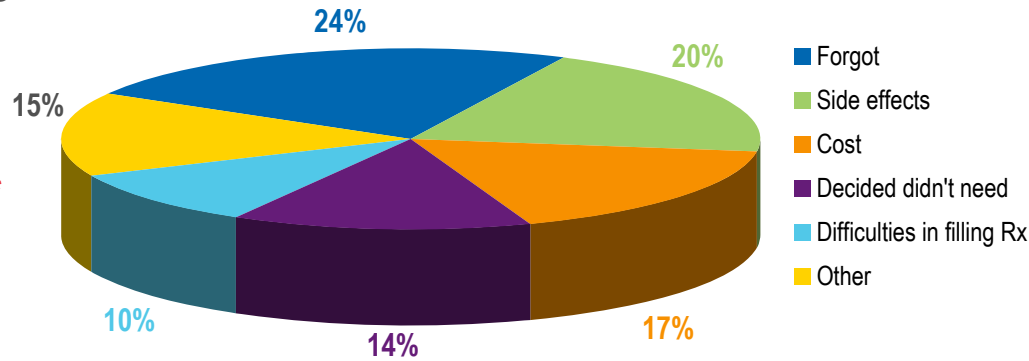
Adherence measures are based upon one year of data as of the most recent quarter.

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# Your Adherence Factors

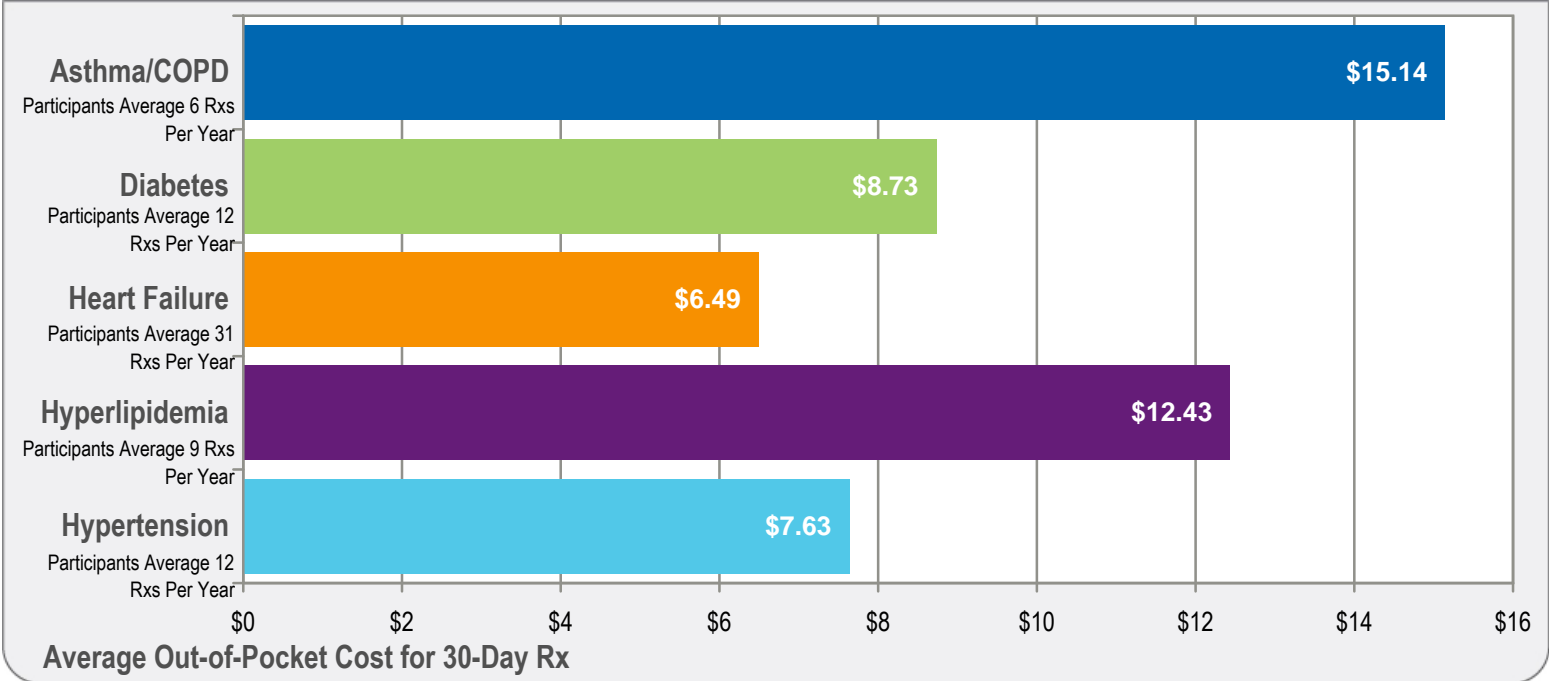
## Primary Reasons for Non-adherence to Therapy\*



## Adherence

56% of employers are considering providing incentives to plan participants to improve medication compliance. \*\*

## Your Most Recent 12 Month Average Out of Pocket Costs for Common Conditions

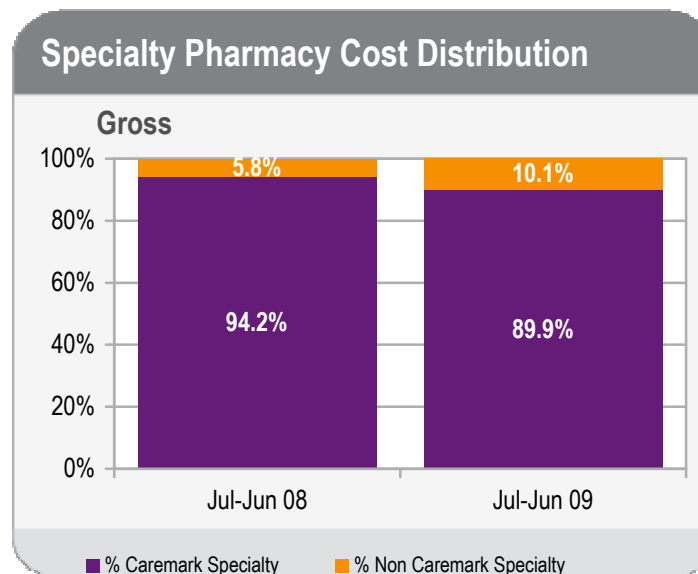
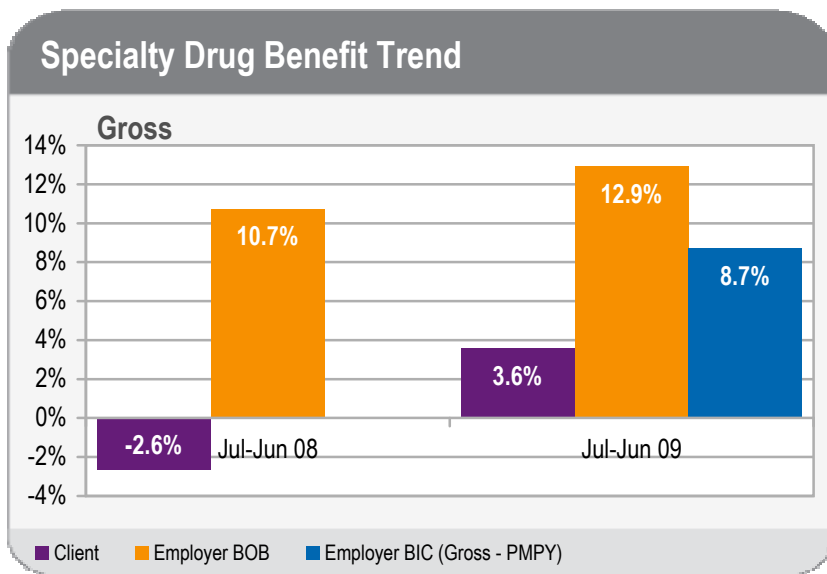


\* The Hidden Epidemic... The Boston Consulting Group and Harris Interactive, December 03

\*\* CVS Caremark Benefit Planning Survey, 2008



## Specialty Pharmacy Trend, Cost and Utilization Metrics



### Avoiding inappropriate utilization

Therapeutic Classes with highest rates of off-guideline utilization<sup>1</sup>

- RSV
- Human Growth Hormone
- Psoriasis
- Asthma
- Hematopoietics

## Your Specialty Cost and Utilization Metrics

	Jul-Jun 08	% Change	Jul-Jun 09	Jul-Jun 09 Employer BOB	Jul-Jun 09 Industry*
Specialty Prescriptions	611	36.0%	831		
% of Specialty Total Prescriptions	0.7%	40.6%	1.0%	0.6%	0.8%
% Caremark Specialty Pharmacy Prescriptions	80.2%	3.4%	82.9%		
Specialty Utilizers	82	8.5%	89		
% of Specialty Utilizers	1.3%	7.4%	1.4%		
Specialty Gross Cost	\$824,229	4.0%	\$857,434		
% Specialty Prescriptions By Gross Cost	10.3%	11.1%	11.4%	12.4%	13.6%
Specialty Net Cost	\$810,898	4.0%	\$843,433		
% Specialty Prescriptions By Net Cost	11.2%	17.6%	13.1%	14.8%	16.4%
Specialty Member Cost	\$13,331	5.0%	\$14,000		
% Specialty Member Cost Share	1.6%	1.0%	1.6%	3.1%	3.4%

\* Industry: Colleges And Universities

The Best-in-Class specialty gross trend metric represents the top 25 percent of ranked clients in the Book of Business. BIC specialty trend clients have more than 1,000 annual specialty claims.

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<sup>1</sup>CVS Caremark Specialty Analytics data, 2007



# Your Top 25 Specialty Therapeutic Class Review

## By gross cost

Specialty Class	Total Gross Cost*	% Specialty Gross Cost	Total Gross Cost PMPY	Total Utilizing Members	% Change in Utilizing Members	Total Gross Cost Per Utilizer	Total Number of Prescriptions	Prior Year % Prescriptions CVS Caremark Specialty Pharmacy	% Prescriptions CVS Caremark Specialty Pharmacy
Multiple Sclerosis	\$233,104	27.2%	\$23.53	12	-20.0%	\$19,425	108	98.8%	98.1%
Human Immunodeficiency Virus	\$125,332	14.6%	\$12.65	6	-14.3%	\$20,889	153	97.7%	92.2%
Rheumatoid Arthritis	\$122,445	14.3%	\$12.36	12	9.1%	\$10,204	74	91.5%	94.6%
Oncology	\$95,288	11.1%	\$9.62	14	0.0%	\$6,806	62	85.4%	67.7%
Transplant	\$86,965	10.1%	\$8.78	22	0.0%	\$3,953	256	63.0%	65.6%
Hepatitis C	\$65,004	7.6%	\$6.56	5	150.0%	\$13,001	57	100.0%	93.0%
Hematopoietics	\$34,100	4.0%	\$3.44	9	125.0%	\$3,789	28	82.4%	78.6%
Hepatitis B	\$27,193	3.2%	\$2.74	2	0.0%	\$13,597	38	100.0%	100.0%
Cystic Fibrosis	\$25,969	3.0%	\$2.62	3	50.0%	\$8,656	11	50.0%	72.7%
Pulmonary Arterial Hypertension	\$23,165	2.7%	\$2.34	2	0.0%	\$11,583	13	80.0%	100.0%
Osteoporosis	\$9,515	1.1%	\$0.96	3	50.0%	\$3,172	12	94.4%	91.7%
Asthma	\$4,608	0.5%	\$0.47	1	NA	\$4,608	4	0.0%	100.0%
Miscellaneous	\$4,051	0.5%	\$0.41	3	200.0%	\$1,350	13	75.0%	92.3%
Renal Disease	\$692	0.1%	\$0.07	1	0.0%	\$692	2	0.0%	50.0%

<b>Percentage of Top 25 Specialty Therapeutic Classes Gross Spend/Total Specialty Gross Spend</b>	<b>100.0%</b>
<b>Percentage Total Specialty Gross Spend/Total Gross</b>	<b>11.4%</b>

\* The spend represents pharmacy claims only

NA = No prior data available

Source: CVS Caremark Data Warehouse and Internal Sources

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