Cigna Pharmacy Management

We are a trusted ally that helps people get the most from their medications.

Few Primers for Our Discussion…

Chris Bradbury
Prescriptions becoming leading contributor to total health cost

Total health costs for drugs & biologics

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td>22.5%</td>
<td>24%</td>
<td>28%</td>
<td>31%</td>
</tr>
</tbody>
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Rank of drug and biologic vs. all major medical service categories*

- 2015: 3
- 2016: 2
- 2017: 1

* Medical Service Categories: Drugs and Biologics, Inpatient Facility, Outpatient Facility, Professional Services, Other Medical Services, Other
Current landscape
Several key factors define our environment

- Expedited drugs
- Egregious drug pricing
  And, Value Erosion Pricing
- Drugs with debatable ROI
- Risk - potential compromise of traditional plan designs

- Pricing transparency, awareness & publicity
- Regulatory & other government actions
- Specialty Rx pipeline – potential tsunami concern (e.g., oncology)
A Path Forward

Foster competitive environment and stimulate further discounts

Restructure toward value, consistent with broader changes throughout health care

Pharma Manufacturers

Physicians (Cigna Collaborative Care - CCC)

Dispensing Pharmacy
<table>
<thead>
<tr>
<th>Type Examples</th>
<th>Metric Examples</th>
<th>Barrier Examples</th>
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</thead>
<tbody>
<tr>
<td>Population-Based (most common)</td>
<td>Clinical Outcomes (most common)</td>
<td>Risk Management &amp; Alignment</td>
</tr>
<tr>
<td>Individual-Based (significant future interest)</td>
<td>Financial Outcomes</td>
<td>Data Access &amp; Infrastructure</td>
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<tr>
<td>Indication-Based Pricing (pilots)</td>
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<td>“Best Price”</td>
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Common shared beliefs

- Drug cost affordability is not sustainable in long term without improvements

- Innovation deserves appropriate rewards

- Important to focus value-based discussions and public dialogue on very specific areas

- Barriers do exist for some outcomes based models – but ample opportunity and flexibility exist today to move forward

- Lots of “test and learn” required – and commitment to share insights publicly to advance care