

Cigna Pharmacy Management

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



Few Primers for Our Discussion....

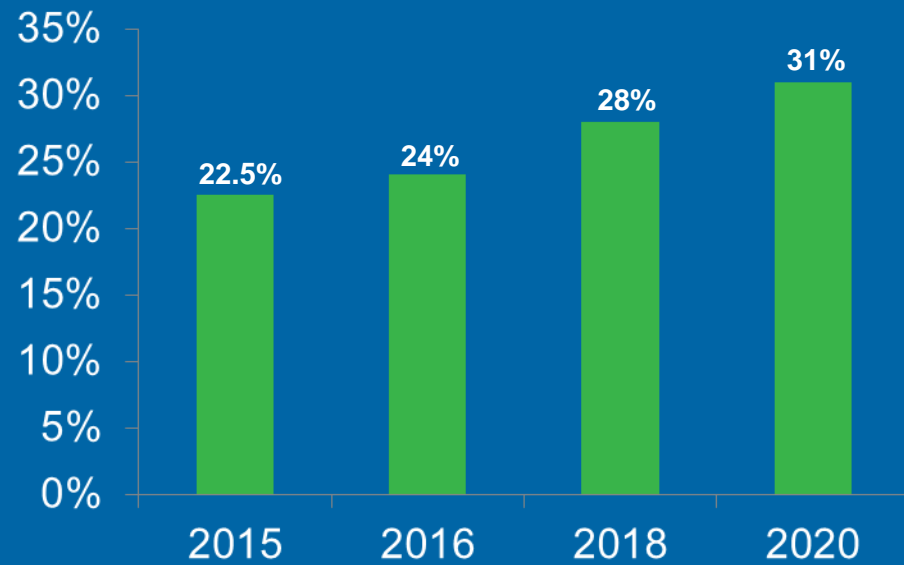
Chris Bradbury

Together, all the way.SM



Prescriptions becoming leading contributor to total health cost

Total health costs for drugs & biologics



Rank of drug and biologic vs. all major medical service categories*



* 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)**

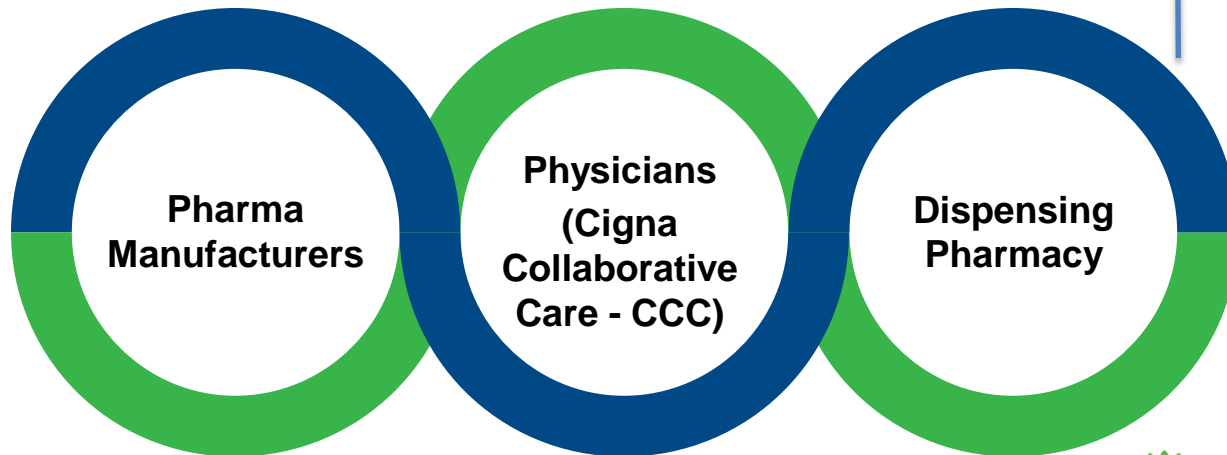
A Path Forward



Foster competitive environment and stimulate further discounts



Restructure toward value, consistent with broader changes throughout health care



Rx Outcomes/Value Based Models & Barriers (Commercial Markets)

Type Examples

**Population-Based
(most common)**

**Individual-Based
(significant future
interest)**

**Indication-Based
Pricing (pilots)**

Metric Examples

**Clinical Outcomes
(most common)**

Financial Outcomes

Barrier Examples

**Risk Management
& Alignment**

**Data Access &
Infrastructure**

“Best Price”



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**

