

PUTTING THE PHARMACIST BACK IN PHARMACY BENEFITS MANAGEMENT

How a Clinically-Driven PBM is Reducing Drug Costs
While Keeping Members Healthy, Happy, and Productive.

empirxhealth.com

 **EMPIRX HEALTH**
Customer-First Pharmacy Care.

THE PERFECT STORM OF RISING PRESCRIPTION DRUG COSTS

The rising cost of prescription drugs is a primary driver of overall healthcare spending in the US. This continuing trend is fueled by several factors, including the proliferation of high-cost specialty medications, a lack of price transparency, and the misalignment of incentives in the pharmaceutical supply chain. The Centers for Medicare and Medicaid Services project that pharmaceutical spending is rising at an average annual rate of about 6 percent, faster than other areas of healthcare.

During the past 25 years, after adjusting for inflation, the per capita spending on prescription drugs has more than tripled – from \$361 to \$1,147. Prescription drug spending has far outpaced other healthcare costs.

When you factor in the proliferation of high-cost specialty drugs, it becomes even clearer that we are facing a Perfect Storm of rising drug costs. Typically, 1-2% of a patient population is driving around half of total prescription spend. The majority of those patients are using specialty medications, which cost on average **\$4,500** a month.

These prescription drug trends, especially the growing usage and cost of specialty medications, are putting enormous pressure on benefits plans and their members. Which makes it even more imperative that plan sponsors effectively manage rising drug costs so they can focus on what really matters: keeping their members healthy, happy, and productive.



PLAN SPONSORS CHALLENGED LIKE NEVER BEFORE

How do you effectively manage and mitigate constantly rising drug costs to ensure the lifelong health of your members/patients and the continuing viability of your organization's benefits plans? The pharmacy benefits management (PBM) industry was originally founded with the objective of solving these issues, especially to manage the inexorable rise of prescription drug costs. However, the traditional PBM companies have been pushing a volume-focused, rebate-driven approach to pharmacy benefits care at the expense of plan sponsors and their members.

“The Problem is that the Business Model of the Legacy PBMs is Fundamentally Misaligned with the Needs of Customers and Patients.”

PBM contracts that are structured around per-claim administration fees, or those that maximize rebates, are incentivized to increase the volume of claims. A volume-driven model does not address the growing concerns around sustainable spending and making sure the most clinically appropriate therapies are provided to members/patients. In addition, increased volume causes members to pay more or take medications they don't need. Ultimately, plan sponsors are left to pay the bills.

That traditional PBM model is so flawed that government regulators and the US Congress are moving aggressively to adopt new measures that will bring more transparency to the industry and rein in the self-dealing practices of the major PBM players. The legacy PBM model is clearly broken, resulting in a vicious cycle of poor plan results and sub-optimal patient health outcomes.

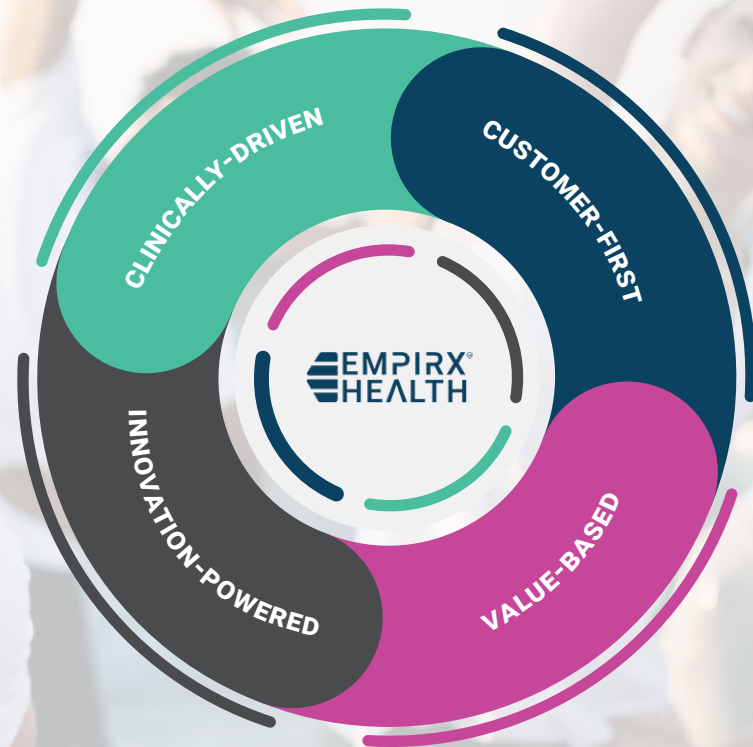


A BETTER PHARMACY CARE MODEL

There is a better pharmacy care model. It's founded on a clinically-appropriate approach to managing the seemingly constant rise in prescription drug costs and ensuring the health and wellbeing of members/patients. Simply stated, this revolutionary PBM model prioritizes healthcare value over rebate-driven drug volume.

EmpiRx Health pioneered value-based pharmacy benefits management. From day-one our mission has been to fundamentally transform pharmacy care by focusing on true healthcare value for our customers and their members.

We've done that by replacing the traditional PBM model, which prioritizes volume-driven profits, with a clinically-driven, customer-first approach that is fully aligned with the interests and needs of our customers and their members/patients.





Clinically™

THE CLINICALLY-DRIVEN
PHARMACY CARE PLATFORM
THAT'S POWERING THE PBM
OF THE FUTURE... *TODAY.*

The Clinically Pharmacy Care Platform:

Clinically™ is the industry's first clinically-driven pharmacy care technology platform. The AI-powered *Clinically* platform expands and enhances EmpiRx Health's clinically-driven pharmacy care solutions that ensure the health and wellbeing of members and patients while enabling plan sponsors to substantially reduce their prescription drug costs. *Clinically* enables EmpiRx Health to drive even more pricing transparency and clarity, flexibility, and product innovation.

***Clinically* exemplifies how EmpiRx Health is an essential 'ally' in helping plan sponsors to holistically care for their members, to optimize healthcare outcomes, and strengthen benefits plan results.**

Key Components & Capabilities:

Claims Adjudication Platform

- End-to-end cloud-based adjudication platform
- Enables real-time pharmacy claims adjudication
- Also features network/plan management support, customized workflows for pharmacists

End-to-End Clinical Review Process Software

- Allows pharmacists to conduct clinical reviews of patients
- Drives clinically-appropriate drug therapy decisions
- Helps to optimize patient health outcomes while enabling Clinical Savings Guarantee for plan sponsors

Population Health Engine

- EmpiRx Health's proprietary population health engine
- Based on Johns Hopkins ACG model
- AI-powered software provides risk stratification, predictive modeling
- Enables pharmacists to make the right drug therapy decisions



An all new pharmacy benefits care model is transforming the PBM industry. This revolutionary approach puts the pharmacist front and center, holistically evaluating patients' healthcare needs based on their own unique needs and risk factors. With this powerful new PBM model, the pharmacist collaborates peer-to-peer with the patient's prescribing physician to suggest clinically-appropriate changes to their drug therapies.

“The New Clinically-Driven PBM Model Usually Involves Lower Cost Medications or Regimen Changes.”

Case in Point: EmpiRx Health's clinical pharmacists use AI-powered population health analytics to coordinate the best patient care, producing better plan performance and customer results and optimizing member health outcomes.

EmpiRx Health's clinically-driven pharmacy care model emphasizes **value over volume**. Unlike other PBMs, the E pharmacy care approach does not rely on a restrictive formulary or reduced medication access to maximize rebates and drive inappropriate utilization of high-cost therapies.

This PBM model relies on pharmacists collaborating with physicians and practitioners to produce the optimal drug mix that optimizes health outcomes while reducing costs.

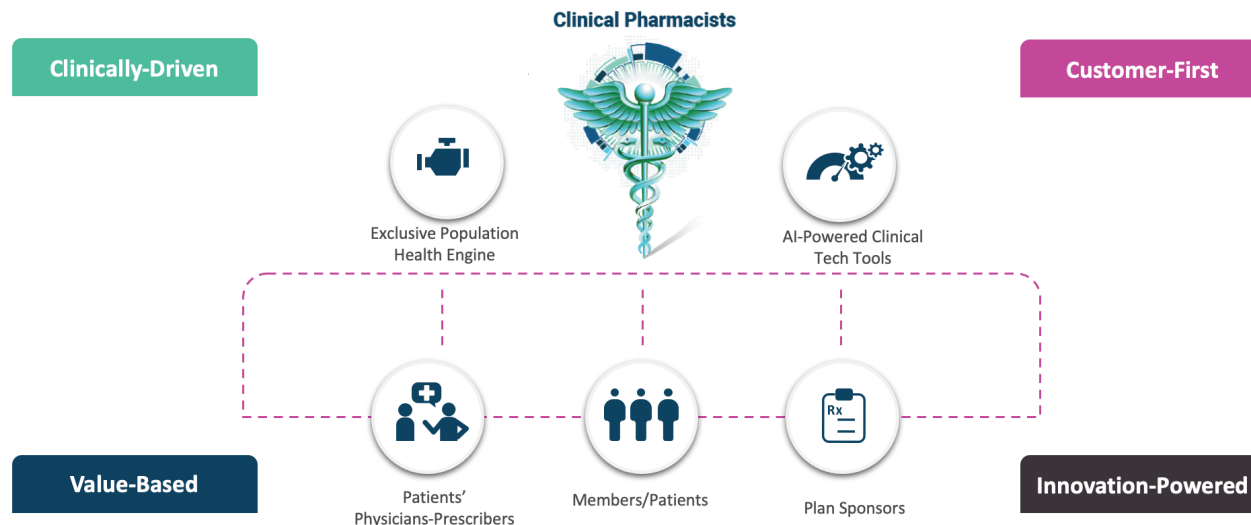
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LEVERAGING POPULATION HEALTH ANALYTICS AND AI-POWERED TECHNOLOGIES

A clinically-driven PBM model with pharmacists at the center of the care model produces evidence-based decisions that prioritize the most clinically appropriate, cost-effective medication therapies. To execute this clinically-driven approach, you need a way to identify opportunities for prescription interventions and optimizations, and communicate it effectively to patients' prescribers.

That's where advanced population health technology plays a critical role. At EmpiRx Health, our pharmacists use AI-powered population health technologies built on the John's Hopkins ACG model and risk stratification along with AI-powered tools to analyze member care needs and identify opportunities for therapy optimization.

No two patient populations are the same, and each population requires tailored strategies and solutions to best serve a plan sponsor's specific membership. This strategy, paired with a unique level of pharmacist-physician engagement, allows our clinicians to identify gaps in care and address health inequities, improving outcomes and lowering costs.



BETTER HEALTH OUTCOMES & REDUCED PLAN COSTS



CLINICALLY-DRIVEN HEALTHCARE

Patient: 32-year-old male

Diagnosis: Crohn's Disease

Population Health Management Engine Identified: Prescribed dosages exceeded FDA-approved guidelines. Clinical Pharmacist assessed the patient's condition to determine a safe and appropriate dosage and injection schedule. The prescriber agreed and adjustments were made. The patient's condition was well-managed with the proper dosage.

\$53,179 Annual Plan Savings achieved.



BETTER PRESCRIBING = BETTER ADHERENCE

Patient: 60-year-old female

Diagnosis: Osteoporosis

Population Health Management Engine Identified: Review for clinical appropriateness. Clinical Pharmacist reviewed request for daily injectable and suggested an oral medication, due to patient's fear of needles. Prescriber agreed to switch the patient to an oral medication, which resulted in optimal outcomes.

\$41,608 Annual Plan Savings achieved.

It's no secret that prescription drugs have become an increasingly large part of every dollar spent on healthcare. But only 1-2% of a patient population is driving around half of total prescription spending. That high level of drug spending is largely driven by patients utilizing specialty medications.

Specialty cost trends are increasing at a significantly higher rate than for traditional or non-specialty medications. Over the last few years, most new drugs approved by the FDA have been specialty. The drug pipeline is still predominantly focused on specialty medications. In the past year, there have been 55 specialty medications approved by the FDA. And there are almost 50 specialty medications already slated for FDA decisions in 2024.

The seemingly non-stop growth in specialty drug launches and the associated exploding costs put enormous pressure on plan sponsors and their members, who are also seeing rising premiums, higher deductibles, and growing copays or coinsurance.

THE CLINICALLY-DRIVEN PBM MODEL IS KEY TO MANAGING SPECIALTY DRUG COSTS

“EmpiRx Health’s Value-Based, Clinically-Driven Pharmacy Care Model is Made for the Specialty Drug Challenge. Intimately Involved with Every Client, our Expert Clinical Pharmacists use the Most “Sophisticated Population Health Technologies to Identify Opportunities to Mitigate the Soaring Costs of Specialty Drugs.”

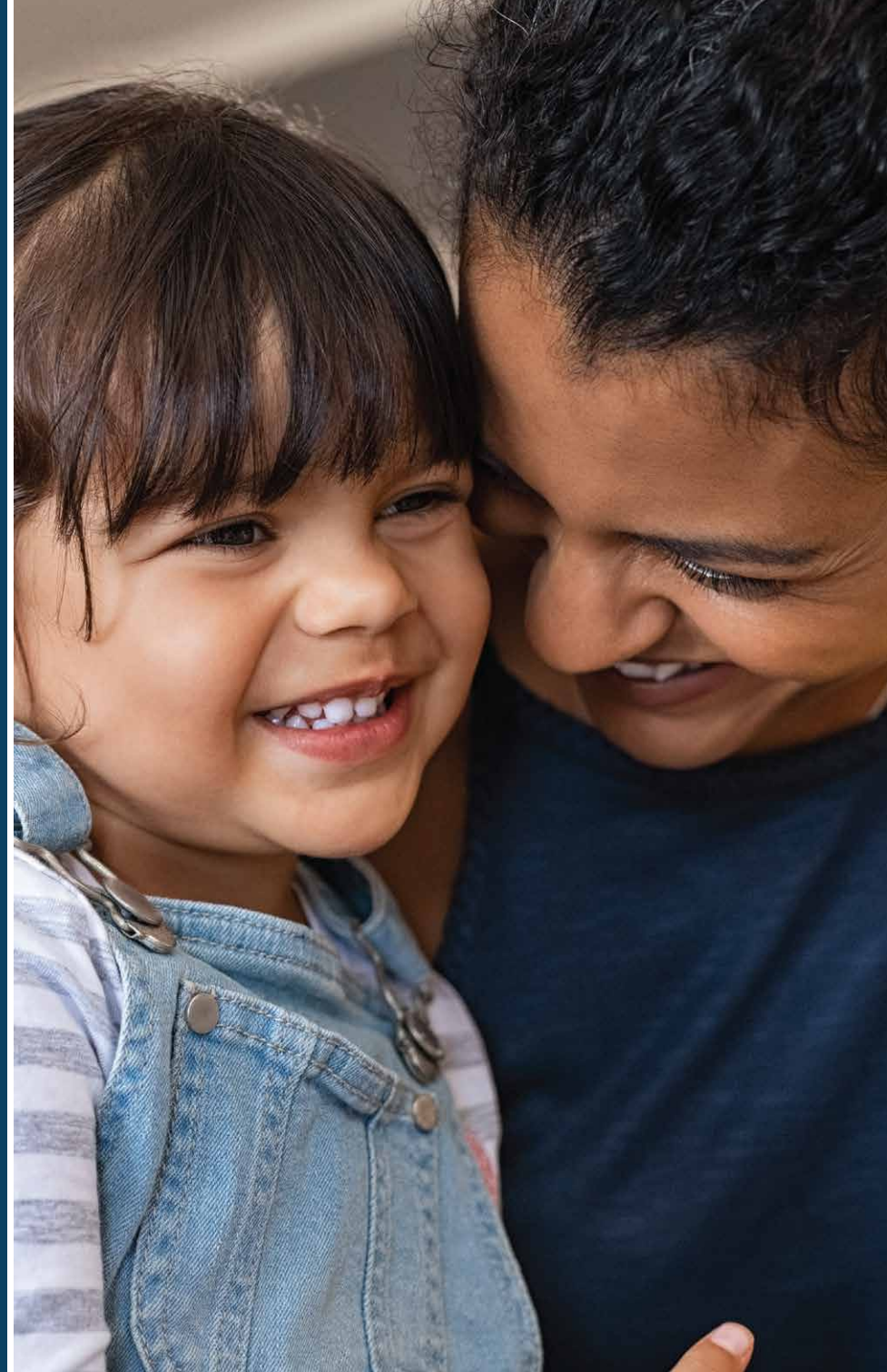


HOW TO SUBSTANTIALLY REDUCE SPECIALTY DRUG COSTS

Here's how: Our pharmacists collaborate peer-to-peer with the patient's prescribing physician to suggest clinically-appropriate changes to their drug therapies. This involves recommending lower-cost medications or dosing and regimen optimizations.

This pharmacist-centric care model emphasizes **value over volume**. It doesn't rely on a restrictive formulary or reduce medication access to maximize rebates and drive inappropriate utilization of high-cost therapies. The EmpiRx Health clinically-driven pharmacy care approach relies on pharmacists collaborating with physicians and practitioners to drive to the most appropriate and cost-effective drug mix that optimizes the health outcomes of members/patients.

“The result is substantially lower prescription drug spending, in particular specialty medications.”



SPECIALTY CARE MANAGEMENT

Case Studies



Patient: 64-year-old male

Diagnosis: Advanced Prostate Cancer

Original Rx: Nubeqa 300mg tablets, 2 tablets by mouth twice daily

Population Health Management engine identified: High-cost specialty medication

Our Clinical Pharmacist reviewed the request for Nubeqa and contacted the physician to discuss the treatment plan. Chart notes and recent labs indicated the patient was having a good response to Abiraterone. the physician agreed without recommendation for the patient to continue Abiraterone.

New Therapy: Nubeqa 300mg tablets, 2 tablets by mouth twice daily

Outcomes

The patient continues to have a good response to treatment with Abiraterone.

\$64,095

ANNUAL PLAN SAVINGS



Patient: 42-year-old female

Diagnosis: Rheumatoid Arthritis

Original Rx: Cimiza Kit 200mg/ml, inject 200mg every other week

Population Health Management engine identified: High-cost specialty medication

An essential component of our clinical strategy is working with prescribers on behalf of patients discuss optimizing therapy with lower-cost alternatives. Our Clinical Pharmacist reached out to the prescriber to discuss the patient's case. With mild rheumatoid arthritis, the patient would benefit from a nonbiologic DMARD therapy as a first-line versus a biologic, and the prescriber agreed.

New Therapy: Sulfasalazine 500mg, 2 tablets by mouth twice daily

Outcomes

The patient switched to a clinically appropriate and effective alternative therapy.

\$24,591

ANNUAL PLAN SAVINGS

BIOSIMILARS BECOME AN INCREASINGLY IMPORTANT PART OF PHARMACY CARE



During the past year, there has been a lot of buzz about biosimilars as lower-cost alternatives to biologic drugs. Biosimilars are biologic medications that are highly similar to drugs already approved by the FDA. They are used for treating the same conditions and have the same mechanism of action as the reference, or originator, products. Through clinical trials, biosimilars have been proven to be just as safe and effective as their reference biologic drugs, meeting the same quality standards.

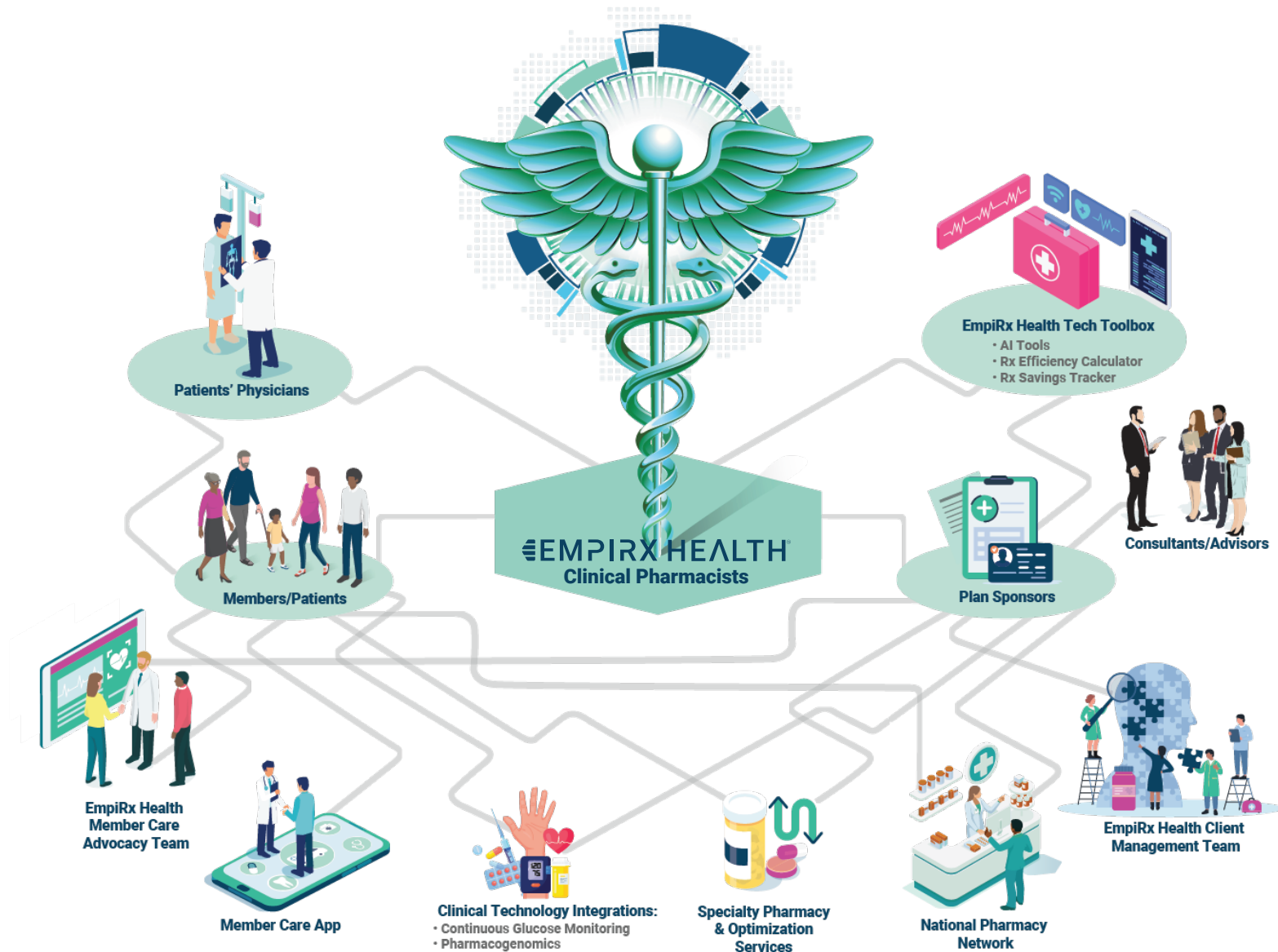
There is a growing expectation that biosimilars will transform the specialty drug landscape just like generic drugs did for traditional medications. They can increase access to important therapies and improve patient outcomes, all while providing a lower-cost option for patients.

As the leading clinically-driven PBM company, EmpiRx Health has been an early adopter of biosimilars. Why? Because biosimilars offer the same level of safety and effectiveness as the original products, but at a lower cost – sometimes substantially lower. In fact, EmpiRx Health was one of the first PBMs that started to prefer lower cost biosimilars to original products.

Many other PBM companies are not prioritizing the lower cost biosimilars because doing so would run counter to their business models. These legacy PBM business models are fundamentally misaligned with the needs and interests of plan sponsors and their members.

In early 2023, EmpiRx Health was the only PBM that decided to prefer the lower cost Humira biosimilars in its formularies. Prior to making this decision, EmpiRx Health's pharmacy experts performed a thorough review of available clinical data, dosing and formulation options, and other critical factors impacting member experience. Following that comprehensive review and analysis, we decided to select two of the lowest priced Humira biosimilars for our formulary.

HOW CLINICALLY-DRIVEN PHARMACY CARE WORKS



REAL WORLD CASE STUDY



Bob Sankey,
Healthcare Plan Benefits
Coordinator
Roman Catholic Diocese of
Altoona – Johnstown, PA

"In 2017 we decided the status quo healthcare system was failing us, so we needed to make some significant changes. A key goal was to focus on our employees and remove all member care barriers, prioritizing their overall health and wellbeing."

"At the time, we were missing a partner that really embraced that goal and that would help us take the weight off our employees' shoulders. We then started our engagement with EmpiRx Health. We found that the collaboration between EmpiRx Health's clinical pharmacists and our members has been the leading driver of our success to date. I'm proud to say that in the past four years, we have not had to increase our employee healthcare contribution or increase deductibles. At the same time, we have not had to change our benefits or reduce benefits, even as we experienced growth in our plan. EmpiRx Health has been a great partner in helping us achieve our goals."

"The system we use with EmpiRx Health is pharmacist-driven, which effectively takes the barriers out of member care. It's the right care at the right time."

"We have multiple examples of members who were taking long-term medications and one of EmpiRx Health's clinicians reached out to the treating physician asking questions no one had asked before. This enabled a collaborative conversation with the patient. In one case, we reduced the spend by **\$7,000 a month.**"

"EmpiRx Health's clinically-driven care model is much better than the traditional PBM approach that emphasizes rebates and drug volume rather than healthcare value."



THE FOUR-POINT PBM REVOLUTION PLAN

1. Embrace a 'Value Versus Volume' Business Model – Traditionally, PBM companies have acted more like financial or retail firms, focused on arbitrage and volume-driven trading transactions to fuel profits. This legacy model is antithetical to the goal of enabling customers to keep their members healthy, happy, and productive, while significantly reducing drug costs.

2. Put Customers and Members First – PBM companies have long been criticized for opaque and highly complex business models that are designed to maximize their profits, not prioritize the needs of customers and their members/employees. By putting the needs of customers first with value-based, clinically driven pharmacy care, everyone wins.

3. Drive Better Health Outcomes with Clinically Driven Care – Pharmacy care is healthcare. The PBM industry must recognize that fact and prioritize its strategies and operating models around clinically driven pharmacy care. At EmpiRx Health, this means analyzing the populations we serve, identifying those at risk, and engaging with prescribers to provide patients with clinically appropriate, cost-effective therapies that maximize health outcomes and reduce costs.

4. Turn Pharmacy Benefits into a Strategic Asset – Pharmacy and healthcare benefits have traditionally been viewed as complicated cost centers that need to be effectively managed, or even cut, to ensure the financial health of an organization. Here again, EmpiRx Health is revolutionizing the industry by helping clients turn pharmacy benefits into a strategic asset that drives better business and organizational results.



THE POWER OF CLINICALLY-DRIVEN PHARMACY CARE

By Danny Sanchez, Chief Executive Officer, EmpiRx Health

“NOTHING IS MORE POWERFUL THAN AN IDEA WHOSE TIME HAS COME.”

Those are the famous words of Victor Hugo, the renowned 19th Century French poet, novelist and big thinker. As this eBook details, the time has clearly come for pharmacists to play a central role in the pharmacy benefits management (PBM) industry. My company, EmpiRx Health, was founded on that powerful idea. Today, we are the leading clinically-driven PBM company.

The other big idea that is now transforming the PBM business is putting you – the customer – in control. That means putting you in control of your pharmacy benefits, improving your members’ clinical outcomes, and your financial results. Putting you in control is nothing short of a PBM revolution. I am proud that EmpiRx Health is helping to lead that revolution.

“You’re in Control.”

Talk about a big idea for pharmacy benefits care! The traditional PBM model prioritizes rebate-driven drug volumes at the expense of the needs and interests of plan sponsors and the healthcare outcomes of their members, the patients. The legacy PBM players wield their size, power and influence to dictate the terms to their customers. As such, they are completely in control of your pharmacy benefits program, putting you at a decided disadvantage.

And that’s why we believed so strongly that a radically different business model was needed for the PBM industry, especially as prescription drugs have become an increasingly large – and the fastest growing – component of healthcare costs. Our clinically-driven, customer-first PBM model gives you back control by emphasizing value over volume while putting the pharmacist at the center of the operating model.

With the simple but powerful promise that “You’re in Control,” EmpiRx Health has shattered the misconception that prescription drug savings must come at the expense of quality healthcare. We look forward to working with you and exploring how we can help you substantially reduce your prescription drug costs while helping to keep your members healthy, happy, and productive.

ABOUT EMPIRX HEALTH

As the pioneer in value-based pharmacy care, EmpiRx Health is the leading clinically-driven pharmacy benefits management company. We put our customers and members first by enabling them to take control of their pharmacy benefits, healthcare outcomes, and financial results. We do that by providing the highest quality pharmacy care that enables our customers to substantially reduce drug spending while helping to keep their members healthy, happy, and productive.

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