Medco Therapeutic Resource Centers®
Driving Growth Through Clinically Compelling, Specialist Services

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Therapeutic Resource Centers
April 21, 2009
Healthcare Reform Agenda

**Challenges**

- Increasing coverage
- Responding to cost pressures
- Improving quality
- Promoting prevention and public health

**Case for Change**

- 46 million Americans, including 8 million children, are without health insurance
- Significant costs associated with chronic and complex diseases
- Serious flaws in delivery systems
- High error and poor compliance rates
- Total U.S. healthcare costs far outpace U.S. inflation rate
- Gaps in prevention services
- Underinvestment in public health
- Unhealthy lifestyles
Our Opportunity

When you manage drugs better, you manage the whole healthcare system better

Facts:

- For prescription drugs, healthcare is wired today.
- Chronic and complex diseases are responsible for 96% of drug costs and 75% of medical expenses in the U.S.
- For 88% of chronic and complex diseases, drugs are the first choice for medical intervention (131 out of 149).
- Instability of a chronic or complex patient is most often tied to deviations from accepted clinical protocol or non-compliance.
- Deviations from protocol and non-compliance cost the system billions of dollars annually.
Targeted Approach

- **Well**: 34% members, 3.4% Rx cost
- **Acute**: 17% members, 8.0% Rx cost
- **Chronic**: 46% members, 15.5% Rx cost
- **Complex**: 3% members, 5.7% Rx cost
- **Rare & Specialty**: 1.3% members, 5.7% Rx cost
- **Oncology Immunology**: 0.4% members, 5.5% Rx cost
- **Diabetes**: 4.7% members, 15.5% Rx cost
- **Cardiovascular**: 17.5% members, 33.1% Rx cost
- **Pulmonary**: 5.2% members, 5.0% Rx cost
- **Neurology Psychiatry**: 11.5% members, 7.9% Rx cost
- **Gastrointestinal**: 2.2% members, 1.4% Rx cost
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**Structure**

- **Therapeutic Resource Centers** – entire pharmacies that are specialized
- **Medco Specialist pharmacists** – advanced training, unparalleled experience
- **National Practice Leaders** – senior clinicians accountable for TRC success

<table>
<thead>
<tr>
<th>Rare &amp; Specialty</th>
<th>Oncology Immunology</th>
<th>Diabetes</th>
<th>Cardiovascular</th>
<th>Pulmonary</th>
<th>Neurology Psychiatry</th>
</tr>
</thead>
<tbody>
<tr>
<td>221k Patients</td>
<td>717k Patients</td>
<td>4M Patients</td>
<td>9M Patients</td>
<td>3.2M Patients</td>
<td>3.2M Patients</td>
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<tr>
<td>$5.0B Rx Spend</td>
<td>$2.5B Rx Spend</td>
<td>$6.5B Rx Spend</td>
<td>$10.8B Rx Spend</td>
<td>$2.2B Rx Spend</td>
<td>$5.2B Rx Spend</td>
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<tr>
<td>100 RPhs</td>
<td>150 RPhs</td>
<td>250 RPhs</td>
<td>350 RPhs</td>
<td>100 RPhs</td>
<td>150 RPhs</td>
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</tbody>
</table>

**Women’s Health and Family Medicine**

Medco customer base, through 12/08
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*Logic of our Approach*

- Patients with Chronic Disease and Gaps in Care
- Counseling by Specialist Pharmacists
- Fewer Gaps in Care
- Lower Costs of Care
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Mechanism of Action

Inbound Call

Call Center offers Specialist Pharmacist

Personalized Health Action Plan

Gaps in care
- Omissions
- Adherence
- Wastage

Safety
- Interactions
- Overuse
- Misuse

Affordability
- Generics
- Channel

Prescription Order

Specialist Pharmacist Reviews Health Action Plan

Specialist Pharmacist

Patient Counseling

- Clarify situation / risks
- Assess / address barriers
- Provide support /counseling
- Correct errors, close gaps, realize savings opportunities
- Connect your members with available resources

Physician Consultation

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Presented at the Xavier University of Louisiana College of Pharmacy’s 3rd Annual Health Disparities Conference – April 19-21, 2009

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Adherence to Antihypertensive Medications – Correlation between Higher use of TRC, Higher adherence and Lower total cost

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<table>
<thead>
<tr>
<th>TRC Usage (% of Prescriptions at TRC)</th>
<th>Total Healthcare Costs, YR2 ($, adjusted)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail only</td>
<td>$11,208</td>
</tr>
<tr>
<td>0-60</td>
<td>$10,928</td>
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<tr>
<td>60-80</td>
<td>$10,761</td>
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<tr>
<td>80-100</td>
<td>$10,509</td>
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Six-Sigma approach to reducing the need for rescue medications in patients with asthma

Percentage with Asthma Using More Than One Canister of Albuterol per Month*

TRC Protocol Instituted

Non-random distribution
Random distribution

Monthly Data

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Results of 6-client Analysis - Intervention Closure Rate by Measure

Closing Adherence and Omissions Gaps for patients with diabetes, pulmonary or cardiovascular disease

% of Closed Gaps

- 81% Adherence - Diuretics
- 74% Adherence - Statins
- 45% Adherence - Vasodilators
- 24% Omission - Self-monitor blood sugar
- 7% Omission - Cholesterol Reducers

Medco data, 6 client sample, ~600k lives
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Closing Thoughts

“Drugs don’t work in patients who don’t take them”

C. Everett Koop, MD
Former US Surgeon General