

PRESCRIPTION BENEFIT OVERVIEW

November 8, 2011



PBM BACKGROUND

WHAT IS A PHARMACY BENEFIT MANAGER (PBM)?

- Pharmacy Benefit Managers (PBMs) have evolved over the last three decades from basic claims administrators to more complex organizations offering a wide range of prescription drug management tools.

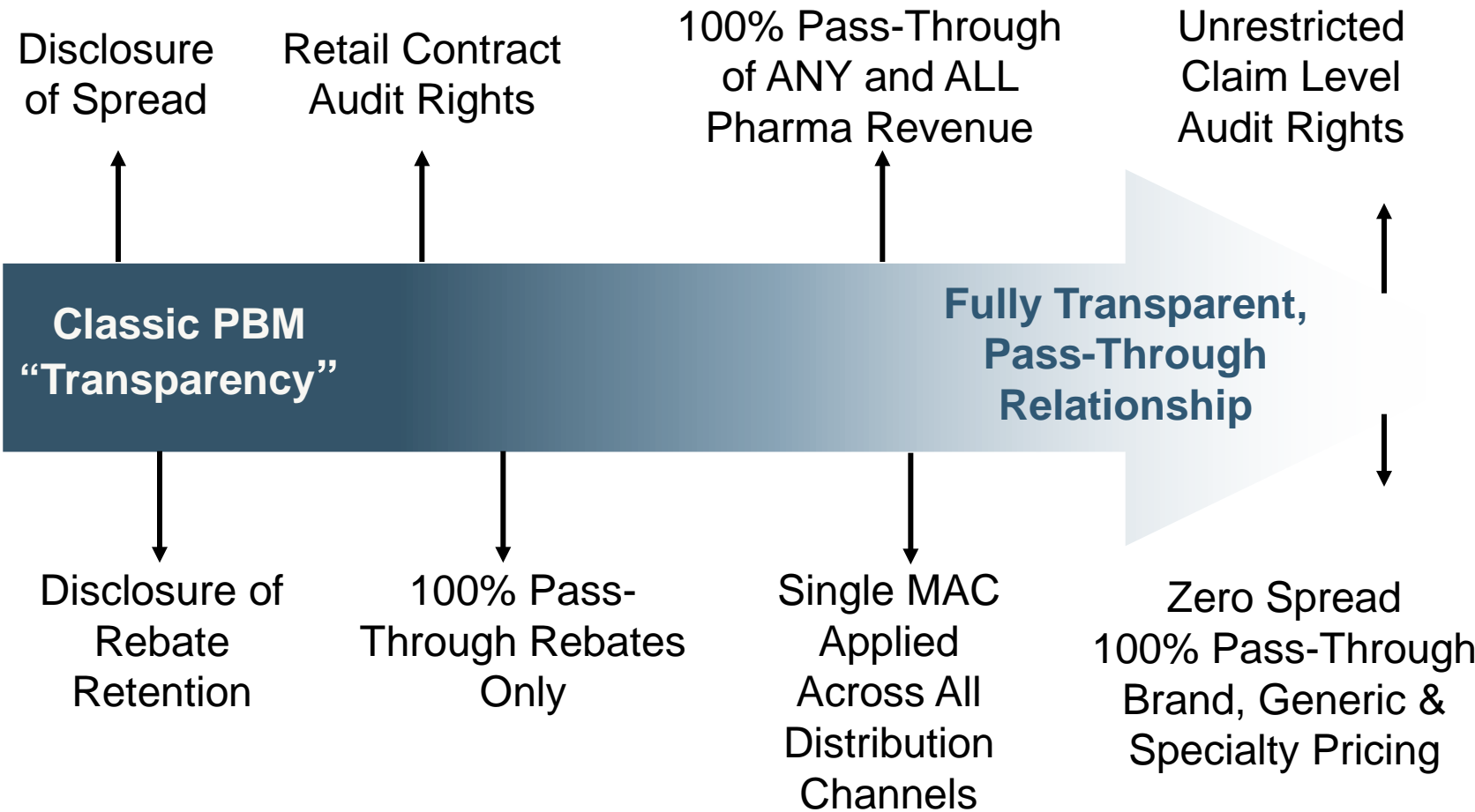
WHAT DOES A PBM DO?

- Ensure safe and appropriate drug utilization
- Control costs through industry relationships
- Develop and manage the Formulary
- Execute clinical programs focused on cost-effectiveness, safety and education
- Help control rising utilization and cost of pharmaceuticals
- Partner with plan sponsor to allow them to continue offering prescription drug coverage to members in spite of rising costs

WHAT PBM BUSINESS MODELS EXIST IN THE MARKETPLACE?

- Traditional
- Hybrid
- Full Pass-Through (Navitus)

DEGREES OF TRANSPARENCY



Aligns Incentives Between Plan Sponsor, Patients and PBM



WHO IS NAVITUS?

The “Navitus Model” offers a unique business approach founded on the principles of complete financial and operational transparency, stewardship and service excellence.

Transparency + Stewardship = Performance

TRANSPARENCY

By passing through 100% of network discounts and rebates to the State & WPE group health insurance programs, we are able to focus on what really matters - programs and services that bring results.

STEWARDSHIP

We partner with the Board to customize benefit plans that address your unique challenges to meet your plan objectives.

PERFORMANCE

Our collaborative approach produces successful results by developing highly effective, customized programs that meet the needs of the group health insurance programs.



NAVITUS MISSION STATEMENT

Navitus Health Solutions is committed to lowering drug costs, improving health and delivering superior service in a manner that inspires trust and confidence.

LOWERING DRUG COSTS – Through Navitus’ completely transparent business model, all hidden costs associated with the purchase of prescription drugs are eliminated. We negotiate discounts and rebates with drug manufacturers and contract with pharmacies on behalf of the Board – enabling us to pass 100% of savings directly to the group health insurance programs.

IMPROVING HEALTH – In addition, by ensuring formulary development and quality improvement decisions are reviewed and approved by providers and pharmacists, Navitus provides the highest quality pharmaceutical care to our members.

DELIVERING SUPERIOR CUSTOMER SERVICE – At Navitus, we offer a wide variety of pharmacy benefit management services, including benefit design and consulting, formulary management, pharmacy network management, and clinical programs. All efforts are developed and implemented with the members’ best interests in mind.

SAMPLE OF WHAT NAVITUS DOES FOR THE STATE

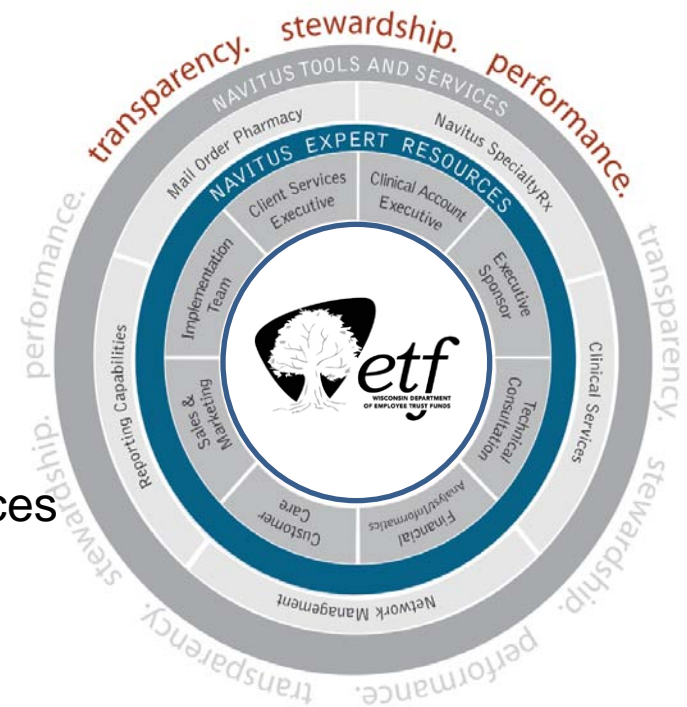


- Manages to the lowest net cost while keeping the needs of the members and Board in mind.
- Returns all rebates and other potential income streams to the group health insurance programs to control drug spend.
- Focuses on improving health, not just maintaining it.
- Uses medical professionals to determine the formulary - “Make the right drug available for the right patient at the right time.”
- Provides the Board and ETF access to the highest levels of executive management and ensures Navitus goals are aligned with the Board’s.
- Provides incentives to pharmacies for assisting in effective drug utilization such as substituting generics and patient education.
- Ensures drug utilization is both safe and appropriate and intervenes when there is a potential problem.
- Minimizes the impact of rising utilization and costs of pharmaceuticals by educating users and prescribers.
- Effective January 1, 2012, Navitus and ETF will be implementing an Employer Group Waiver Program (EGWP) for all retirees. Navitus has partnered with Sterling Life Insurance Company to provide this benefit. This program replaces the Retiree Drug Subsidy (RDS) program and will be much more cost effective for the State.

CLIENT SERVICE MODEL



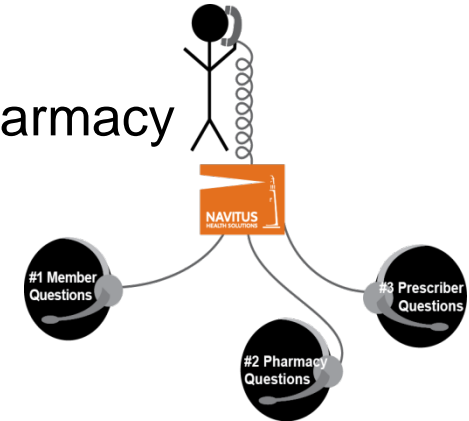
- Dedicated Team
 - Pharmacist(s), Client Services, Analytics, Implementation
- Regularly scheduled performance review meetings
 - Performance standards are monitored to ensure Navitus consistently meets or exceeds expectations
- We **Share a Clear View**
- **Strategic Business Plan:**
 - Model benefit design changes
 - Establish fully-aligned strategic and operational objectives
 - Develop short-, medium- and long-term timelines
 - Identify/leverage all available resources
 - Define and plan product execution
 - Measure and report results



CUSTOMER CARE



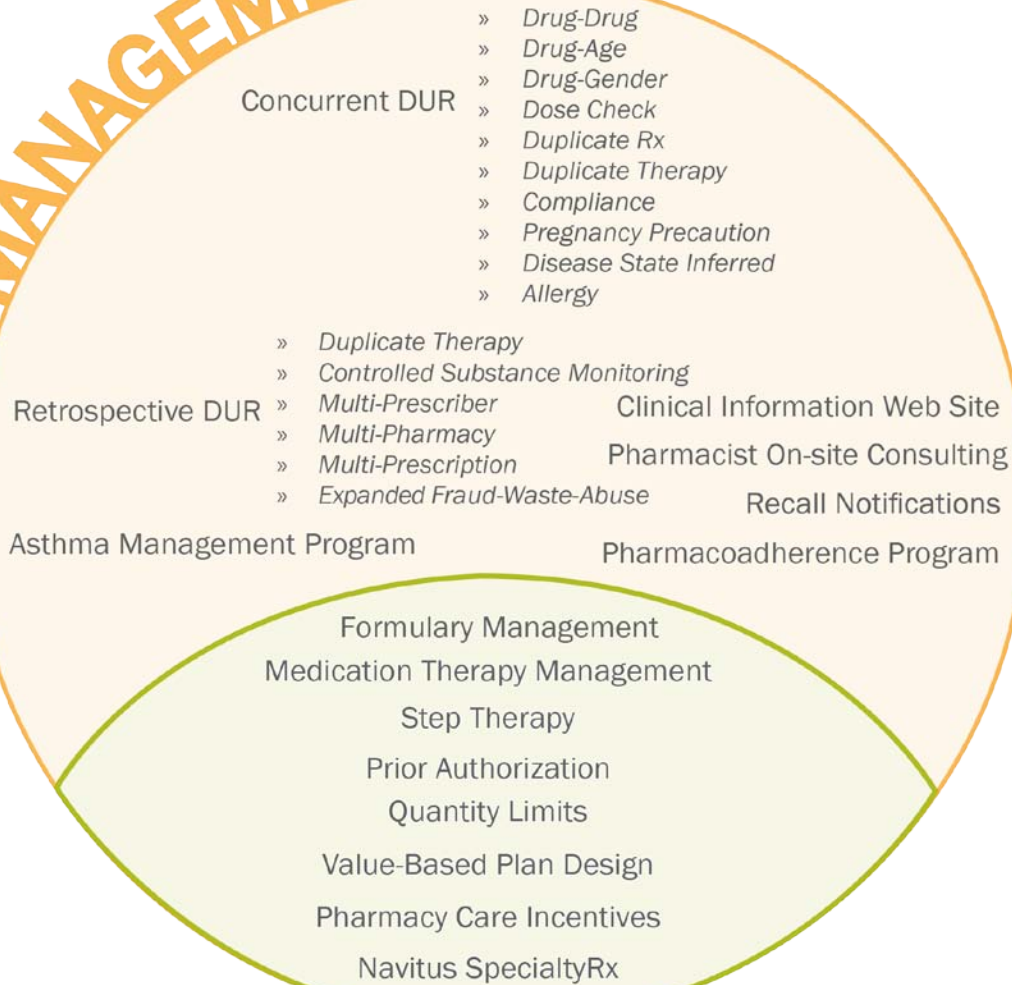
- High-touch, integrated service model
- 24/7, toll-free Provider Hotline
- All calls greeted LIVE with many by certified pharmacy technicians
- Pharmacist(s) on site
- Meets or exceeds URAC standards
- Service levels designed to exceed client goals
 - Service does not fluctuate during new client implementations
 - Average Speed To Answer (ASTA): < 5 seconds
 - Abandonment Rate: < 3%
 - First Call Resolution: 99%
- Secure, Navi-Gate® for Pharmacies Portal
- Integrated with Specialty and Mail Order Vendors



HEALTH MANAGEMENT



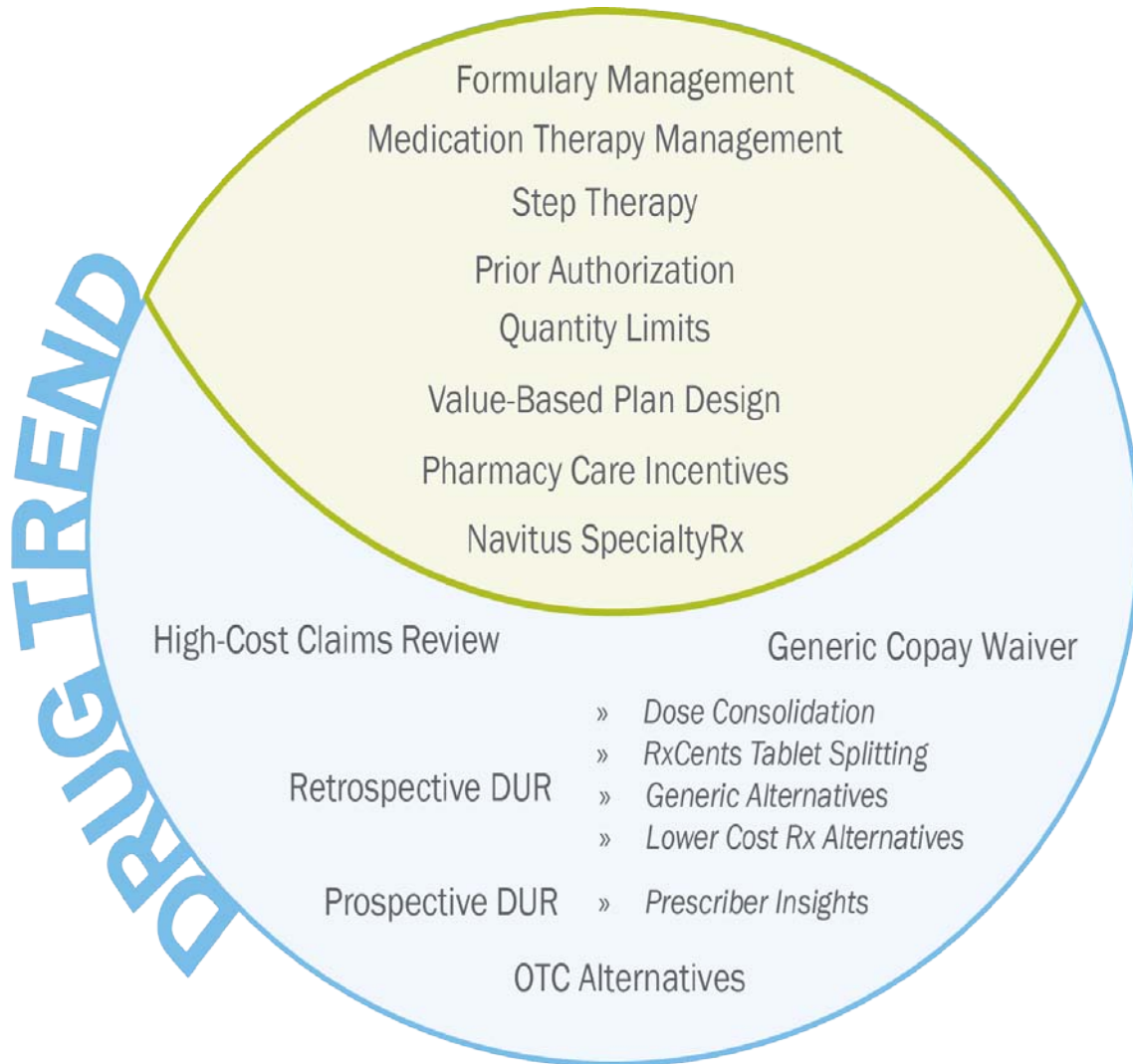
HEALTH MANAGEMENT



The Navitus Difference

- Evidence based
- Fully transparent
- Customizable
- Results-driven
- Drug, member, pharmacist and prescriber intervention
- Lowest-net-cost formulary driver

DRUG TREND MANAGEMENT



**RDUR
Cost-Focused
Programs
Deliver Savings
for the Group
Health Insurance
Programs**

NETWORK MANAGEMENT

RATE NEGOTIATIONS

Navitus has negotiated significant pharmacy discounts on behalf of the Board and continues to do so. It is important to note, that as discounts increase, all the savings related to those discounts are passed back to the State at 100%.

90-DAY AT RETAIL

The cost of dispensing prescriptions is the same for a pharmacy, whether the amount is for a one-day supply or a 90-day supply. Pharmacies are willing to accept lower reimbursement for a 90-day supply of medication since the dispensing costs can be spread out over the higher quantities.

MAIL ORDER SERVICE

Navitus Health Solutions collaborates with a mail service provider to offer prescriptions available via mail with a substantial savings. The use of mail order is recommended only for maintenance medications, rather than medications needed on a short-term basis.



NETWORK MANAGEMENT

NAVITUS SPECIALTY RX

Navitus SpecialtyRx coordinates personalized support for group health insurance program members impacted by chronic illnesses and complex diseases, such as rheumatoid arthritis, multiple sclerosis and cancer.

Our goal is to improve the quality of life for members by providing personalized support and compassion. We help members navigate the complex medication challenges they encounter every day.

Navitus Specialty Rx is dedicated to helping members by designing services that deliver the highest standard of care. Members receive one-on-one consultations with experienced registered pharmacists who answer questions about managing medication side effects and offer advice on treatment compliance. In addition, friendly and experienced support team members, 24/7 service and our refill reminder service make receiving their specialty medications easier than ever.

FORMULARY & REBATE SUPPORT

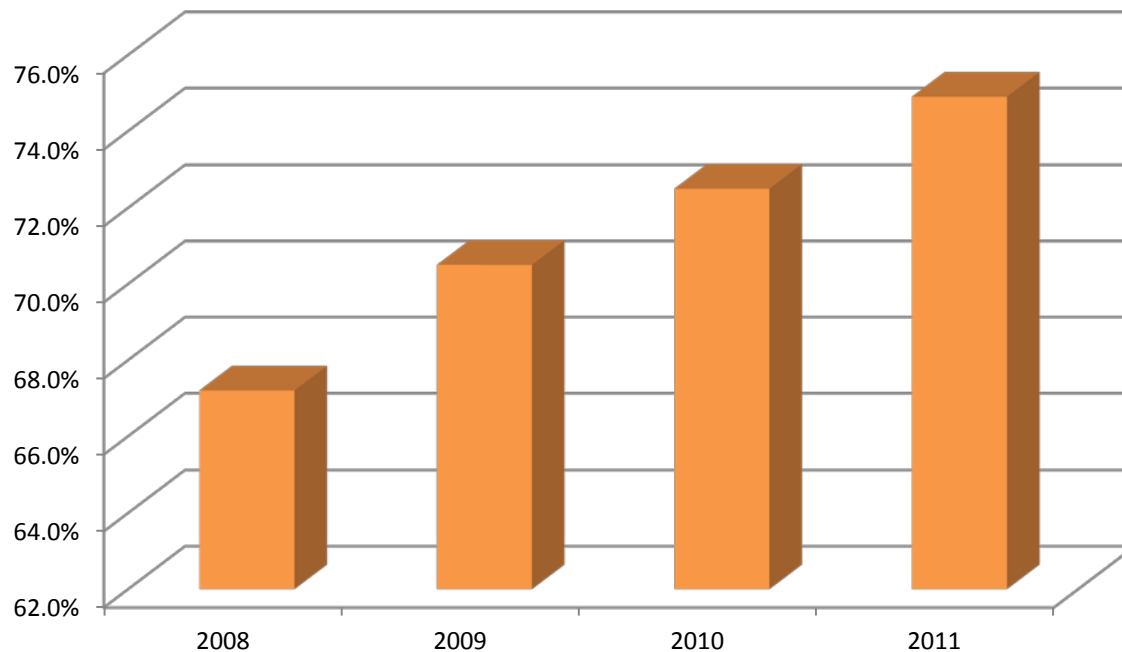


- Supplement rebate contract gaps
- No barrier of misaligned incentives
- Support Formulary and P&T Committee activities
 - Provide summaries of Navitus P&T recommendations with client-specific modeling, factoring client benefit design(s) and utilization patterns
 - Provide all Navitus P&T materials, including drug monographs, class reviews and specialist input
- Collaborate to optimize drug mix and drive lowest-cost performance

GENERIC UTILIZATION TREND

- Through various programs and communications, Navitus has increased the group health insurance programs' generic utilization to 75.2% in Q3-2011. Our book of business generic utilization trend was at 75.0%.
- National PBM 2010 trend reports indicate an average 69-72% generic utilization rates.

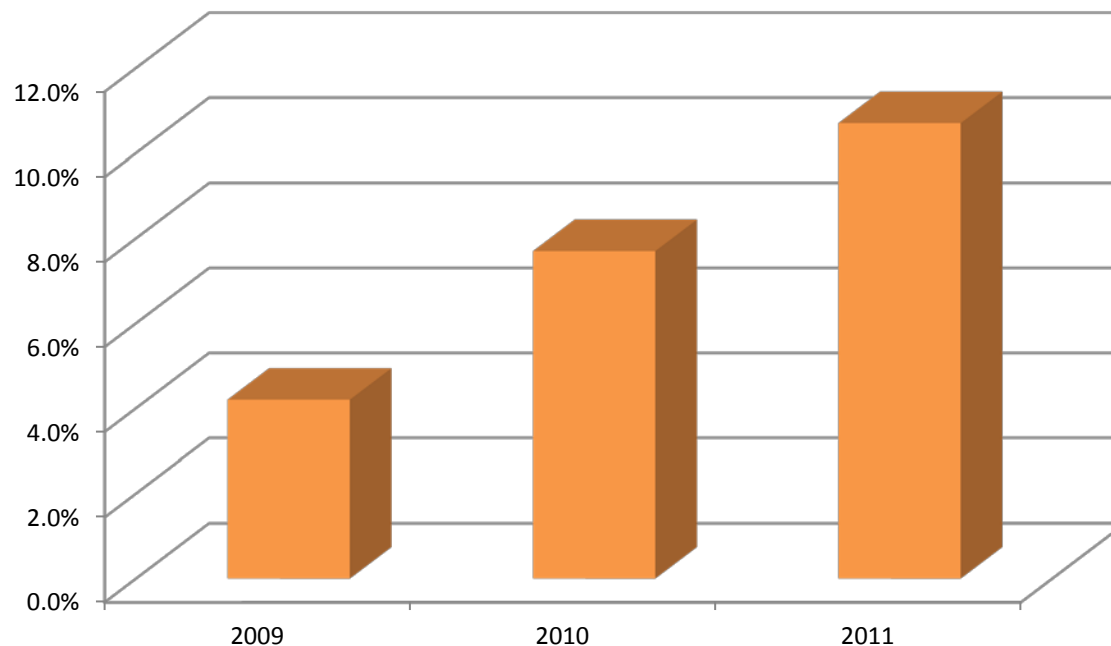
Generic Utilization Trend



90-DAY AT RETAIL TREND

- Navitus implemented the 90-Day at retail benefit for group health insurance program members on January 1, 2009. Navitus is able to negotiate better discounts from certain pharmacies for the 90-Day at retail benefit.
- As of Q3-2011, 12.1% of all claims are adjudicating through the 90-Day benefit (no Mail Order erosion has been seen).

90-Day At Retail Trend



DRUG UTILIZATION REVIEW

Plan Paid Per Member Per Month Trend

- State and WPE Group Health Insurance Program Trend was below national averages at **+0.4%** in 2010 and is trending well for 2011.
- National PBM reports indicate 2010 trends were significantly higher.
 - Medco 2010 Trend Report = +3.7% (2011 forecast is 3-5%)
 - Express Scripts 2010 Trend Report = +3.6% (2011 forecast is 4.6%)
 - CVS Caremark 2010 Trend Report = +2.4% (2011 forecast is 3-4%)

Data For First Half 2011	Trend
Total Plan Paid PMPM	1.5%
Non-Specialty	-0.7%
Specialty	12.8%
Contributing Factors To Trend	Trend
Cost Share	1.0%
Utilization	0.8%
Price Inflation & Drug Mix	2.6%
Network Discounts	-2.9%
Total:	1.5%

FUTURE CONSIDERATIONS



- Formulary
 - OTC Categories
- Specialty Pharmacy Requirement
 - 24/7 access to health care professionals
 - Refill reminders
 - Access to disease specific educational materials
- Networks
 - Evaluate mail order and/or 90-day at retail requirements on maintenance medications
- Clinical Programs
 - Consider additional programs that are aligned with State goals

THANK YOU.

Share a Clear View

High-Touch Service

Lowest Net Drug Costs

Improved Member Health

