Today’s Speakers

Shirley Reitz, Pharm.D.
Clinical Pharmacist Client Manager for OmedaRx

Rich Adams
Director of Product and Business Development at OmedaRx

Steve Lam, Pharm.D.
Clinical Pharmacist Client Manager for OmedaRx
Agenda

- Market Forces Driving Specialty Drug Growth
- Integrated & Personal Specialty Care Management
- Questions & Answers
New Cost Curve for Drug Spending

Source: Centers for Medicare and Medicaid Services, Office of the Actuary

U.S. Prescription Drug Spend

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5 + 5: Trends and Solutions

Top Cost Drivers: Pharmacy
- Brand Drug Price Increases
- Specialty Drugs
- Drugs on the Medical Benefit
- FDA Approval Rates
- Pharma Advertising

Evidence Based Medicine: Early, Accurate, Personal
Integrated Drug Utilization Management
Specialty Drugs: Personalized Therapeutic Journey
Site of Care Management
Innovative Consumer Engagement Programs
Specialty Drugs Are Different

Specialty Drug Features
- Prescribed by a specialist
- Mostly Injectable drugs
- Requires special handling
- High-touch patient management

Common Specialty Conditions
- Hepatitis C
- Multiple sclerosis
- Inflammatory Conditions
- Oncology
- Orphan Diseases

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Specialty Costs are Expanding Exponentially

Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Drug Spend</th>
<th>Specialty Drug Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
<td>$12B</td>
<td>$12B</td>
</tr>
<tr>
<td>2000</td>
<td>$121B</td>
<td>$0</td>
</tr>
<tr>
<td>2012</td>
<td>$269B</td>
<td>$1.8B</td>
</tr>
<tr>
<td>2021</td>
<td>$483B</td>
<td>$59B</td>
</tr>
</tbody>
</table>

Distribution

- 2015: 70% Specialty, 30% Traditional
- 2018: 50% Specialty, 50% Traditional

Source: JPMorgan
Specialty Drugs Dominate the FDA Pipeline

Pipeline Products by Therapeutic Area

- Cancer: 1,813
- Neurological: 1,329
- Infectious Disease: 1,256
- Immunology: 1,120
- Cardiovascular: 599
- Mental Health: 511
- Diabetes: 475

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A Few Categories Dominate Total Spend

TOTAL SPENDING ON THE TOP 15 SPECIALTY DRUG CATEGORIES

- **Cancer**: 33% ($4.77B)
- **Inflammatory conditions**: 26% ($4.69B)
- **Multiple sclerosis**: 10% ($1.96B)
- **Hepatitis**: 10% ($1.49B)
- **HIV**: 22% ($3.22B)
- **5%**: $0.72B
- **1%**: $0.15B
- **$1.09B**: 6%
- **$1.00B**: 5%
- **$5.58B**: 30%
- **$4.16B**: 23%
- **$4.69B**: 26%
- **$4.25B**: 29%
- **$14.6B**: (2013)
- **$18.4B**: (2014)

Source: BHI 2014
Patient Financial Impact is Significant

Per Member Costs of Specialty Drugs by U.S. Census Division

<table>
<thead>
<tr>
<th>Division</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pacific</td>
<td>$369</td>
<td>$443</td>
</tr>
<tr>
<td>Mountain</td>
<td>$348</td>
<td>$415</td>
</tr>
<tr>
<td>West North Central</td>
<td>$279</td>
<td>$383</td>
</tr>
<tr>
<td>East North Central</td>
<td>$315</td>
<td>$395</td>
</tr>
<tr>
<td>East South Central</td>
<td>$296</td>
<td>$421</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>$334</td>
<td>$414</td>
</tr>
<tr>
<td>Middle Atlantic</td>
<td>$330</td>
<td>$434</td>
</tr>
<tr>
<td>New England</td>
<td>$409</td>
<td>$478</td>
</tr>
</tbody>
</table>

Source: BHI 2014
Specialty Drugs Require Integrated Care

- Improving member well-being
- Providing proactive service
- Balancing cost & care
- Connecting communities
- Driving outcomes through clinical excellence
Traditional Management Drives Value

- Contracting
- Formulary
- Benefit Design
- Utilization Management
Integrated Management Drives Greater Value

Opportunity to save an additional 11% by using basic specialty management strategies
Specialty Drugs Require Personalized Care

Transition to Specialty Pharmacy

- Prescription
  - Retail Fills
  - Transfer

Ongoing Support and Engagement

- Condition Education
- Benefit Evaluation
- Financial Counseling
- Lifestyle Counseling
- Care Support

Medication Delivery

- Patient Support
- Provider Coordination
What Does the Future Hold for Specialty Drugs?

- Rare Diseases
- Efficacy Improvement
- Innovation Administration
- Individualized Medicine
Key Questions for Your PBM

<table>
<thead>
<tr>
<th>Question</th>
<th>Why it is important?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your specialty drug management program include both traditional and expanded drug management practices, such as a focus on integrated programs? Please provide examples.</td>
<td>Traditional only management programs lead to poor outcomes, reduced quality of life and higher total costs</td>
</tr>
<tr>
<td>How does your specialty care management program help patients better manage their condition? Please provide examples.</td>
<td>Low engagement results in poor clinical outcomes, lower rates of adherence and increased costs</td>
</tr>
<tr>
<td>Describe how your specialty care management program integrates with the provider community.</td>
<td>Fragmented programs lead to increased costs and poor outcomes</td>
</tr>
</tbody>
</table>
Questions?
Join us next time:

November 10, 12 – 1pm (PST)

Effectively Managing Sites of Care