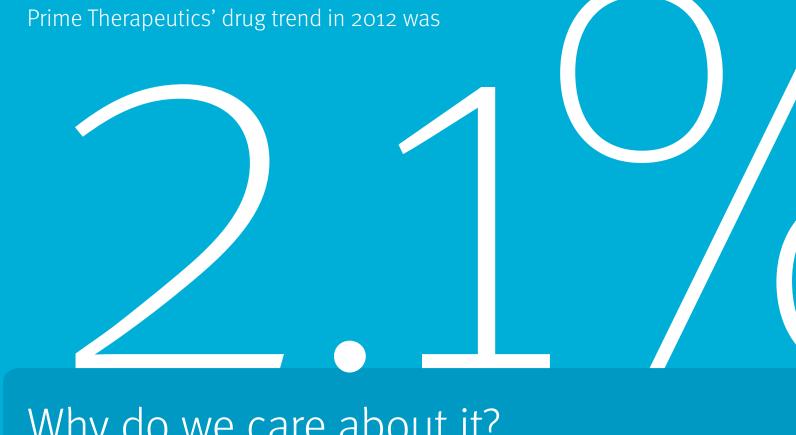
# More than a number Our number



Visualizing our 2012 drug trend



Why do we care about it? Drug trend measures the increase in how much money Prime clients and members spend on drugs each year

FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

Prime's drug trend has been low for several years 2005 2008 2004 2007 2009 5.9% 6.0% 5.9% 2.9% 0.9% 3.4% 2.9% 1.3% 2.1%

To help people get the medicine they need to feel better and live well Where does this number come from?

(mix)

By keeping trend low and drugs more affordable, Prime fulfills its purpose

MIX drug trend of drugs of drugs of drugs

(inflation)

Number of drugs used (utilization)

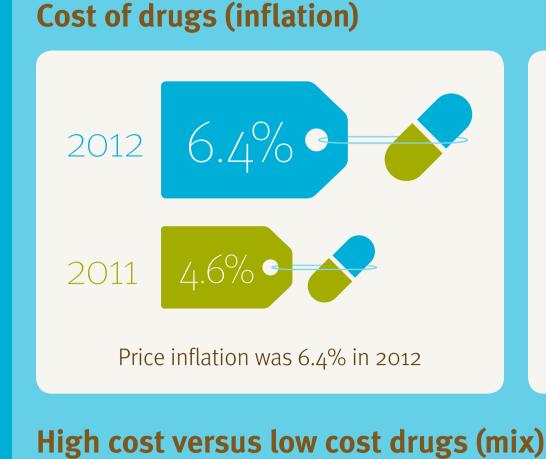
Prescription use was up

0.7% in 2012

Three things influence drug trend

(utilization)

What drove this number in 2012?



**Trend** 

Generic drugs help pull down trend (-4.6%)

Prime has consistently kept drug trend lower than the industry as a whole 1

Generic use reached 78.8% by the end of 2012 What does this number say about us?

Most commonly used drugs are

for high blood pressure

Contributors to per member per year (PMPY) costs

\$7.68

\$6.12

\$5.64

\$4.44

\$4.08

Added costs were driven by

high price drugs in key categories

**Autoimmune** 

**Multiple sclerosis** 

**ADHD** 

**Diabetes** 

**Cancer pills** 

**High cost** 

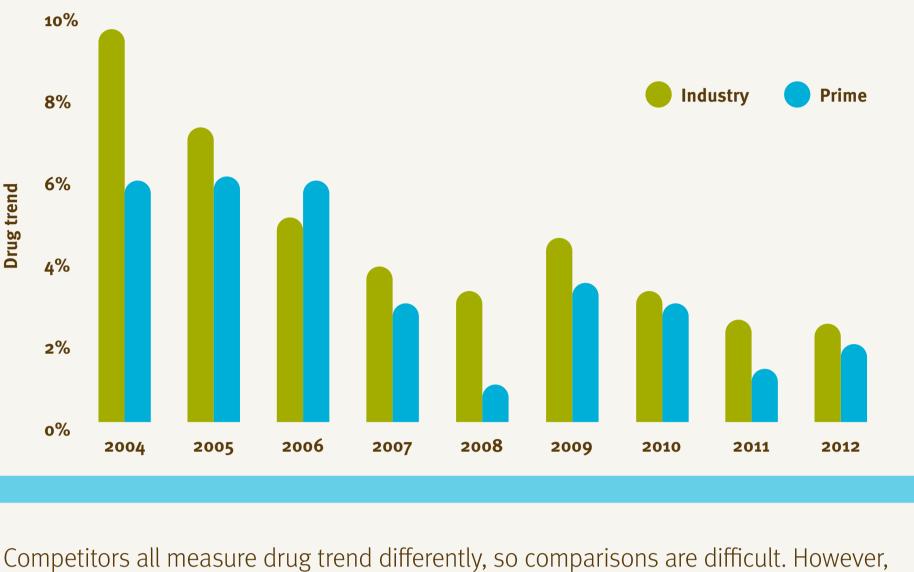
10%

8%



Our mission

What are we doing about trend?



**PMPY** 

#### \$74 \$72 \$70

\$9.38

**PMPY** 

We help members

find cost-effective

treatments

\$9.13

**PMPY** 

The savings we create help limit cost increases — that's low drug trend in action

We aim to have the industry's lowest ingredient cost for drugs<sup>2</sup>

Ingredient cost per prescription **PBM A** \$68 **PBM B** \$66 \$64 **PBM C** \$62 **Prime** \$60 \$58 \$56 \$54 2009 2010 2011 We actively manage drugs to make them more affordable

### We create programs to We negotiate discounts guide proper drug use with manufacturers

Is our work paying off?

**Eiffel Tower** 

(Paris)

Client

savings

15%

10%

1999

specialty drugs

on the market

Our future

What is the trend...for trend?

Drug trend has not always been low...and probably will not stay low<sup>3</sup>

**Empire State Building** 

(New York)

Prime passes savings on to clients so they can keep benefit costs low

**Lower benefit** costs

We have the industry's lowest net ingredient cost per prescription. We work hard to keep

We start low and stay low, so that clients and members truly benefit from our efforts.

that cost low. Others may boast low drug trend, but they begin with higher ingredient costs.

**Willis Tower** 

(Chicago)

\$720 million

(in \$100 bills)

Member

savings

2012

\$12.56

**PMPY** 

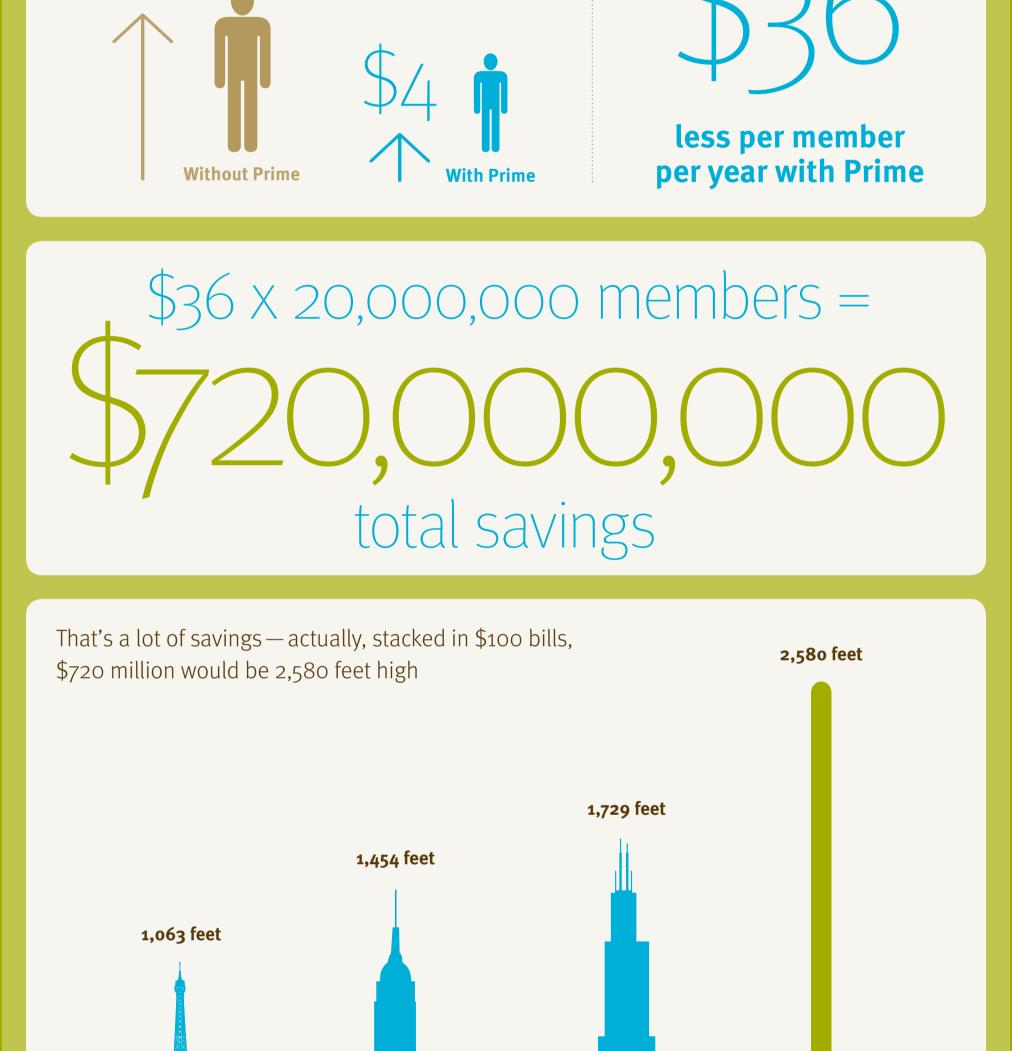
We negotiate lower

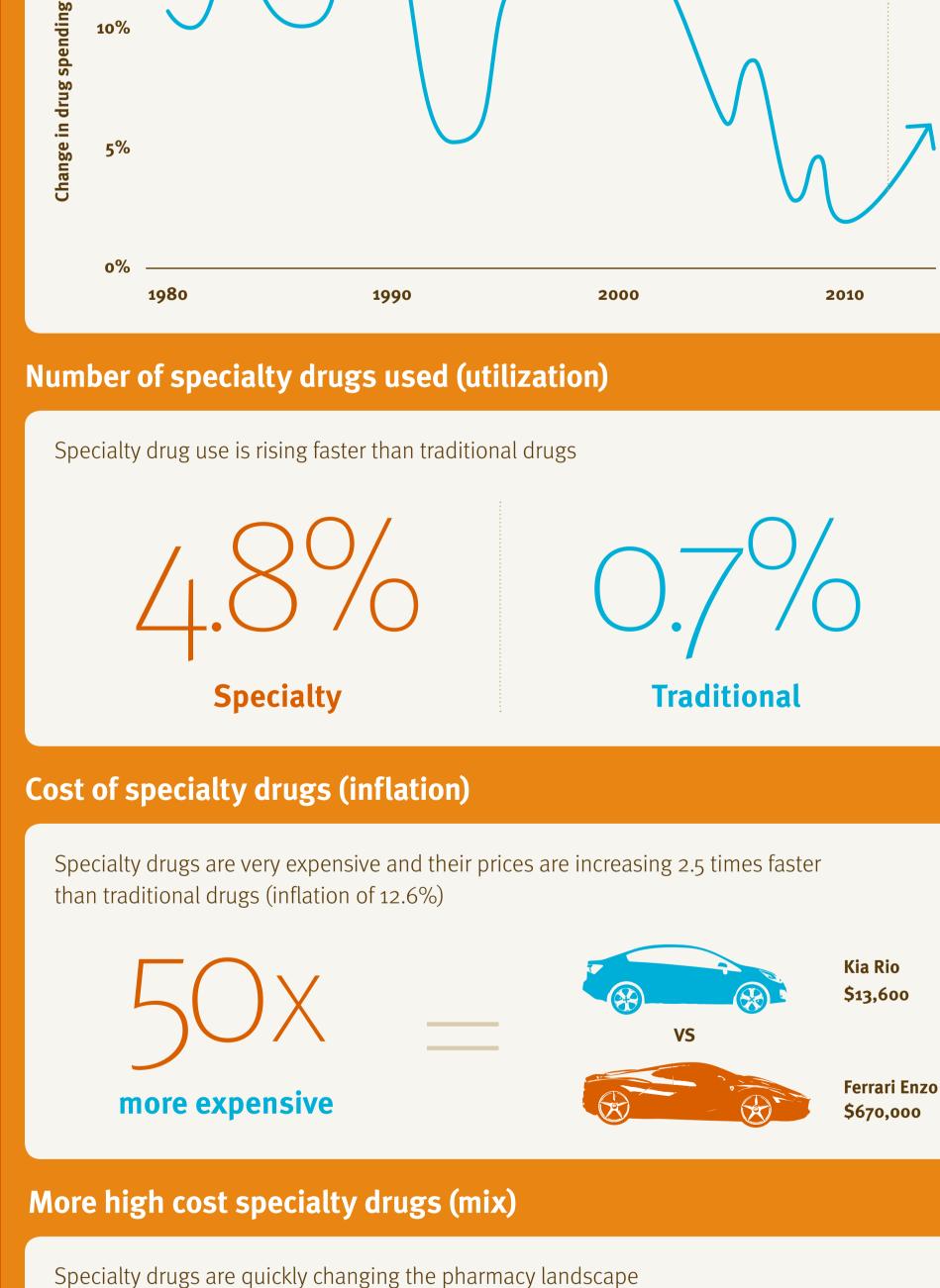
rates and dispensing

fees at pharmacies

\$4.93

**PMPY** 





specialty drugs

**Generic opportunity** 

Generic drugs have helped keep trend low

on the market

How will specialty affect drug trend?

current pipeline of

drugs in development

general rate of inflation

**Traditional** 

Health plans

Employers

Pharmacists

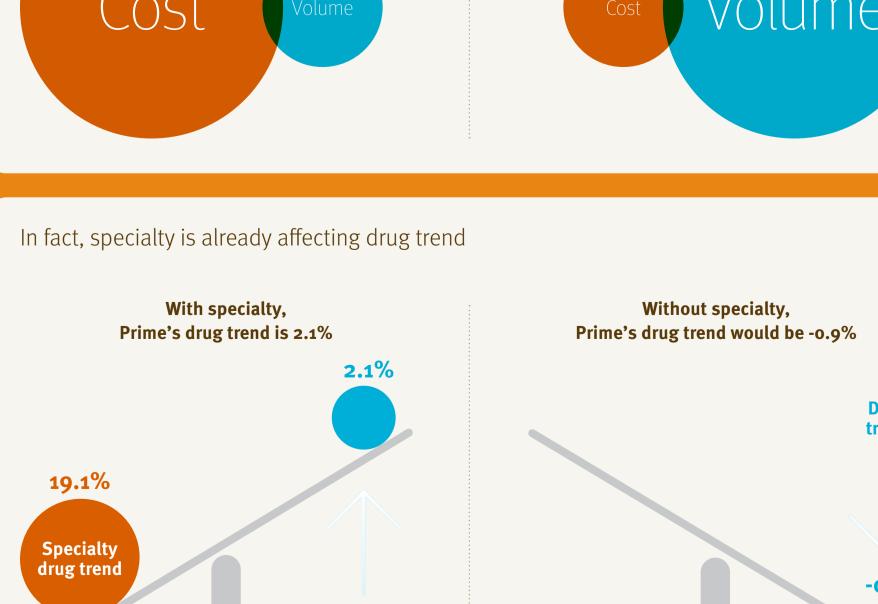
Manufacturers

## but we are reaching the peak of generic opportunity Meanwhile, specialty trend is growing fast

specialty drug trend

**Specialty** 

on total costs



Despite the small number of specialty drugs used, they will have a huge impact

Drug Drug trend Specialty drugs make Prime's unique connections even more important, since we must all work together to manage these high cost drugs Members

few years. As specialty spending rises, Prime will continue to deliver superior cost management on behalf of our clients and members. Prime's focus has been, and will always be, to provide the highest quality care while keeping costs low. To learn more about drug trends,

watch for our specialty trend report

coming later this year.

**Sources** 

Specialty drugs are expected to push overall drug trend to double digits over the next