Private Sector Solutions to America’s Health Care Challenges

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The Impact of Chronic Disease

1 in 2 Americans have a chronic disease

1 in 6 Americans have three or more chronic conditions.

85% of all health spending on Americans with chronic conditions

46% of all Medicare dollars spent on patients with 6+ chronic conditions

Source: 2013 CVS Caremark Enterprise Analytics. Projections based on CVS Caremark data. Individual results will vary based on plan design, formulary status, demographic characteristics, and other factors.
FDA’s Drug Approvals Backlog Hampers Competition

• Quicker entry of generic drugs and biosimilars would remove barriers to greater competition.

• Over 4,000 generic drug applications are pending at FDA.¹

¹FDA’s Generic Drug Review Dashboard. Updated July 1, 2016. Quicker entry of generic drugs and biosimilars would remove barriers to greater competition.
Market Dynamics Driving Up Drug Costs

Pricing Dynamics:
1. High launch prices for branded products
2. Price increases for older drugs

Causes of High Cost Drugs:
- Sales and marketing outpace R&D
- Slow drug approval timeline
- More ‘me-too’ drugs, less innovation
- High deductible health plans
Reducing Preventable Hospital Readmissions

1 in 7 patients are readmitted within 30 days

2/3 of hospital readmissions are due to medication issues (non-adherence and adverse drug reactions)

Up to ¾ readmissions are preventable

65% savings, totaling $3,324 per patient, from reduced readmissions as a result of pharmacist interventions

Source: 2013 CVS Caremark Enterprise Analytics. Projections based on CVS Caremark data. Individual results will vary based on plan design, formulary status, demographic characteristics, and other factors
Improved Medical Adherence is Essential

• Prescription drugs are "first, logical choice for medical intervention" for nearly 90% of people with chronic and complex diseases.

• In-person interventions are 2-3X more effective at increasing medication adherence.

• Improved medication adherence could save nearly $300 billion in unnecessary medical costs each year.

Source: Medco 2011; CVS Health Insights, "adherence," Fall 2014
Prioritizing Affordable Medicines for Consumers

Adrenaclick
$109.99 Cash Price

EpiPen
$649.00 Brand
$339.99 Authorized Generic
Zero-Copay Preventive Drug List Improves Adherence and Reduces Costs

• Consumers are less likely to pick up scripts with more expensive co-pays.

• As an employer, our high deductible health plan includes preventive drug list, where plan pays the full cost of preventive generics and brand insulins.

• A model for other employers and health care plans to improve health outcomes and reduce costs.
Integrated Delivery Models to Improve Access, Cost and Outcomes

- 34,000 pharmacists, nurses, nurse practitioners and physician assistants
- 27 Specialty pharmacies
- 12 mail-order pharmacies
- 9,700 retail pharmacies
- 1,100 MinuteClinics in 33 states and DC with more than 27 million patient visits
- 12,000+ long term care facilities served
### MinuteClinic as Low Cost Site for Quality Care

<table>
<thead>
<tr>
<th>Low-Cost Care</th>
<th>Population Health</th>
<th>Patient Engagement and Access</th>
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<tbody>
<tr>
<td>• Up to 80% less expensive than other sites of care</td>
<td>• Address gaps in care with providers, payors and PBMs</td>
<td>Investing in:</td>
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<tr>
<td>• MinuteClinic Savings Strategy can further reduce costs</td>
<td>• Provide health risk assessments/biometric screenings</td>
<td>• Scheduling tools and walk-in options</td>
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<td>• Electronic record integration with health systems</td>
<td>• Expansion of primary care services</td>
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More than 50% of U.S. population is within 10 miles of a MinuteClinic
Market-Oriented Reforms Promote Competition, Curb Rising Costs

1. Increase the flow of generics and biosimilars to market. Promote policies that do not delay generic and biosimilar entry.

2. Empower pharmacists to support patient care

3. Acknowledge the role of PBMs in keeping drug costs down.
Thank You