

EXECUTIVE SUMMARY

Reshaping pharmacy pricing

with CVS Caremark TrueCost™



The evolving pharmacy landscape requires bold new thinking about pricing.

For years the pharmacy industry managed drug costs through **market basket pricing** – prices based on a basket of various medications, aiming to balance costs – and **cross-subsidization** – lowering the cost of brand drugs by shifting value from generic drugs.

These approaches are no longer sustainable, and the marketplace is ready for industry-shifting change. With more members exposed to the full cost of their medications through high deductible health plans (HDHP) they tend to shop around for lower prices, going off benefit to do so.

To address this, we're committed to rewiring our pricing strategy for greater cost transparency, putting our clients and their members ahead of the curve.

CVS Caremark TrueCost is reshaping the future of pricing for every drug, every condition and every member.



Providing deeper transparency

with drug level, multi-
year net cost guarantees
across all drugs



Delivering simplicity

with acquisition-based pricing
guarantees to help sustain
economic predictability and
guide strategic decision-
making for clients



Strengthening the value of your pharmacy benefit,

keeping members on
benefit when they fill
their prescriptions



Delivering a deeper level of transparency



TrueCost is designed to offer you a deeper level of transparency while ensuring the same or better value — now you can have both.

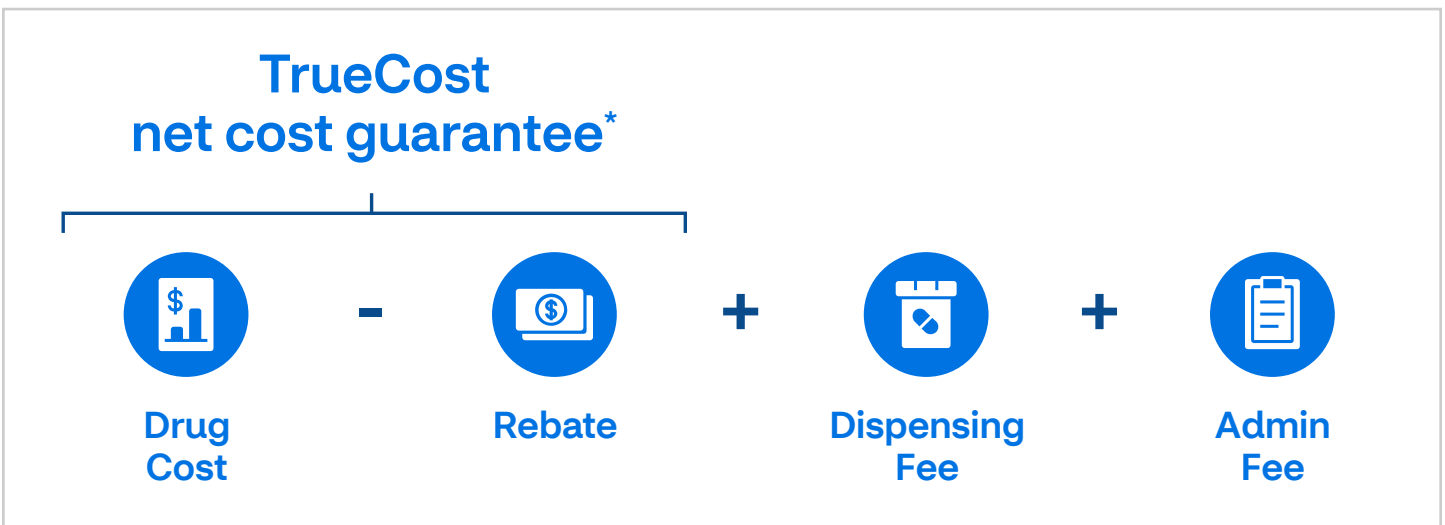


TrueCost provides a multi-year net cost guarantee that incorporates all of the discounts — at the drug level, including rebate value — that we negotiate on your behalf.



TrueCost includes a comprehensive list of all drugs — with their corresponding net cost guarantees, not just select generics — for a complete approach to greater transparency.

A simple equation means more visibility into drug cost economics and pricing



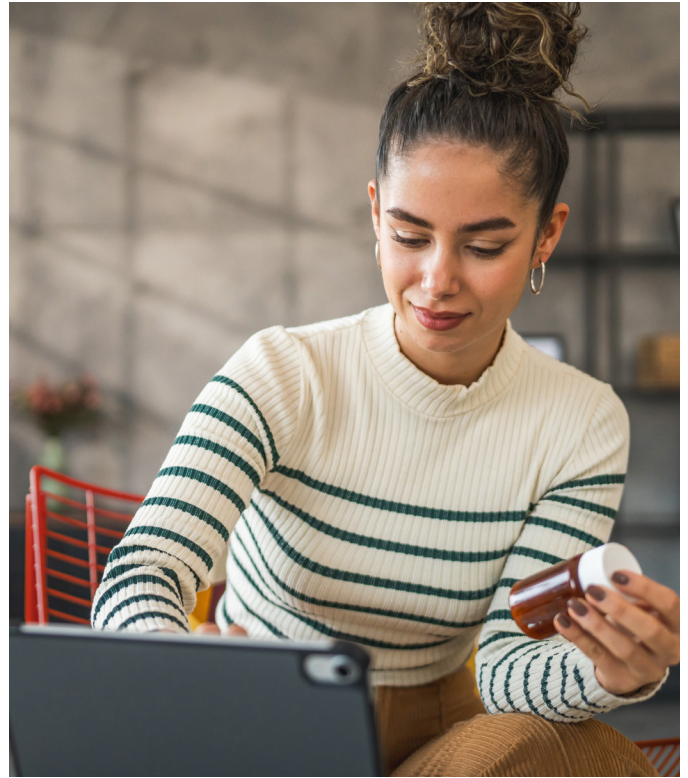
A multi-year pricing guarantee better protects you from market fluctuations and creates more predictability for your plan. Additionally, we proactively provide clear reporting and information so you can make better decisions about your pharmacy benefit.

A straightforward year-end reconciliation makes it easy to evaluate how we've met our contract obligations.

Making it easier for members to stay on benefit — with TrueCost

TrueCost will reduce pricing disparities and help members realize the maximum value of our purchasing power, so they can take full advantage of their benefit. And when they stay on benefit, they get a connected experience with digital tools and clinical support, helping to improve their health outcomes.

TrueCost helps set the stage to contract with network pharmacies in a way that provides them with reimbursements that are more closely aligned to their individual acquisition costs, with dispensing fees to cover their services. In turn, members have ongoing access to an extensive network of participating pharmacies that they choose and use.



Our commitment remains: Helping clients adapt to fast-moving market dynamics

TrueCost aligns with our foundational principles — innovating to manage drug costs and improve member experiences, and bringing you pricing strategies that meet your unique needs.

Talk to your account team today to find out how TrueCost can benefit you.

*A disclosed drug mark-up may be applicable on a client-by-client basis, to ensure appropriate pharmacy network reimbursement based on client's pharmacy utilization.

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