

# Integrate cost management strategies

to maximize your savings and improve member experience



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## Imagine you're diagnosed with a complex, chronic condition.

You're prescribed several medications to help manage it and — quite literally — help save your life. Many of the drugs are available at your local pharmacy, but some of them are available only through a specialty pharmacy.

Will you be able to get your medications in a simple, timely way, so that you can quickly start and stay on track with your therapy? Or will you have to spend precious hours and days trying to connect the dots across a patchwork of separate benefits, companies and solutions to get the drugs and support that you need?

**Now, imagine that you and your members face situations like this every day.** With our connected model, members with chronic and complex conditions can look forward to personalized support that helps smooth their experiences. Data is connected and aligned to ensure that all types of medications — traditional and specialty — are available, convenient and affordable. And support from pharmacists and care teams is just a visit, click or call away.

## Sound expensive? For plan sponsors like you it's actually the opposite.

There are a range of cost management options that align with your business objectives and plan benefit goals — you choose from condition management options and their associated costs, so your members can get clinically appropriate care that can help simplify their lives and lead to better outcomes.

# Integration saves you money and enhances member experiences

Integrated cost management strategies help you harness the power of our connections to lower your costs and improve member experiences — realizing the most value when programs work together.

One study comparing two different cohorts of clients illustrates this point. One commercial cohort implemented a managed formulary only; another cohort implemented a range of solutions. **The latter client saw a 9.4% reduction in trend** and greater savings compared to the cohort that only implemented one solution.<sup>1</sup>

## Our connected solutions significantly reduce your trend



In this report, we detail the **key components of a fully integrated cost management strategy** that leverages the power of our connections:



### Start the journey with confidence

using the most cost effective, clinically appropriate drug therapy from the very beginning



### Eliminate waste and friction

using our digital connectivity and advanced analytics to efficiently manage utilization throughout the duration of therapy



### Support when needed

with the ability to monitor and engage with patients who are no longer seeing positive effects of their current medications, using connected interventions and more coordinated care to help reduce costly, adverse events



**Cost control is built in:**

**7.9%** overall drug trend in 2023  
using active management to keep overall trend in the single digits for our clients<sup>2</sup>



# Address market trends with ground-breaking innovations

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 the pharmacy benefit

keeping members on benefit when they fill their prescriptions

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. TrueCost is available for implementations starting on January 1, 2025.



# Start the journey with confidence

The right formulary, plan design and utilization controls are the building blocks for a configurable solution that meets your unique needs. We continually monitor the pharmaceutical landscape and evolve our cost management strategies to help clients stay ahead of marketplace trends, while offering members access to clinically appropriate, cost-effective medications.

## Our core template formularies

help you maximize cost effectiveness with low list price strategies when appropriate and applicable, while offering reasonably generous coverage.

### Standard Control and Advanced Control formularies



Increase affordability for members who have deductibles and coinsurance

## Choice template formularies

are an option for clients who prefer to achieve low net cost driven primarily through rebates when appropriate and applicable, while offering reasonably generous coverage.

### Standard Control Choice, Advanced Control Choice formularies



Retain higher rebated product approach (in certain classes)



### LEARN MORE

See how one employer's formulary solution reduced their spend by more than

**\$45** per member per year (PMPY)

[View case study >](#)

# Including biosimilars is key to formulary innovation

As the U.S. pharmaceutical environment continues to evolve, biosimilars represent one of the biggest opportunities for reducing your drug costs.

We recently introduced **Cordavis** — a new CVS Health venture that will bring high-quality, affordable biosimilar products to consumers, pharmacies and payors. Cordavis is committed to creating a reliable supply chain that ensures their products will be consistently available.

As its first product, Cordavis has contracted with Sandoz to commercialize and bring to market Hyrimoz® (adalimumab-adaz), a biosimilar for Humira®\*, that is now available at CVS Specialty pharmacies under a Cordavis private label. The list price of the Cordavis Hyrimoz will be **more than 80% lower than the current list price of Humira.**



**\$100B**

**biosimilars market by 2029<sup>3</sup>**



**80%**

**lower list price of Cordavis Hyrimoz compared to the current list price of Humira**

Continuously monitoring the marketplace and how members use their benefits is essential to evolving your long-term plan benefits strategy, so we're laser-focused on finding innovative ways to help you control costs while providing valuable member benefits.



# Plan design helps control your costs and increase member affordability

Creating the right plan design includes building in levers that allow you to contain costs while maintaining member coverage for clinically appropriate medications.

One such lever is a **preventive drug list**, which allows members participating in a qualified HDHP to get preventive medications while paying only a copay or coinsurance **outside of the deductible** — as though it has been met, even if it hasn't — leading to better affordability and experiences for them. The full list covers many complex conditions, including diabetes.

Applying **point-of-sale (POS) rebates** is another way to manage cost and create member affordability through plan design. With more members using HDHPs that can increase their out-of-pocket (OOP) costs, POS rebates apply discounts directly at retail, specialty and mail pharmacies.

The **PrudentRx solution** combines an innovative plan design with a best-in-class member experience for substantial specialty cost savings, helping clients to maintain plan design integrity; reduce member OOP costs — with participating members paying \$0 OOP<sup>4</sup> for specialty medications; support member adherence; and ensure seamless member experiences and support.

Up to **22%** gross savings with PrudentRx<sup>5</sup>

**\$160M** member savings<sup>6</sup>



LEARN MORE

See how one employer used specialty copay plan design to realize

**\$75M** in first year savings

[View case study >](#)

# Help prevent unnecessary utilization with tighter controls

CVS Caremark offers a continuum of utilization management (UM) solutions to help ensure cost-effective, clinically appropriate coverage of specialty and non-specialty drugs to help control overall spend and keep pharmacy benefits affordable.

Effective UM strategies help ensure that therapies are clinically appropriate, that members are taking the right medications at the right dose and can help identify when members may need to adjust or stop taking medications when they're no longer working as intended.

Our connective infrastructure and proactive member and provider engagement helps keep members on track so they can get the support they need. They also deliver savings for you by reducing waste and ensuring that medications are effectively contributing to better health outcomes.

## Specialty Guideline Management (SGM) delivers 12.4% savings in managed classes<sup>7</sup> using:

- ✓ **Medical director review** for certain complex conditions
- ✓ **Generics first** to encourage use of generics before providing coverage for brand-name drugs
- ✓ **Day one UM control** with new-to-market drugs subject to review
- ✓ **Member-specific dosing** to apply indication and weight-based dosing limits during the prior authorization (PA) process
- ✓ **Step therapy** to promote first-line therapies before providing coverage for second-line therapies
- ✓ **Advanced utilization oversight**, or retrospective review with clinical oversight



### LEARN MORE

See how one employer was able to control specialty spend and improve experience and health outcomes for members with

**13** complex conditions

[View case study >](#)

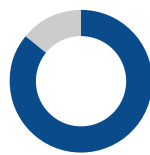


# Eliminate waste and friction

Focusing on a member's entire course of therapy is essential for controlling costs, and delivering the best possible member experience. Across the journey, there are many opportunities to optimize medication use to save you money and make members' lives easier.



**14%**  
of cost generated  
when therapy begins<sup>8</sup>



**86%**  
of cost incurred after first fill  
and from existing utilizers<sup>8</sup>

To simplify and enhance member experiences and get them started on critical therapies faster, they need **convenient options for medication pick-up and delivery**. We integrate our specialty and retail pharmacy capabilities to improve access and flexibility between mail and retail for prescription drop-off and pick-up.\*\* Patients also get 24/7 personalized education and support from experienced care professionals.

## SPECIALTY CONNECT



**94%** value choice in how they  
receive their medication<sup>9</sup>

Because of the high cost of specialty medications, even a small amount of excess drug supply can add additional costs. With **supply management optimization**, we use advanced analytics and personalized digital engagement to help prevent excess drug accumulation by verifying supply and suggesting a preferred fill date to prevent inadvertent accumulation.



**~\$2,300** estimated savings per targeted patient for each  
successful intervention<sup>10</sup>

Applying **member-specific quantity limits** is another way to find savings. Monitoring for indication and weight-based dosing helps prevent inappropriate dose escalation and associated wasteful spend.

# Support when needed

Once their therapy journey begins, your members often need extra support to make sure it continues to work well. With our connections in care, we can provide valuable clinical support in real time using expertise, convenient tools and technology, even reaching out to their provider if a change in therapy may be needed.

Your members with **rare and complex conditions** may need the most support. For them we offer **AccordantCare**,<sup>®</sup> a nurse-led, comprehensive solution to better manage their whole condition through evidence-based interventions. AccordantCare team members reach out to your members in ways that are convenient for them — by phone, using text and email and digitally.



Clients and members  
see results with  
AccordantCare:

**>\$3,700** total savings per engaged  
member per year<sup>11</sup>

**8.8%** decrease in all-cause  
hospitalizations<sup>11</sup>

Specialty patients may experience unpleasant side effects or ineffective treatment. During the prescription fill process, uncovering the **need to adjust, change or stop therapy** is key to containing costs and improving their experience and outcomes.

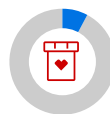
More coordinated care means we can identify and engage members who are no longer benefiting from their drug therapy, so clients don't waste money on a therapy that isn't working and members won't risk costly adverse health events.

**Intelligent Medication Monitoring** uses advanced analytics, digital outreach and live clinical support to help ensure medication appropriateness and identify when patients may no longer be benefiting from their treatment, with appropriate intervention and often working with the prescriber to change or stop therapy.



**>\$3,500** estimated savings per successful intervention<sup>12</sup>

Costs are well-managed and members have a better experience when benefits are integrated, with robust cost management strategies in place.



**7.9%** overall drug trend in 2023<sup>2</sup>



**96%** member satisfaction<sup>13</sup>



Talk to your account team today to learn how integrated cost management strategies can help you control costs and transform member experiences.

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\*Humira® is a product of AbbVie.

\*\*Specialty delivery options are available where allowed by law. In-store pick up is currently not available in Oklahoma. Puerto Rico requires first-fill prescriptions to be transmitted directly to the dispensing specialty pharmacy. Products are dispensed by CVS Specialty and certain services are only accessed by calling CVS Specialty directly. Certain specialty medication may not qualify. Services are also available at Long's Drugs locations.

1. Commercial trend cohort: 5.4%; well-managed cohort: -4.0%: CVS Health Analytics, 2022. Post-Discount Spend, inclusive of Rebates, Guarantees, Specialty Copay Cards and PrudentRx. CVS Health Q4 2021 Commercial Cohort, Jan 2020-Dec 2020 and Jan 2021-Dec 2021. Program adoption considered on 1/1/2021. At least 50% of member lives must have adoption for a client to be considered as having a program. Programs considered: SGM, eSGM, ACSF, Exclusive Specialty, Maintenance Choice and PrudentRx.
2. CVS Health Analytics, 2023. The source for data in this document is CVS Health Enterprise Analytics, unless otherwise noted. Adherence results may vary based upon a variety of factors such as plan design, demographics and programs adopted by the plan. Client-specific modeling available upon request. Savings will vary based upon a variety of factors including things such as plan design, demographics and programs implemented by the plan.
3. <https://www.fortunebusinessinsights.com/industry-reports/u-s-biosimilars-market-100990>.
4. Participating members enrolled in an HDHP with a health savings account (HSA) must fully satisfy their deductible before they are eligible for a final \$0 out-of-pocket cost under the program, unless the member has been prescribed a medication that qualifies as "preventive care" under the Internal Revenue Code (IRC), which is administered and enforced by the Internal Revenue Service (IRS).
5. Incremental savings may be less for high-deductible health plans (HDHPs) than non-HDHPs. A savings analysis can be made available upon request. Up to 22% gross savings: PrudentRx Analytics, 2024. Based on data from PrudentRx Analytics, Jan - Dec 2023. Data represents specialty gross savings for commercial clients that had PrudentRx for the full-year 2023. Savings projections are based on CVS Caremark data.
6. \$160M member savings: PrudentRx Analytics, 2024. Data from Jan-Dec 2023. Savings projections are based on CVS Caremark data.
7. 12.4% savings in managed classes: CVS Health Analytics, 2024. CVS Caremark Employer Book of Business clients with Standard and Enhanced SGM, Specialty Quantity Limits, ACSF and Exclusive Specialty. Savings based on episode activity Q1-Q4 2023.
8. 14% of cost generated when therapy begins; 86% of cost incurred after first fill and from existing utilizers: CVS Health Analytics, 2023. Data from Q1-Q3 2023.
9. CVS Specialty Book of Business Performance Guarantee Report Card, 2023. All statistical testing is performed at a 95% confidence level. Overall satisfaction represents percent satisfied or better on a 5 point scale.
10. ~\$2,300 in estimated savings per targeted patient for each successful intervention: CVS Health Analytics, 2021. Targeted patients make up <2% of all specialty patients. CVS Health, 2022. Estimated savings based on CVS Specialty data 1/1/21 - 10/31/21 representing successful supply management optimization (SMO) interventions. SMO referenced savings are specific to the following top nine specialty therapies: Rheumatoid Arthritis, Psoriasis, Inflammatory Bowel Disease, Hepatitis C, Multiple Sclerosis, Growth Hormone, Oncology, Hereditary Angioedema and Osteoporosis. As of January 4, 2022, SMO is available across most specialty therapies.
11. Total savings is a claims-based difference of expected spend vs actual spend: CVS Health Analytics, 2021. Data pull from full year 2020 and full year 2021.
12. CVS Health Analytics, 2023. Data from 2022. Savings are a result from intervention by pharmacist or nurse after the patient completed symptom tracker assessment and met certain qualifications. Savings mature after the changed or discontinued prescription has satisfied prescription fill exhaust plus an additional 60 days post exhaust.
13. 2022 Member Experience Survey, CVS Caremark.

Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors.

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