

EXECUTIVE SUMMARY

# Redefining pharmacy pricing

with CVS Caremark TrueCost®



## Outdated drug pricing models require bold innovation

For years, the pharmacy industry managed drug costs using two main strategies:

- **Market basket pricing:** Setting prices based on a mix of different medications to balance overall costs
- **Cross-subsidization:** Reducing the cost of brand-name drugs by using savings from generic drugs

These approaches are no longer sustainable. With more members exposed to the full cost of their medications through high-deductible health plans (HDHPs), they tend to shop around for lower prices, going off benefit to do so. Changing market dynamics and a strong focus on consumer needs demand bold pricing strategies, which is why we created **TrueCost**.

### Unmasking drug-level pricing with greater transparency and financial predictability



#### Greater visibility

with acquisition-cost based pricing and drug level rebate values



#### Financial predictability

via multi-year, net cost guarantees for covered drugs across all participating pharmacies

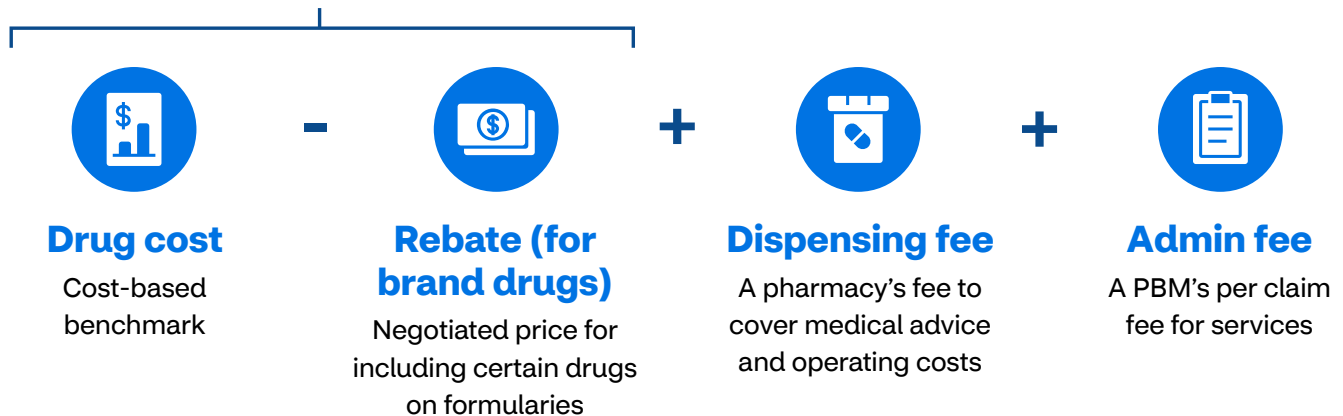


#### Rebalanced pricing

to strengthen the value of your members' pharmacy benefits

# A simple equation = more visibility into drug economics and pricing

## TrueCost net cost guarantee\*



A multi-year pricing guarantee better protects you from market fluctuations and creates more predictability for your plan. Additionally, we proactively provide valuable reporting and insights 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

TrueCost will reduce pricing inconsistencies 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 providing 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.





## Solutions that help you navigate your fiduciary responsibilities

TrueCost aligns with our foundational principles of innovating to manage drug costs, improve member experiences and provide 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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