

Introducing
Proactive Pharmacy Care

TrendsRx[®]

REPORT
2008

Trend
Generics
Mail Service
Specialty Pharmacy
Adherence
Gaps in Care
Population Health
Management



CVS
CAREMARK

TrendsRx[®]

REPORT 2008

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CVS Caremark Book of Business (BOB) gross trend is the percentage change in gross drug spend year over year. It measures the components of gross cost change in price, drug mix and utilization over the previous year. Gross trend reflects total prescription cost, including both plan participant and payer portions. Trend is reported on a per member per month (PMPM) basis. Unless otherwise specified, all 2007 trend calculations include Caremark and PharmaCare clients and are based on a trend cohort group. The trend cohort group: includes funded clients with mail and retail claims; maintains average eligibility within +/- 15 percent year over year; excludes Puerto Rico, Virgin Islands and Guam clients. Unless otherwise specified, gross trend includes specialty pharmaceuticals. 2007 trend does not include Medicare Part D plans.

Best-in-Class trend clients have trend ranging from 0 to 10 percent PMPM. All Best-in-Class clients are included in the BOB trend cohort group and must have more than 10,000 lives. Clients with negative trend were excluded from Best-in Class analysis. For metrics other than trend, Best-in-Class clients perform in the top 10 percent of the specified metric. All Best-in-Class clients must have more than 50,000 annual claims. Mail-only clients were excluded from the analysis.

The 2008 *TrendsRx Report* contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers that are not affiliated with Caremark.

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A New Approach to Pharmacy Care

In this 2008 *TrendsRx® Report*, we're proud to introduce CVS Caremark Proactive Pharmacy Care (PPC). Our intention with this new model is nothing less than to redefine the pharmacy continuum of care and to help you achieve the lowest overall costs and the highest consumer engagement.

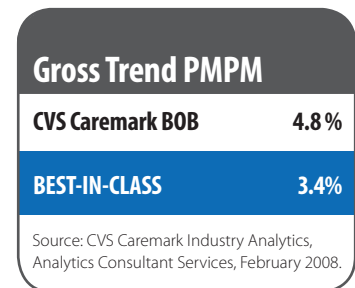
CVS Caremark has created Proactive Pharmacy Care to support:

- **Pharmacy Relationships** that proactively engage consumers in preventive care at our pharmacies and MinuteClinic® health care centers.
- **Open Access**, including retail or mail delivery of maintenance medications at mail pricing.
- **Consumer Trust** through face-to-face support from more than 20,000 CVS pharmacists.
- **Informed Value Engagements** with the most frequent counseling to improve consumer decisions at the point of care.

With this new model, we have also reinvented the TrendsRx® report. As always, we report on key indicators in our Book of Business (BOB), but we've also looked at how top performers among our clients are doing on those metrics. Of course, every plan's situation is unique. Factors such as population demographics, geographic variations, member health and plan goals have a profound impact on performance.

In doing our Best-in-Class (BIC) analysis, we focused on performance factors that would be repeatable. Our analysis shows that our Best-in-Class performers have at least one characteristic in common: They take a proactive approach to pharmacy benefit management, consistently making the most of market opportunities and engaging plan participants to help them reach their benefit plan goals.

In the pages that follow, you will learn about current and emerging best practices—actionable information on what it takes to reduce trend and increase plan participants' use of generics and mail. We also look at key issues that we believe plans should have on their radar — like the plan participants who may have potentially serious gaps in care or those with as-yet undiagnosed conditions. The Proactive Pharmacy Care model will help address the needs of these populations, which can help reduce future health care costs for many.



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2007 Trend Overview

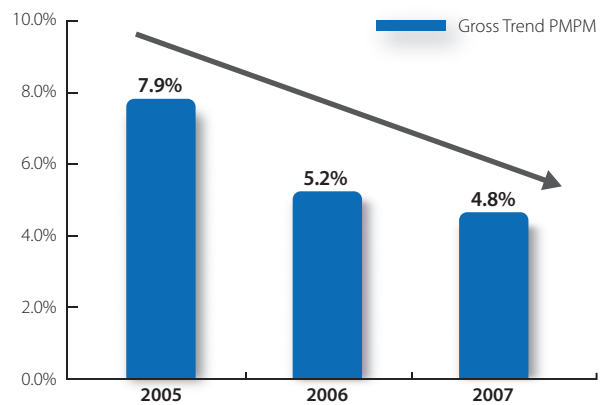
Making the Most of New Generic Opportunities

From 2006 to 2007, the Caremark Book of Business gross trend declined from 5.2 percent to 4.8 percent. As always, trend was affected by a number of factors, including emerging safety concerns in some categories, a lack of blockbuster drug launches, price inflation and ongoing growth in specialty utilization.

But the major contributor to lower trend was **the increasing availability and utilization of generics**. Significantly, plans and plan participants took advantage of the ongoing launches of generic versions of blockbuster brand-name drugs. Some classes with significant generic options—the statins, selective serotonin reuptake inhibitor (SSRI) antidepressants, calcium channel blockers, and non-steroidal anti-inflammatory drugs (NSAIDs)—had double-digit negative trend. The best-performing plans are aggressive about generic opportunities; our Best-in-Class performers had a generic dispensing rate (GDR) five or more percentage points higher than the Book of Business (see page 6).

Figure 1

2007 Pharmacy Trend Decreased as Generic Utilization Increased



Note: Trend calculations are based on the Caremark Book of Business trend cohort group. The 2007 trend cohort consists of funded clients with stable membership (+/- 15%) from January 1, 2006 through December 31, 2007. CVS Caremark trend calculations do not include Medicare Part D plans. Excludes Puerto Rico, the Virgin Islands and Guam.

Source: CVS Caremark Industry Analytics, February 2008.

Book of Business Trend Drivers

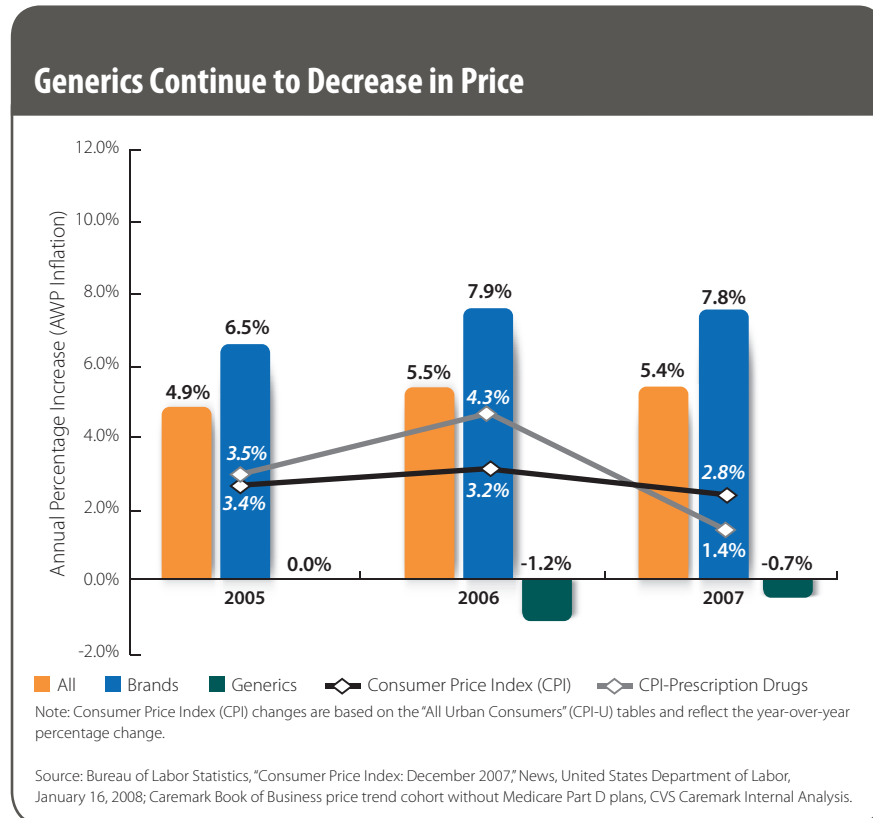
Drug Mix—Showing the impact of generics, drug mix was the dominant downward driver. Drug mix evaluates the impact of new products and changes in the balance between generic, brand and specialty products, and between more expensive and less expensive drugs in a category.

Utilization—At 3.1 percent, utilization trend increased over 2006 — 0.7 percent. Therapeutic classes with particularly high utilization increases included combination cholesterol drugs (such as Vytorin), serotonin-norepinephrine reuptake inhibitor (SNRI) antidepressants (such as Cymbalta), and non-barbiturate sleep agents (such as Ambien CR and Lunesta). Significantly, these high utilization classes have few or no generic equivalents. Utilization of insulin-sensitizing agents (Actos and Avandia) plummeted after publication of an article questioning the cardiovascular safety of Avandia.

Price—At 2.7 percent, price also drove trend upward in 2007. Brand price inflation was slightly lower than 2006 — 7.8 percent in 2007 compared to 7.9 percent in 2006. Generics again decreased in price; AWP inflation for generics was -0.7 percent.

TREND DRIVERS	
BOOK OF BUSINESS	
DRUG MIX:	-0.9%
UTILIZATION:	3.1%
PRICE:	2.7%

Figure 2



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2007 GROSS TREND PMPM
BEST-IN-CLASS

3.4%

What Our Best-in-Class Clients Do to Achieve Lower Trend

They consistently take a proactive approach by

- Evaluating plan design frequently, accessing our predictive modeling capabilities and implementing changes to help reach their goals

They use plan design to influence drug choices by

- Establishing a three-tier plan design to encourage generics and preferred brands
- Increasing the spread between copays making it more likely that the plan participant will encourage the physician to prescribe a generic
- Incorporating utilization management programs such as prior authorization, step therapy and quantity limits
- Encouraging mail utilization
- Restricting coverage of lifestyle drugs

They are proactive about engaging plan participants by

- Using consumer-centric tools that provide price transparency and communicate personal savings opportunities

Copayment, copay or coinsurance means the amount a plan participant is required to pay for a prescription in accordance with a Plan, which may be a deductible, a percentage of the prescription price, a fixed amount or other charge, with the balance, if any, paid by a Plan.



Proactive Pharmacy Trend Management: New Strategies from CVS Caremark

Maintenance Choice — Mail Pricing at Retail

In 2009, CVS Caremark will offer mail service pricing for maintenance medications picked up at CVS/pharmacy locations. Maintenance Choice will increase the range of plan design options for many plan sponsors and provide **greater flexibility and choice** for participants. (See page 9 for more on Maintenance Choice.)

Consumer-Centric, Outcomes-Focused Clinical Interventions

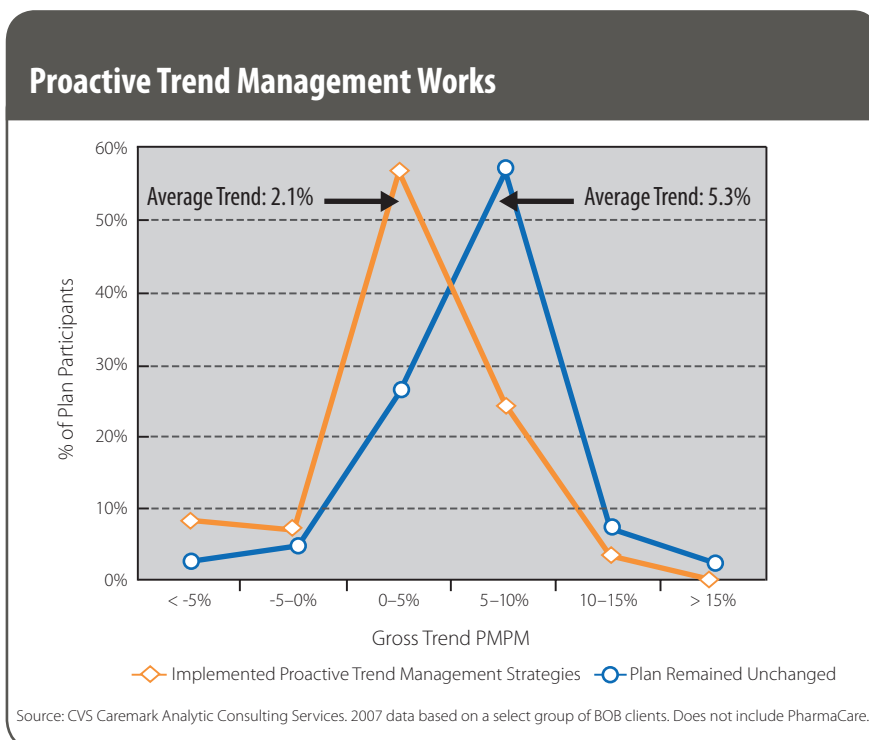
Our enhanced suite of clinical solutions is built on an evidence-based foundation that drives optimal outcomes with the goal of lowering overall costs. The solutions focus on **safety, savings, appropriate utilization and adherence** to enhance health value. They are consumer-centric and holistic, taking the whole person's health risks and conditions into account.

Proactive Consumer Engagement

Online, by phone, by mail, or face-to-face at CVS/pharmacy, we will help plan participants choose the right prescription to treat their condition in the most cost-effective way. Real-time messaging at the pharmacy counter will alert pharmacists to generic and preferred brand opportunities for a plan participant's prescription. CVS pharmacists will also offer proactive counseling on adherence and to fill other prescriptions due for refilling.

Our new strategies bring consumers greater flexibility, convenience and choice.

Figure 3



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2007 GENERIC DISPENSING RATE	59.9%
BOOK OF BUSINESS	

Generics Power

As the wave of new generics continued through 2007, our Book of Business generic dispensing rate (GDR) rose throughout the year. Many of these launches had quick impact on costs and trend. For example, the availability of zolpidem, the generic for sleep aid Ambien, helped to blunt a double-digit trend increase and lower PMPM costs for the class in a matter of weeks.

2007 GENERIC DISPENSING RATE BEST-IN-CLASS	EMPLOYER	65.6%
	HEALTH PLAN	66.7%

What Our Best-in-Class Clients Do to Drive GDR

They incorporate plan designs that help drive generics by

- Increasing brand/generic copay spread
- Implementing coinsurance
- Using mandatory patient dispense as written (DAW) penalty
- Incorporating maximum allowable benefit (MAB)
- Utilizing mandatory mail
- Waiving front-end deductible for generics

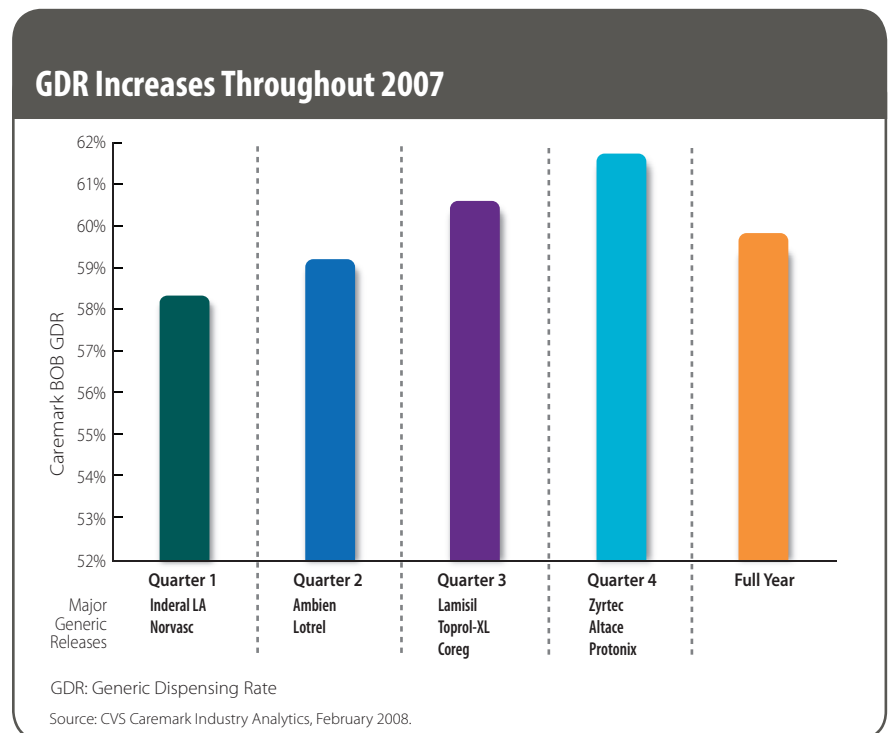
They are proactive about engaging plan participants by

- Communicating generic savings opportunities through
 - iBenefit™ Report, which lists personal savings opportunities
 - Caremark.com
- Converting brand drug users by communicating
 - When an appropriate new generic launches
 - That a medication they're using has a generic equivalent
 - That there are generics to treat their condition

They reach out to physicians by

- Informing prescribers when an appropriate generic is available for a patient through
 - e-Prescribing
 - Face-to-face meetings with Clinical Consultant pharmacists

Figure 4



New and Only from CVS Caremark

Driving GDR to Achieve the Lowest Costs and Highest Engagement

Having plan participants quickly accept, and even ask for, newly available generics can help control your drug spend and trend. Here are some of the proactive consumer engagement innovations that will help you drive a Best-in-Class GDR:

Enhanced Face-to-Face Counseling at the Pharmacy Counter

In 2009, at many CVS/pharmacy locations, pharmacists will have online access to an **enterprise-wide single view of the plan participant** which will show personalized savings opportunities — such as appropriate generics — at the point of service.

Multi-Channel Opportunities to Inform

This enterprise-wide single view is based on the iBenefit™ Report, providing information on drug history, channel utilization and savings opportunities. This view will also be available to our **call center representatives for personalized counseling** and can be accessed by the plan participant on Caremark.com.

Emerging Plan Design Strategies

With evidence-based plan designs (EBPD), CVS Caremark clients can support brand-to-generic switching by decreasing or waiving copays and/or bypassing deductibles for generics in preventive classes such as diabetes, cholesterol-lowering and hypertension. CVS Caremark also can assist clients in developing a Generous Generics plan design focused on the generic options now available in most heavily-utilized therapeutic classes. (See page 13 for more on EBPD.)

GENERIC DISPENSING RATE FORECAST BOOK OF BUSINESS

2008: **61%-65%**

2009: **62%-66%**

2010: **64%-68%**

Source: CVS Caremark Industry Analytics,
March 2008.



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More Blockbuster Generics to Come

Blockbuster brands with over \$35 billion in sales will be going generic over the next several years. Each one-percent increase in GDR reduces a plan sponsor's gross drug spend by an estimated one percent. Investing in consumer education about generics now will have long-term benefits for your plan.

Figure 5

New and Pending Major Generics 2008–2011

Brand Name	Generic Name	Use	Projected Launch Date	Industry Sales
Fosamax*	alendronate sodium	Osteoporosis	Q1 2008	\$1.9B
Wellbutrin XL (150mg)	bupropion	Antidepressant	Q2 2008	\$900M
Depakote, Depakote ER	divalproex	Anticonvulsant	Q3 2008	\$1.5B
Lamictal	lamotrigine	Anticonvulsant	Q3 2008	\$1.0B
Risperdal	risperidone	Antipsychotic	Q3 2008	\$2.8B
Imitrex (injectable, tablets)	sumatriptan	Migraine	Q1 2009	\$1.3B
Topamax	topiramate	Anticonvulsant	Q1 2009	\$2.0B
Adderall XR	amphetamine combination	ADHD/ADD stimulant	Q2 2009	\$1.2B
Prevacid (30mg)	lansoprazole	Anti-ulcer	Q4 2009	\$3.4B
Valtrex	valacyclovir	Anti-viral	Q4 2009	\$1.5B
Lipitor	atorvastatin calcium	Cholesterol-lowering	Q1 2010	\$7.7B
Flomax	tamsulosin	Benign prostatic hyperplasia	Q2 2010	\$1.2B
Effexor XR	venlafaxine	Antidepressant	Q3 2010	\$1.5B
Aricept	donepezil	Alzheimer's agent	Q4 2010	\$1.0B
Cozaar	losartan	Hypertension	Q4 2010	\$1.5B
Levaquin	levofloxacin	Anti-infective	Q2 2011	\$1.2B

Information related to prospective drug launches is subject to change without notice due to events in the market, litigation, FDA delays, and other circumstances beyond our control. This information should not be solely relied upon for decision-making purposes.

*Already launched

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2007 MAIL DISTRIBUTION RATE	12.8%
BOOK OF BUSINESS	

The Benefits of Mail Service

Mail service makes prescriptions more affordable for plans and participants, increases generic dispensing and formulary compliance, enables better health management and optimizes overall use of the pharmacy benefit.

2007 MAIL DISTRIBUTION RATE BEST-IN-CLASS	EMPLOYER	46.3%
	HEALTH PLAN	10.1%

What Our Best-in-Class Clients Do to Increase Use of Mail Service Pharmacy

- Implement mandatory mail
- Increase retail/mail copay spread
- Use coinsurance
- Implement patient DAW penalty
- Communicate with plan participants about the value of mail
- Set appropriate mail/retail copay ratios based on analytics modeling

Open Access from CVS Caremark: Optimizing All Delivery Channels

Mail Pricing, Retail Convenience and Counseling

Our new **Maintenance Choice** program — widely available in 2009 — will bring mail pricing to CVS/pharmacy retail stores for many clients. Plan participants will have the convenience of using either mail service or their local CVS/pharmacy store where they can pick up their maintenance medications. They will also enjoy same-day prescription availability and the opportunity to talk with the pharmacist face-to-face. For many plan sponsors, Maintenance Choice will increase plan design options and participant satisfaction.

To increase consumer convenience and support adherence with maintenance medications, we will also offer up to a five-day **bridge supply** to many of our mail service customers at CVS/pharmacy locations. This service is available at no additional cost to plans or participants.

Mail distribution rate represents percentage of prescriptions dispensed through mail service pharmacy.



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2007 PMPM SPECIALTY	GROSS TREND	13.2%
	UTILIZATION TREND	5.0%

Specialty Trend

For the second year, our BOB specialty trend slowed, from 16.1 percent in 2006 to 13.2 percent in 2007. Growth in specialty utilization also slowed, down from 7.6 percent to 5 percent. Nonetheless, growth in the specialty sector far outpaced that of the rest of the pharmaceutical marketplace. While safety concerns, a slowdown in FDA approvals and other factors helped reduce growth in specialty pharmaceuticals, many plans took a more proactive approach to managing their specialty spend and utilization and saw real benefits in trend reduction and savings.

Caremark® Specialty Pharmacy Services

Providing Specialty Products and Support for Over 30 Years

Caremark Specialty Pharmacy Services are designed to maximize outcomes and the cost-effective use of specialty medications for plan participants. We provide broad access to specialty medications—over 99 percent of specialty drugs on the market. Our Specialty CareTeam conducts both face-to-face and telephonic pharmacist-patient and pharmacist-physician consultations to support optimal medication use and improved adherence, which can reduce overall health care costs by decreasing the number of hospitalizations, emergency room visits, physician office visits, and the use of adjunctive medications.

CVS Caremark Comprehensive and Proactive Specialty Strategies

Specialty Network Management

Consolidating access for specialty pharmacy products assures pricing and provides the broadest management opportunity to support appropriate utilization and improved outcomes.

Specialty Guideline Management

With Specialty Guideline Management in place, authorization for a specialty medication is based on the application of currently accepted medical guidelines and consensus statements for appropriate use in a specific disease state. Each patient's progress is evaluated to determine whether expected outcomes are being met and appropriate therapeutic endpoints are achieved.

AccordantCare™ Health Management Program

Specialty drugs are used to treat complex conditions. Moreover, many specialty patients have more than one chronic condition to manage. AccordantCare, with National Committee on Quality Assurance (NCQA) accreditation for 22 disease states, takes a whole-patient approach to condition management for rare chronic diseases to help ensure patients achieve appropriate outcomes.

CVS Caremark New and Expanded Specialty Services

Expanded Access to Specialty Guideline Management

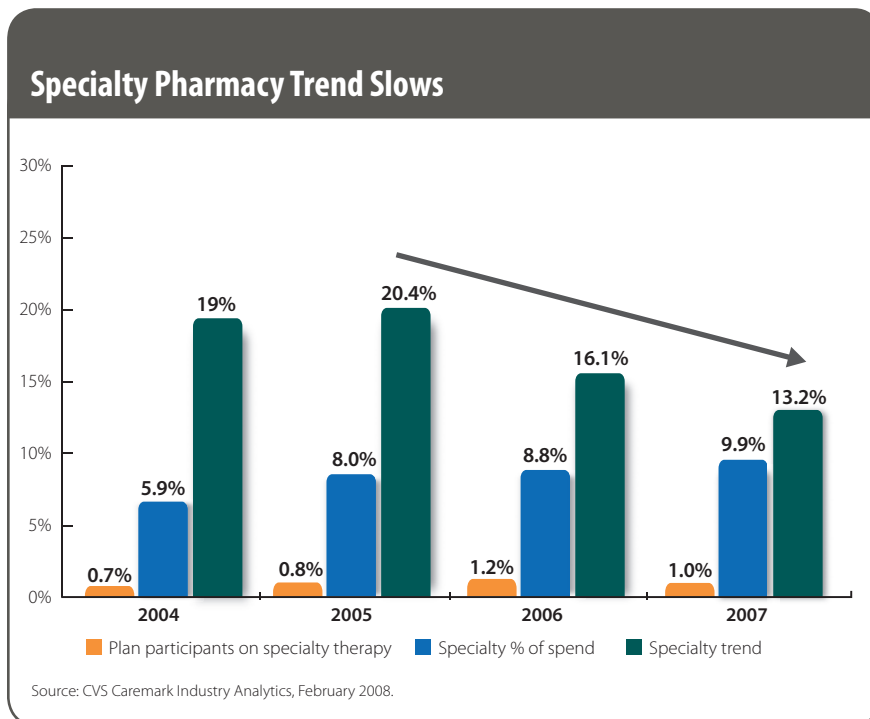
In 2009, the Specialty Guideline Management program will include all specialty drug classes and will be available to all clients.

Pilot: Specialty Pharmacy Delivery Option at Select CVS/pharmacy Retail Stores

We are currently piloting the delivery of specialty products at select CVS/pharmacy retail locations. As we complete operational and regulatory requirements, we will expand the offering to additional locations. In the pilot program, plan participants can pick up their specialty drugs and supplies at a local CVS/pharmacy. Our Specialty Pharmacy services already ship to participants' homes, worksites and other pre-approved locations. This additional delivery option will add convenience for consumers concerned about safety of their temperature-sensitive specialty medications. Participating CVS/pharmacy locations will safely store the medications on-site for customer pick-up. Participants using the CVS stores will continue to receive all the specialized care of Caremark Specialty Pharmacy services, including access to Specialty CareTeam counseling, training and support. CVS Caremark is also evaluating offering Specialty Pharmacy patients select care services at CVS/pharmacy locations.

Clients with a comprehensive specialty utilization management strategy saved a total of \$141M in 2007 — 4% of their overall specialty spend.

Figure 6



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It's estimated that only one in two people diagnosed with a chronic condition is compliant with prescribed therapy twelve months after diagnosis.

2007 ADHERENCE* BEST-IN-CLASS	CHOLESTEROL 83.9%	DIABETES 83.1%	HEART FAILURE 90.7%	HYPERTENSION 85.2%	MULTIPLE SCLEROSIS 95.1%	RHEUMATOID ARTHRITIS 93.4%
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What Factors Affect Adherence?

In a CVS Caremark study,** we found six factors that have a significant effect on adherence:

Age: People over 65 are more likely to be adherent

Gender: Men have a higher likelihood of being adherent than women

Education level: Higher levels of education correlate with higher adherence

Provider relationships: People under the care of a specialist are more adherent; people seeing multiple providers are likely to be less adherent

Pharmacy relationships: People using multiple pharmacies tend to be less adherent; those using mail service tend to be more adherent

Cost: People whose out-of-pocket, per prescription cost is less than \$10 are more adherent

CVS Caremark Proactive Pharmacy Care Support for Adherence

While many factors affect adherence, the five main reasons¹ consumers give for not taking prescribed medications are fairly simple:

- They forgot
- They decided they didn't need the prescription
- They were troubled by side effects
- They found it hard to fill the prescription
- The prescription was too expensive

New programs being introduced at many CVS/pharmacy locations, emerging plan designs and open access demonstrate that proactive pharmacy care can address many of these issues effectively.

*Adherence is measured in terms of medication possession ratio (MPR), a comparison of days supply and days of therapy. Adherence metrics do not include PharmaCare clients.

**Study done by CVS Caremark Analytics and Outcomes, February 2008. Study measured odds of achieving optimal adherence (MPR≥80% over a 12-month period). Study groups included 68,000 plan participants taking medications for asthma/COPD; 300,000 taking antidiabetic medications; 1.2 million taking antihypertensives; 800,000 taking cholesterol-lowering drugs; and 70,000 with prescriptions indicative of heart failure.

Proactive Consumer Engagement: Counseling, Convenience and Choice

Face-to-Face Personalized Adherence Counseling at CVS/pharmacy Stores

First-fill counseling — In 2009, enhanced counseling for first-fill prescriptions will be broadly available at CVS/pharmacy locations. The program will target key drugs; consumers who are filling prescriptions for targeted drugs for the first time will be offered counseling by the pharmacist. Enhanced counseling will stress the importance of adhering to therapy, management of side effects and other issues or concerns. Pilot program results show 6.4% improvement in persistence with first refills.

Refill prompts at the pharmacy counter — In 2009, pharmacists at many CVS/pharmacy locations will offer to fill other overdue prescriptions when the participant comes in to refill a prescription. In pilot programs, 30% of consumers agreed to fill overdue scripts when prompted.

Refill Prompts by Phone

When it's time to order a refill — Consumers receive a proactive interactive voice response "offer to refill" call a few days before a refill is due.

When a prescription is ready for pick-up — An automated ReadyCall reminder lets a plan participant know when a prescription is ready for pick up; the call is repeated a few days later if the drug has still not been picked up.

Widely Available in 2009: Easier Refills for Mail Service Prescriptions

Maintenance Choice — Available in 2009 for some clients, Maintenance Choice will allow plan participants to pick up mail service prescriptions at CVS/pharmacy locations at mail service pricing.

Bridge Supply — We will provide up to a five-day supply of maintenance medication at CVS/pharmacy stores, reducing risk of therapy disruption, for many clients.

Removing Cost Barriers to Care

Evidence-based plan designs provide more generous coverage for drugs or services clinically proven to have a measurable positive effect on health outcomes. At CVS Caremark, we can model plans that lower or waive copays for targeted conditions, drugs or plan participants, depending on your benefit plan goals. We lead the industry in implementing evidence-based plan designs.

Results for one plan:

- **Improved adherence** for current and new users
- 3.5 to 12.9 percent **lower first-fill drop-off rates**
- 8 percent **reduction in PMPY cost** for participants with diabetes
- 16 percent **reduction in PMPY cost** for participants with asthma

Improved adherence can increase pharmacy costs, but can also help improve outcomes and reduce future health care costs by decreasing complications and trips to the hospital or emergency room.



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Compliance with Evidence-Based Standards of Care

People with diabetes should also take ARBs or ACE inhibitors to protect their kidneys and cholesterol-lowering drugs to reduce their risk of heart attack and stroke.

Percent who don't: 45 percent²

Patients released from the hospital after heart failure should be prescribed an ACE inhibitor to prolong life and reduce their risk of re-hospitalization.

Percent who don't: 28 percent³

Children with pediatric asthma should be taking an anti-inflammatory medication, which has been shown to improve lung function, reduce hospitalizations and lower death rates.

Percent who don't: 56 percent⁴

CVS Caremark Proactive Pharmacy Care: Broadest, Most Frequent Reinforcement

Evidence-based Foundation

- Our **Pharmacy and Therapeutics** committee is made up of independent external clinicians representing a wide range of medical specialties. They review and approve the CVS Caremark formulary.
- Our **clinical solutions** and edits are based on FDA-approved guidelines for appropriate drug utilization.
- Our **Specialty Guideline Management** programs use national peer-reviewed guidelines for therapy management.
- Our **MinuteClinic®** board-certified practitioners use evidence-based medical protocols for assessment, diagnosis and treatment.
- Our **health management** programs use national peer-reviewed guidelines such as those of the American Diabetes Association.



Consumer-centric Approach to Care Management

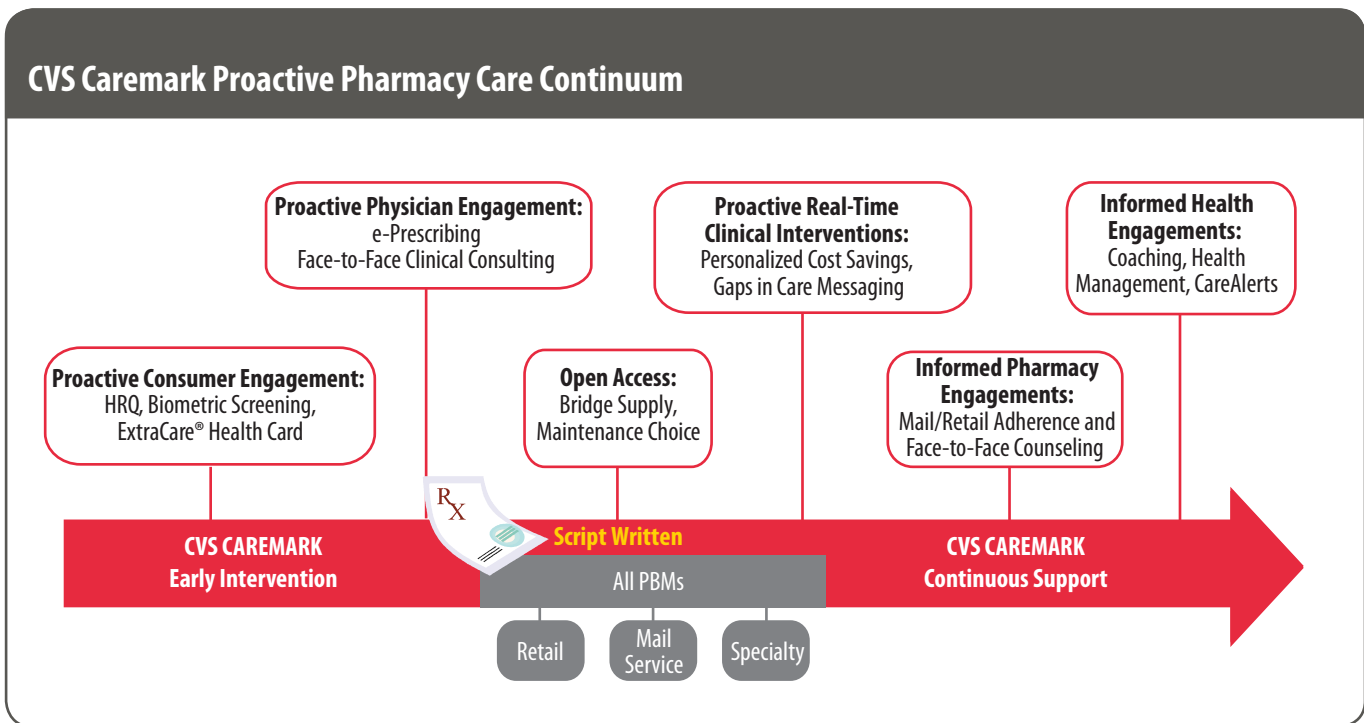
- We take a proactive **whole-person approach** to care and address a plan participant's overall risk and condition profile rather than focusing on a specific condition. Our pharmacists and customer representatives have **behavioral analytics** support to make their counseling more effective and to increase participant satisfaction.

Proactive Engagement Innovations

- **Face-to-face counseling** on adherence for targeted drugs from CVS pharmacists will be broadly available in 2009. Protocols will guide the discussion to focus on specific factors affecting adherence for the individual and the medication.
- We are expanding **MinuteClinic health management services** and counseling. When appropriate, MinuteClinic practitioners can provide referrals to condition management programs for plan participants.
- We provide **Specialty CareTeam services** for every participant receiving specialty pharmaceuticals.
- **iBenefit Report health mailers** identify and prioritize individual health recommendations.

Modest improvements in preventing and treating disease, could help avoid 40 million cases of chronic disease by 2023.⁵

Figure 7



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CVS Caremark Proactive Pharmacy Care: Because Lower Risk = Lower Cost

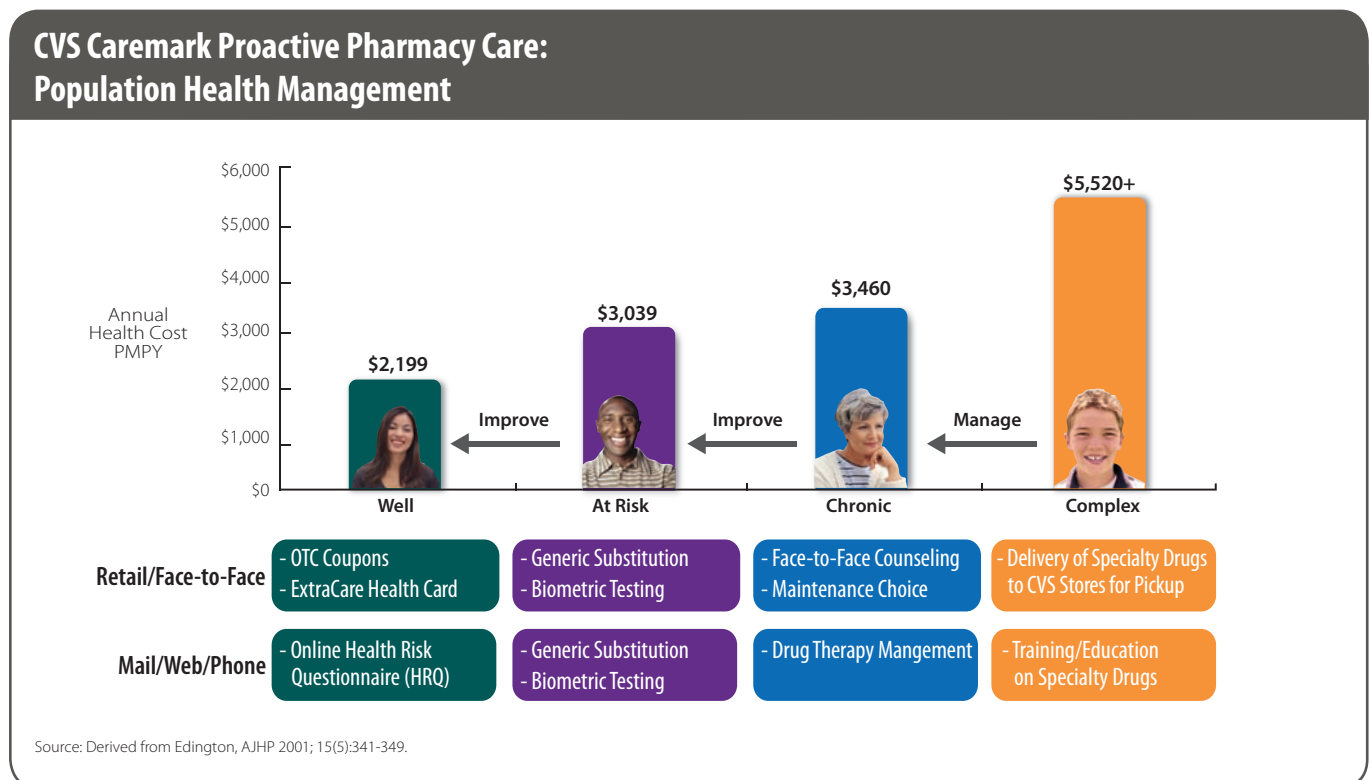
The value of chronic condition management is well established; it helps to avoid catastrophic events, limit complications and hospitalizations, and reduce comorbidities. However, growth in condition management has been insufficient to stem the rising overall cost of care in the United States. The reason is simple: Condition management programs typically focus on the high-cost 20 percent of the population while paying little attention to the 80 percent from which the next group of high-cost individuals will rise. Yet population health studies have made one thing very clear. Unless interrupted, the natural risk—and cost—progression is from low to high.

A Care Continuum with a Total Population Focus

At CVS Caremark, we are using pharmacy relationships to stop, slow and possibly reverse the progression by:

- Helping plan sponsors raise awareness and identify at-risk individuals throughout their plan populations.
- Providing risk reduction recommendations as well as opportunities for and referrals to condition management when appropriate.
- Offering ongoing counseling and support to maintain engagement.

Figure 8



Tools for Informed Value Interactions

Learning About the Consumer

- Prescription claims history
- Online health risk questionnaire
- Biometric screening through mail or at MinuteClinic locations

MinuteClinic for Routine and Preventive Care, Including Screenings

- Low-cost, high-quality care alternatives to the emergency room and Urgent Care Center
- Health screenings and flu shots

Trusted Advisors—CVS pharmacists, MinuteClinic Nurse Practitioners

- Proactive real-time clinical intervention—face-to-face counseling supported by our enterprise-wide single view of the plan participant, offering personalized savings opportunities, adherence support and gaps-in-care messaging

Continuous Support, Multi-Channel Access

- Consistent inbound/outbound engagement through all channels: Web, phone, mail, face-to-face
- Enterprise-wide single-view of participant
- Evidence-based foundation for clinical interventions, coaching, health management, CareAlerts
- Health events and screenings at CVS/pharmacy stores

Discounts on Health-related Equipment and Supplies

- ExtraCare® Health Promotions providing discounts on over 1,300 CVS/pharmacy brand health-related products

Almost one third of the people with high blood pressure don't know that they have it.⁶

According to the American Diabetes Association, 6.2 million Americans have undiagnosed diabetes and 54 million have pre-diabetes.

In one study, 46 percent of respondents with three or more risk factors for stroke did not consider themselves to be at risk.⁷



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National Forecast: Slower Growth in 2008 for Prescription Drugs

Growth Inhibitors

Lackluster brand pipeline—As has been true for several years, most potential new brand launches in 2008 are not expected to offer breakthroughs in therapy. Safety concerns are likely to continue to slow the approval process. What's more, careful benefit management has made it more difficult for launches to reach blockbuster status.

Lower-cost therapeutic alternatives—With generics now in most major categories and more to come, treatment costs for some conditions are declining rapidly—by as much as 20 to 40 percent according to IMS. Over-the-counter options in previously high-spend categories—such as proton pump inhibitors and antihistamines—also help to lower costs.

Growth Drivers

Specialty Pharmaceuticals—Specialty pharmaceuticals are still going strong with a robust pipeline, especially in oncology. Moreover, as physicians and consumers become more familiar with biologically derived drugs already on the market, prescribing rates and utilization are expected to rise, particularly when products gain new indications. IMS predicts 14 to 15 percent growth in the specialty sector in 2008.

Utilization—While the market has absorbed the increased utilization related to the implementation of Medicare Part D, demographic factors will continue to drive utilization. Primary drivers? An aging population and the increasing incidence of obesity and chronic conditions.



CVS Caremark Book of Business Trend Forecasts

Our analytics consultants see relatively stable growth in drug spending over the next two years. Our forecasts presume stable populations and plan designs. However, as noted earlier, our Best-in-Class clients, who consistently outperform BOB averages, share a proactive approach to trend management. They rely on our analytic support to model changes and adjustments and provide guidance on responding to and making the most of market events.

At CVS Caremark, we see the value of pharmacy care extending beyond prescription trend management. With a focus on lowering overall care costs, many progressive plans are putting increased emphasis on evidence-based guidelines, adherence, health management and preventive therapies, all of which may increase prescription drug use. In this environment, it has become even more important to proactively engage plan participants to guide them to appropriate lower cost drug choices and lifestyle changes that will enhance their health and well-being and reduce overall health care costs.

Industry analytics firm IMS predicts 4 to 5 percent growth in the U.S. pharmaceutical market, a historic low. But national health care expenditures (NHE) continue to rise rapidly. In fact, NHE is expected to account for nearly 20 percent of our gross domestic product by 2017. Optimal use of pharmaceuticals to treat and manage chronic conditions can help stem rising costs.

Figure 9

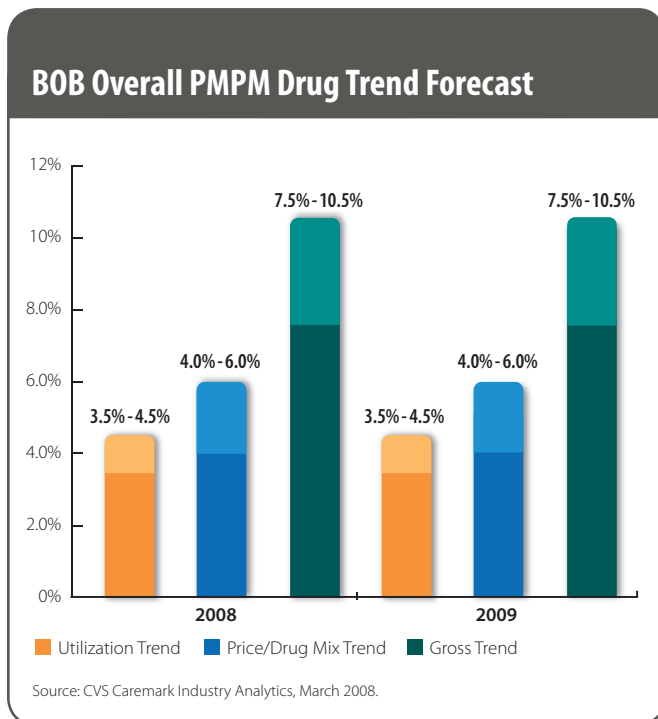
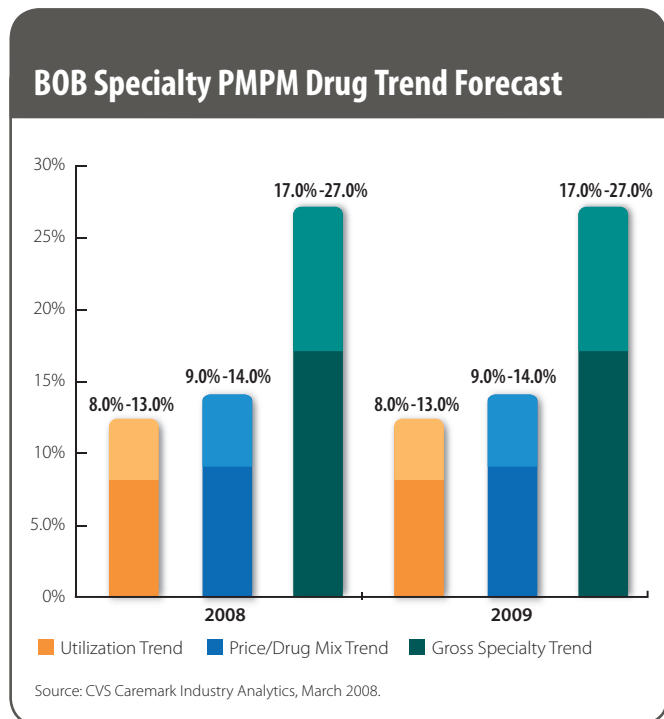


Figure 10



Forecasts based on the CVS Caremark Book of Business represent future overall underlying secular gross drug trend; that is, the PMPM gross cost increase that would prevail if no plan design or demographic changes occur. BOB overall trend forecasts include specialty pharmaceuticals. Specialty forecasts include the Universal Specialty Drug List. This analysis is an estimate for informational purposes only. These estimates do not represent an existing or future contractual guarantee provided by CVS Caremark. This information is subject to change and will not represent any specific offer or return on investment in the future.

Trend

Generics

Mail Service

Specialty Pharmacy

Adherence

Gaps in Care

Population Health
Management

Forecasts

Proactive Pharmacy Care

Proactive Pharmacy Care

New from CVS Caremark in 2009

- Maintenance Choice
- Bridge Supply
- ExtraCare® Health Card
- Evidence-Based Plan Design
- Adherence/Gaps in Care at Retail
- Specialty at Retail
- Enhanced Clinical Programs

At CVS Caremark, we are redefining the role of pharmacy services by proactively engaging consumers across a new broader, continuum of pharmacy care. We're addressing issues that impact your overall health care spend by reaching consumers with personalized, actionable savings and health opportunities. Our evidence-based foundation underlies interventions that deliver health value in improved outcomes

and

working

with you

ing with you to develop strategies to meet the needs of your plan through Proactive Pharmacy Care.



References

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