

North Carolina State Health Plan: Pharmacy Benefit Update

Presentation to NCSHP Board of
Trustees

Brian Hermreck and Renèe Jarnigan

July 27, 2023



Grandfather Mountain



Agenda

Introducing CVS Caremark

North Carolina State Health Plan:
Pharmacy benefit cost analysis

Q&A

The source for data in this presentation is CVS Health Enterprise Analytics unless otherwise noted. Please see the disclaimer page at the end of this presentation for more information.

Introducing CVS Caremark

Why we're here today

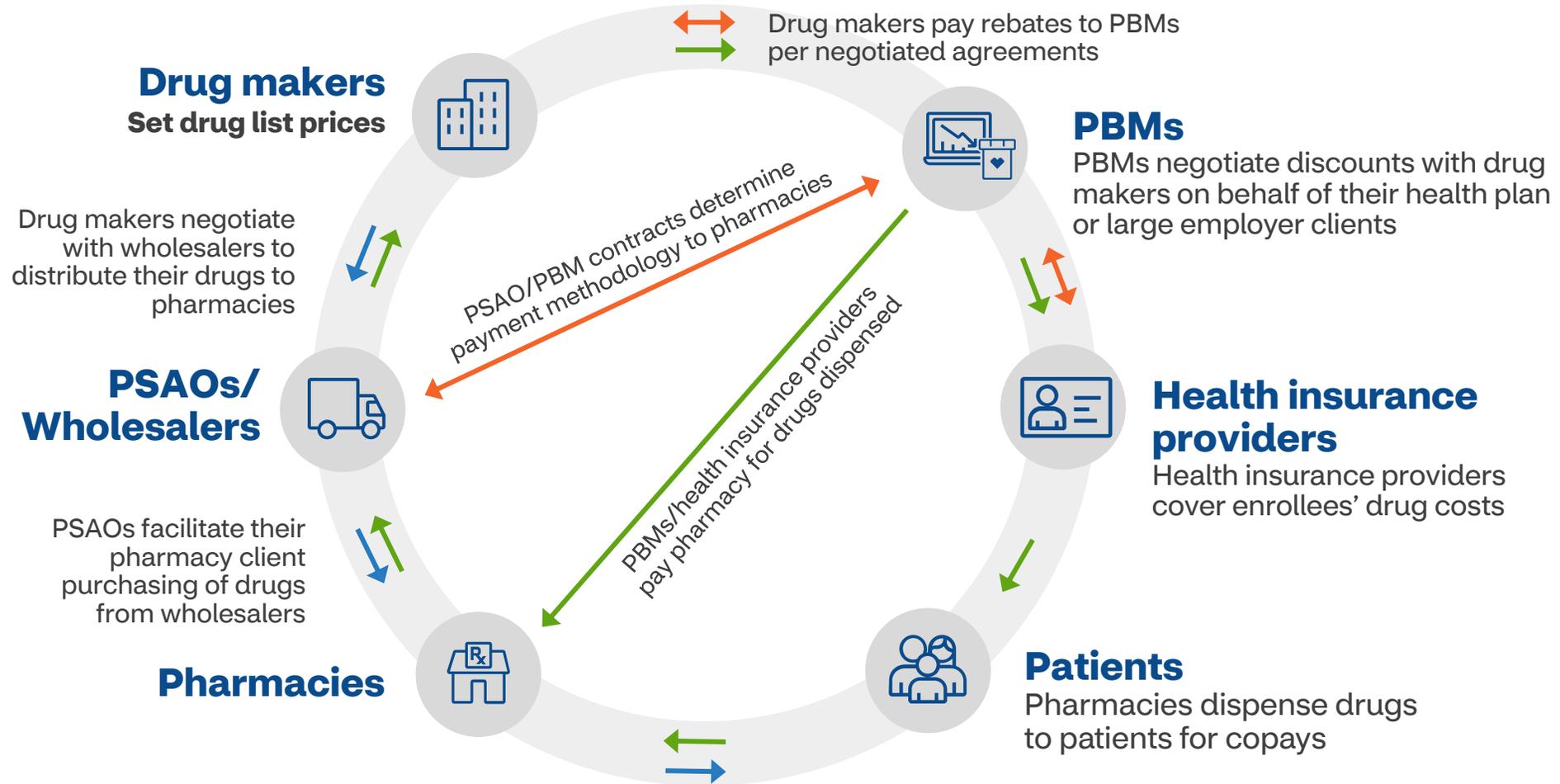
- Provide update on NCSHP pharmacy spend/notable trends across Rx supply chain
- Share how we are collaborating with NCSHP to serve 750K members and fulfill NCSHP's mission to improve member health in a financially sustainable manner

TRANSPARENCY:

- Top priority for NCSHP and CVS Caremark
- Specific requirements reflected in NCSHP's PBM RFP and contract
- Today's meeting is part of our commitment to transparency with NCSHP and its Board of Trustees

CVS Caremark has served as NCSHP's PBM partner for more than six years

The Role of the PBM in the Market



PSAO (Pharmacy services administrative organization).

Our clients have a menu of PBM services to choose from



Claims Processing



Pharmacy Networks



Drug Utilization Review



Specialty Pharmacy



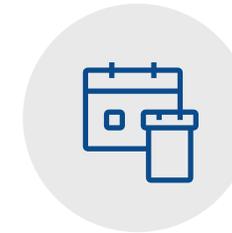
Mail Service Pharmacy



Formulary Management



Price Negotiations with Manufacturers



Adherence



**North Carolina State Health Plan:
Pharmacy benefit cost analysis**

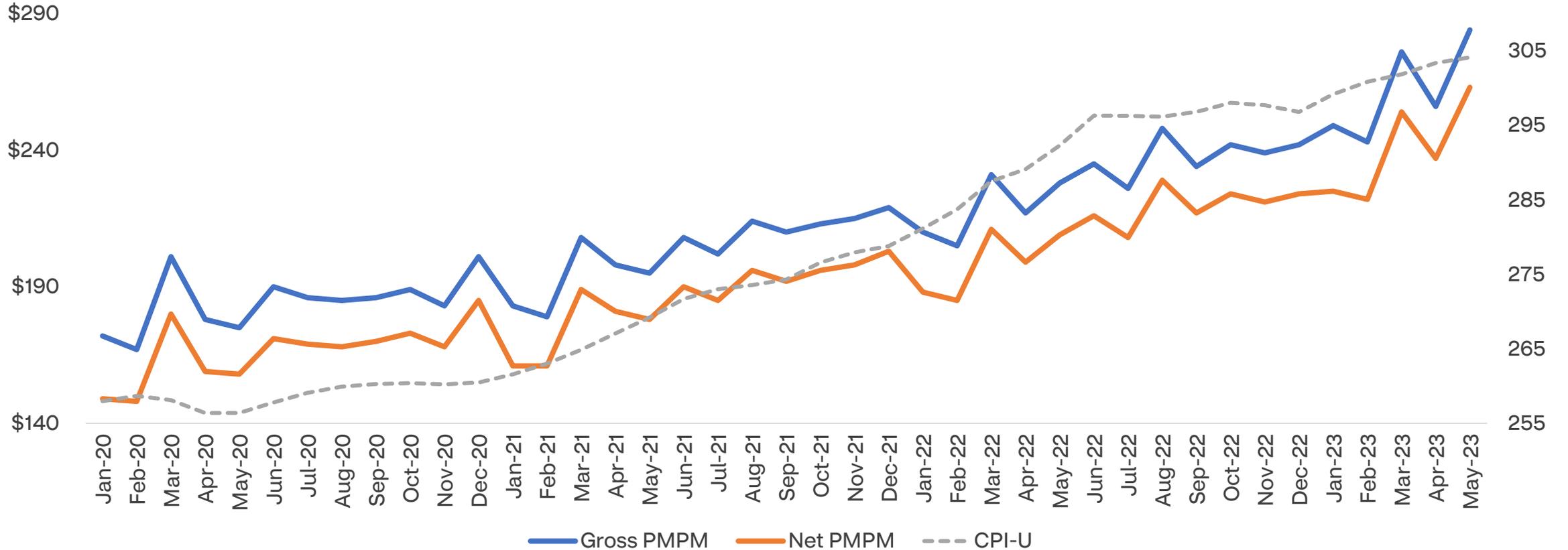
Key takeaways

- Steadily increasing drug spend, driven by manufacturer price increases (inflation) and increased utilization
 - Gross PMPM: \$175 (May 2020) → \$284 (May 2023)
 - Net PMPM: \$158 (May 2020) → \$261 (May 2023)
- Innovative new weight management/diabetes treatments (GLP-1s) driving increasing drug spend
- Member premiums and copays have remained flat, even with increasing costs to the Plan
 - NC employers' contribution to employee health insurance grew at the fourth-highest rate in the country (2013-2021); it has accelerated in recent years, ranking third highest from 2018-2021
 - Rebate performance has allowed NCSHP to maintain current premiums, bucking the statewide trend

GLP-1s (Glucagon-like peptide 1 agonists).

Overall drug spend

Gross and Net PMPM Since 2020 (vs. inflation)

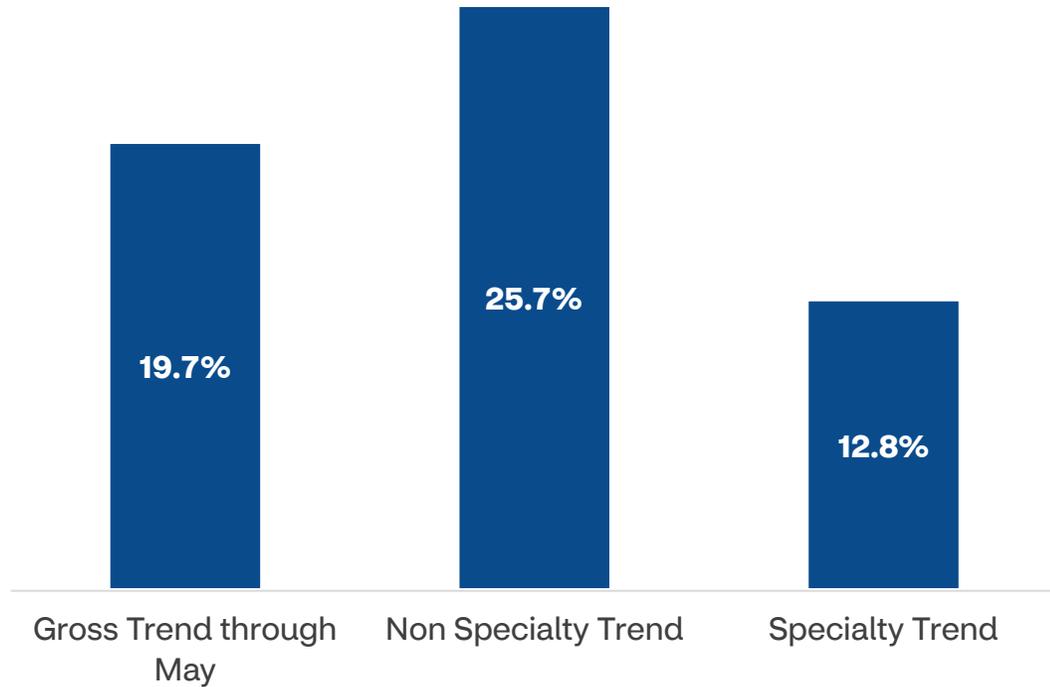


The Consumer Price Index for All Urban Consumers (CPI-U) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

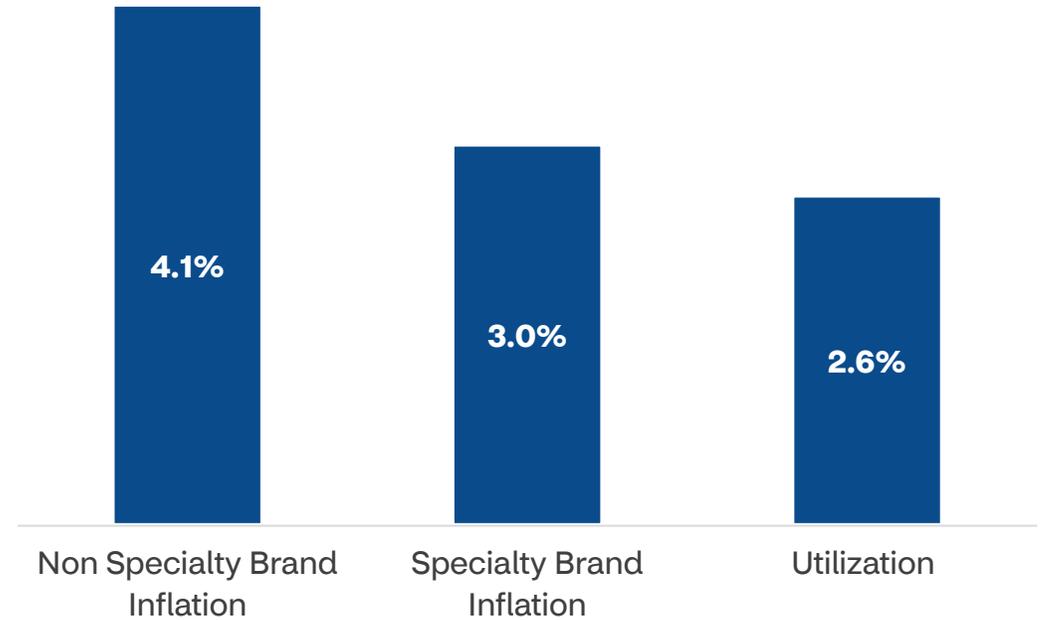
Source: CVS Caremark RxInsights; U.S. Bureau of Labor Statistics.

Drug trend and drivers

2023 Gross Trend



Trend Drivers 2023 YTD



Source: CVS Caremark RxInsights.

Weight management drugs are dominating the headlines

Semaglutide: The First New FDA-Approved Weight Loss Medication Since 2014



Written by [Alyssa Billingsley, PharmD](#) | Reviewed by [Joshua Murdock, PharmD, BCBBS](#)

Updated on January 9, 2023



The Washington Post
Democracy Dies in Darkness

BUSINESS

New Weight-Loss Drugs Work, But Who's Paying?

Analysis by Lisa Jarvis | Bloomberg
November 10, 2022 at 5:32 a.m. EST

As weight loss drugs soar in popularity, many who could benefit can't get them

Most health insurance companies won't cover the cost of Ozempic and Wegovy, leaving groups with the highest rates of obesity without access.

KAISER HEALTH NEWS

Social Media Is Boosting a Billion-Dollar Market for Weight Loss Drugs

The rise of GLP-1s

- Obesity is common, serious and costly: 1 in 2 adults will be obese by 2030¹
- GLP-1s increasing in popularity, while placing additional strain on pharmacy spending
- No competition in this product category
- \$2.1 billion in U.S. weight management spending at net manufacturer prices in 2022, up from just \$0.5 billion in 2018, driven by the uptake of novel treatments²

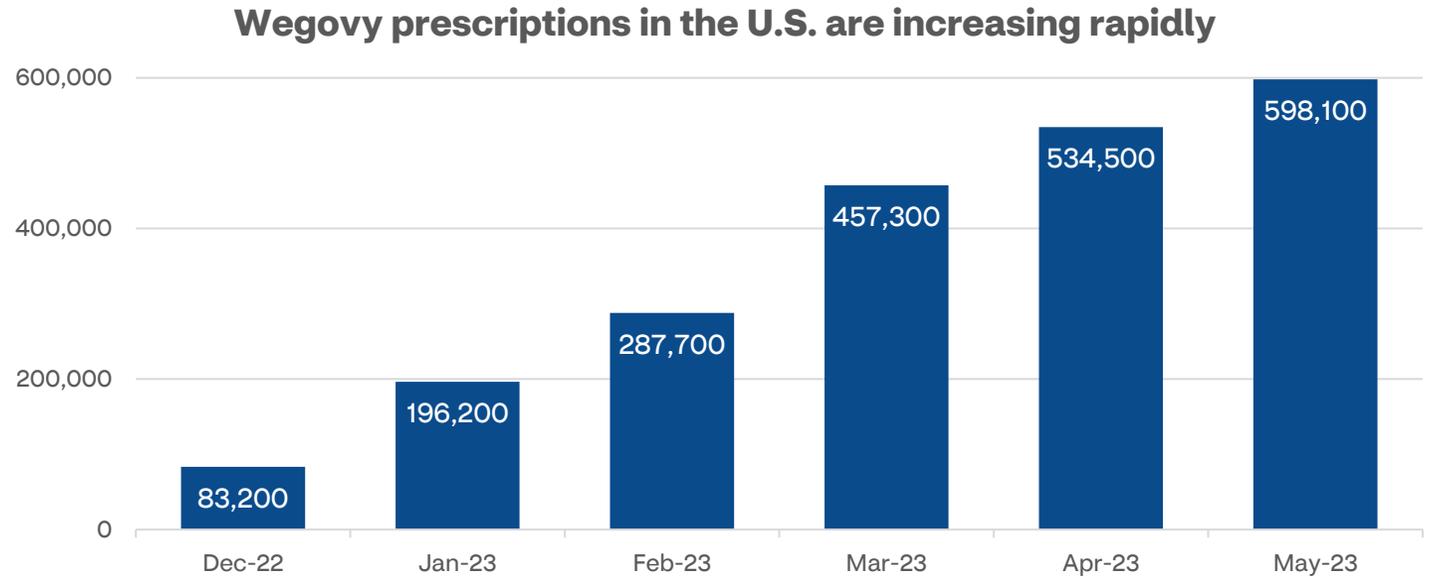
GLP-1s: Breakthrough treatments that are beyond reasonable price; competition and PBM-driven discounts needed to lower costs for clients and members

1. Harvard T.H. Chan School of Public Health, harvard.edu. 2. IQVIA Institute, www.mmitnetwork.com.

GLP-1s are driving increased drug spend for NCSHP

- Wegovy/Ozempic/Saxenda: 34.5K combined utilizers among NCSHP members
- Wegovy costs to NCSHP rose 250% from December to May 2023; this aligns with the increases we are seeing at the national level

Product	List Price	NCSHP Net Spend ('23)
Wegovy	\$1,349.02	\$54M
Ozempic	\$935.77	\$49M
Saxenda	\$1,349.02	\$16M



Source: CVS Caremark RxInsights; Novo Nordisk; Barclays Research.

Getting to low net cost is the foundation of our biosimilars approach



Dynamic Biosimilar Market

41 biosimilars approved to date; and 37 have launched

About 106 biosimilars in clinical development

Dual price strategy in some cases, by Pharmaceutical Manufacturer



Formulary Considerations and Optionality

Clinical appropriateness and efficacy

Product attributes and availability

Achieve low net cost



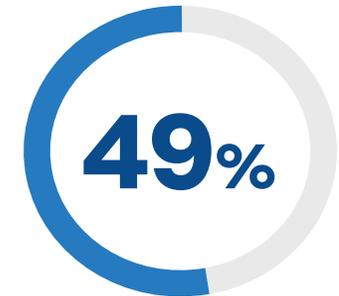
Maximizing value for clients and members

Leverage competition, negotiation experience to achieve low net cost for clients

Innovative plan design options including copay assistance to lower member costs

Personalized member and prescriber outreach

Autoimmune (AI) treatments accounted for almost half of all specialty utilization trend



Competition in the marketplace enables us to achieve low net costs for our clients and make drugs more affordable for members.



Q&A

Data: Gross/net PMPM vs. inflation

	Gross PMPM	Net PMPM	CPI-U
Jan-20	\$172	\$149	257.971
Feb-20	\$167	\$148	258.678
Mar-20	\$201	\$180	258.115
Apr-20	\$178	\$159	256.389
May-20	\$175	\$158	256.394
Jun-20	\$190	\$171	257.797
Jul-20	\$186	\$169	259.101
Aug-20	\$185	\$168	259.918
Sep-20	\$186	\$170	260.280
Oct-20	\$189	\$173	260.388
Nov-20	\$183	\$168	260.229
Dec-20	\$201	\$185	260.474
Jan-21	183	\$161	261.582
Feb-21	\$179	\$161	263.014
Mar-21	\$208	\$189	264.877
Apr-21	\$198	\$181	267.054
May-21	\$195	\$178	269.195
Jun-21	\$208	\$190	271.696
Jul-21	\$202	\$185	273.003
Aug-21	\$214	\$196	273.567

	Gross PMPM	Net PMPM	CPI-U
Sep-21	\$210	\$192	274.310
Oct-21	\$213	\$196	276.589
Nov-21	\$215	\$198	277.948
Dec-21	\$219	\$203	278.802
Jan-22	\$210	\$188	281.148
Feb-22	\$205	\$185	283.716
Mar-22	\$231	\$211	287.504
Apr-22	\$217	\$199	289.109
May-22	\$228	\$209	292.296
Jun-22	\$235	\$216	296.311
Jul-22	\$226	\$208	296.276
Aug-22	\$248	\$229	296.171
Sep-22	\$234	\$217	296.808
Oct-22	\$242	\$224	298.012
Nov-22	\$239	\$221	297.711
Dec-22	\$242	\$224	296.797
Jan-23	\$249	\$225	299.170
Feb-23	\$243	\$222	300.840
Mar-23	\$276	\$254	301.836
Apr-23	\$256	\$237	303.363
May-23	\$284	\$263	304.127



Legal disclaimers

The source for data in this presentation is CVS Health Enterprise Analytics unless otherwise noted.

All data sharing complies with applicable law, our information firewall and any applicable contractual limitations.

Adherence and health outcome results, savings projections and performance ratings are based on CVS Caremark data. Actual results may vary depending on benefit plan design, member demographics, programs implemented by the plan and other factors. Client-specific modeling available upon request.

The Maintenance Choice program is available to self-funded employer clients that are subject to ERISA. Non-ERISA plans such as fully insured health plans, plans for city, state or government employees and church plans need CVS Caremark legal approval prior to adopting the Maintenance Choice program. Prices may vary between mail service and CVS Pharmacy due to dispensing factors, such as applicable local or use taxes.

Specialty Expedite is available exclusively for providers who use compatible electronic health record (EHR) systems, including others that participate in the Carequality Interoperability Framework.

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.

Patient stories and patient names are presented for illustrative purposes only. Any resemblance to an actual individual is coincidental. Unless otherwise specified, images contained within are licensed or the property of CVS Health or one of its affiliates.

This presentation contains trademarks or registered trademarks of CVS Pharmacy, Inc. or one of its affiliates; it may also contain references to products that are trademarks or registered trademarks of entities not affiliated with CVS Health.

CVS Health policy statement

All CVS Health presentation materials are confidential and proprietary and may not be copied, distributed, captured, printed or transmitted (in any form) without the written consent/authorization of CVS Pharmacy, Inc.