

NORTHWEST PHARMACY SERVICES: OVERVIEW

Northwest Pharmacy Services (NWPS) is a full service, non-profit, Pharmacy Benefit Manager (PBM). We were founded in 1985 and today serve members in all 50 states.

Prescription drugs continue to represent one of the fastest growing segments of health care expenditures. Northwest Pharmacy Services works with the pharmacist, the health plan or client, and the plan member to help reduce cost and improve quality by sharing timely information so they can all benefit.

Our Points of Distinction

Leadership in Technology

We help our clients turn data into information they can use. Our data management system can integrate pharmacy and medical data, allowing our clients maximum flexibility for data input/output. Sophisticated economic modeling capability can assist in critical decision-making by identifying quality and cost savings opportunities. We make quarterly recommendations outlining both quality and cost saving opportunities for our clients.

Clinical Excellence

By providing timely, customized information, we help our clients implement clinical, drug utilization review and disease management initiatives based on current best practices and evidence-based medicine.

Financial Transparency

We believe in a transparent approach to drug benefit management with no undisclosed revenue streams. We subscribe to full disclosure in our business practices and our relationships with our clients.

Cost Effectiveness

Our evidence-based formulary is designed to provide the

lowest pharmacy cost per member per month. Formulary decisions are payer and member focused. We offer members a prescription price inquiry system to help determine the best price for their individual needs.

Customer Service

Northwest Pharmacy Service staff members make sure clients and plan members receive an immediate answer and support when requested. We have a toll-free help desk staffed by experienced pharmacy technicians who have a solid working knowledge of the clients' plan design including drug coverage. Our licensed pharmacists are available for clinical questions from either providers or patients and also support our help desk.



PHARMACY NETWORK

Northwest Pharmacy Services contracts with more than 850 pharmacies within the State of Washington and more than 55,000 pharmacies throughout the United States. This broad network enables us to negotiate discount rates on behalf of our clients and obtain convenient, professional pharmacy services for members.

Service makes a difference, and our members will receive quality service with our pharmacy network. For most members, the experience at the pharmacy represents their opinion and satisfaction with their prescription benefit.

- ⦿ **Our state-of-the-art claims adjudication technology provides immediate and accurate claims processing.**
- ⦿ **It ensures each prescription is paid for at its current price and in compliance with the benefit design.**
- ⦿ **Our system allows for extensive messaging to pharmacists regarding eligibility, formulary issues, and clinical information to protect members from unsafe drug therapy.**

Mail Service

Our mail service program has two goals: delivering timely quality pharmaceutical care to our customers and maximizing the plan sponsor's bottom-line savings. Our clients appreciate the seamless data integration with the retail and mail service programs which allows for critical Point of Service reviews and Drug Utilization review monitoring. Members appreciate the convenience of free home delivery and flexibility.



DATA MANAGEMENT

Northwest Pharmacy Services (NWPS) provides the right information for clients to manage their pharmacy benefit program by providing customized reports that include detailed data. Our reporting has built-in flexibility to assist in addressing the rapid changes in the healthcare industry and the dynamic managed care environment.

Clients praise our standard report package which includes reports on financial and utilization indicators, specific drug utilization by therapeutic class, pharmacological classification, and provider performance.

Claims Data Analysis

NWPS has developed the expertise in the use of medical and pharmacy claims data to assess utilization and the financial impact of alternative treatment options. We draw upon our in-depth knowledge of pharmacy, medical and economic data sources. Our experience in developing health economic and epidemiological models helps clients achieve long-term competitive advantage through research-based solutions to complex business problems.

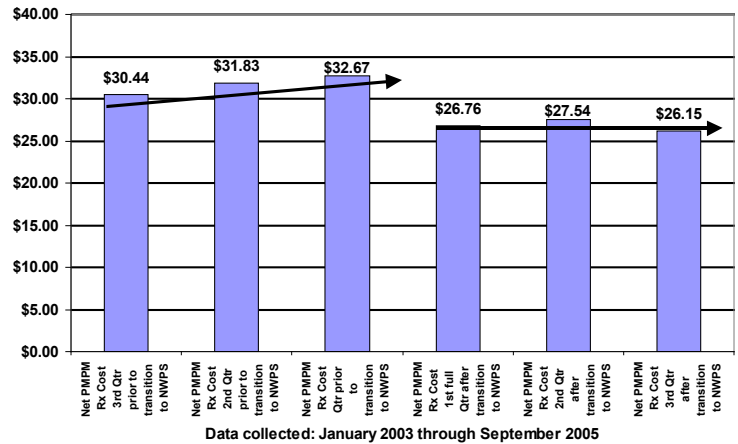
Predictive Modeling Studies

Models have become an important tool to aid today's decision makers, but to be effective; a model must address relevant outcomes in a credible, flexible understandable way. NWPS meets this goal through solid research, innovation, use of advanced modeling techniques and sound cost estimates based on large databases. Our predictive modeling programs can benefit any organization responsible for paying or arranging care.

Claims Management

Northwest Pharmacy Services claims management adjudication system helps clients:

Cost Trend: Net Per Member Per Month (PMPM) Cost Before & After Transition to NWPS



- ⊙ increase generic utilization
- ⊙ improve formulary compliance
- ⊙ and foster appropriate use of medications

Point of Service

Northwest Pharmacy Services delivers a sophisticated point-of-service processing system with real-time information to manage claims within the client's plan guidelines.

On-line Concurrent Drug Utilization Review

Our on-line claims processing system provides sophisticated concurrent drug utilization review (DUR) to ensure safe drug usage. The system evaluates the appropriateness of the medication at the point-of-sale by checking for:

- ⊙ drug-drug interactions
- ⊙ incompatibilities
- ⊙ appropriate dosage
- ⊙ therapeutic duplications
- ⊙ refill frequency

FORMULARY MANAGEMENT

At Northwest Pharmacy Services our formulary is developed and approved by an independent Pharmacy and Therapeutics Committee. When considering a drug for inclusion on the formulary, the decisions are based on specific criteria which include:

- ⦿ **Efficacy**
- ⦿ **Safety**
- ⦿ **Uniqueness**
- ⦿ **Cost**

Medical and pharmacy experts research the medical literature for “best practices” and utilize evidence and value-based decision making to compare data that determines inclusion/exclusion to the formulary. Our formulary products are selected based on health outcome criteria. Cost is considered only after other criteria have been evaluated and is never a consideration if it compromises the quality of care.

We believe a well-managed formulary can have a positive effect on both patient outcomes and total medical care cost. Using flexible plan design, measurement and expertise, Northwest Pharmacy Services can develop the appropriate formulary for varying member populations helping our clients increase member satisfaction, improve outcomes, and reduce costs.



CLINICAL MANAGEMENT

The Northwest Pharmacy Services Clinical Management Team is comprised of a highly qualified panel of pharmacy providers, pharmacy educators, medically trained consultants and staff to support the clinical, drug utilization review and disease management initiatives of our clients. The clinical management team includes individuals with training and expertise in family practice, academia and generalized and specialty pharmacy practice. Our medical director is a Family Physician, Robert Wood Johnson Fellow and a Professor at the University of Washington.

The NWPS Clinical Management Team provides these optional services for our clients :

- ⊙ **Policies and procedures for the concurrent and prospective drug utilization.** Comprehensive retrospective drug utilization review program, targeting over and under utilization trends within specific therapeutic class categories for members.
- ⊙ **Contacts with physicians, pharmacists and patients when clinically relevant concerns are identified.** Acted upon cases are re-reviewed to determine impact on cost and quality.
- ⊙ **Specialty pharmacy provider contracting for access to injectable medications whether for self-administration or for medical provider administration.** Specialty pharmacy services include nurse patient support and counseling at no extra cost to the payer.
- ⊙ **Condition management through an internet based medical decision support program.** This services utilizes a 24/7 nurse help line, a personal educational resource for medically related questions, monthly health management newsletters and a health risk assessment.

Prospective Review

Information produced by Northwest Pharmacy Services Clinical Management Team during retrospective reviews is analyzed for trends and patterns common among a population of members. With this information, policy recommendations are made to the client regarding member education, benefit design or other interventions to improve future program value. Through this method of utilization analysis, NWPS is able to identify for clients the underlying causes that contribute to the significant increases in drug plan costs. We center our prospective analysis on the following key factors:

- ⊙ **Patient Consumption Habits:** to determine potential over utilization or abuse.

- ⊙ **Physician Prescribing Habits:** to reveal physician prescribing practices which increase drug plan costs.
- ⊙ **Pharmacy Dispensing Habits:** to uncover low generic dispensing and other practices which increase drug plan costs.
- ⊙ **Overall Drug Use Patterns:** to aid clients in achieving target drug use goals.

Retrospective Review

All clients have the option of utilizing the Northwest Pharmacy Services Clinical Management Team to perform formal retrospective review. The team reviews the utilization review reports produced by NWPS's claims processing center. The reports, compiled by NWPS, focus on high utilizers of drugs and providers to identify a group of patients who may be characterized as poly-pharmacy users. These patients are not always users of large numbers of different drugs, but they may frequent multiple physicians and pharmacies. Specific audit report criteria include:

- ⊙ Total prescriptions for the quarter greater than or equal to X,
- ⊙ Average prescription cost per quarter greater than or equal to \$X.XX,
- ⊙ Total controlled substance prescriptions per quarter greater than or equal to X,
- ⊙ Prescribers accessed each quarter greater than or equal to X,
- ⊙ Pharmacies accessed each quarter greater than or equal to X, and
- ⊙ At least X different prescriptions in the same therapeutic class.

It is important to identify these patients quickly as they are particularly vulnerable to unnecessary use of medical care services. Furthermore, uncoordinated care in these cases can lead to drug/drug interactions, therapeutic duplications, inappropriate drug consumption or compliance problems.

Real time communication with clients, members, physicians, or our pharmacy network, may be facilitated through our toll-free help desk. Our help desk is staffed by experienced pharmacy technicians who have access to real-time claims processing data and plan specifications. Our licensed pharmacists interact with our help desk personnel to resolve medication related issues, e.g. drug interactions and prior authorizations.

NWPS has documented significant cost savings to the client and improved care for the members from these clinical efforts by improving adherence to treatment and avoiding unnecessary utilization of high cost pharmaceuticals.

MEDICATION THERAPY MANAGEMENT SERVICES

What is medication therapy management?

- A program designed to help patients get even greater value from their medications by reducing medication waste.
- Targets patients with chronic illnesses and/or using multiple medications.
- Free, voluntary service to patients.

What is Medication Waste?

Waste occurs whenever...

- A high cost medication is used when an equally effective lower cost alternative is available
- A patient requires a different medication due to a side effect or reaction to a medication
- A medication fails to achieve intended results
- A patient is non-compliant with his or her medication.

HOW DO WE ADDRESS MEDICATION WASTE?

Our Medication Therapy Quality Review programs...

... offer 1:1 counseling with trained pharmacist to help patients understand the medications they are taking and how the drugs work.

We offer two forms of this service that can be provided together or separately.

1. Drug problem review of prescriptions at the time of dispensing.

This service goes beyond what pharmacists ordinarily do when dispensing medications.

Pharmacists contact the patients physician to resolve potential drug problems before the prescription is dispensed, and in some cases to change a drug to one that is more cost-effective for the patient.

The review is done in real-time—before the prescription is dispensed.

We offer this service through a service partner: *Outcomes Pharmaceutical Care*. Pharmacists are compensated only when they identify, document and resolve a drug related problem. This firm guarantees that the estimated costs avoided from resolving drug therapy problems will be greater than the premiums they charge. This service can easily be designed to emulate the service being offered to King County employees (>25,000 covered lives).

2. Comprehensive review of patients' drug therapy.

The service involves making a sit-down appointment with a qualified pharmacist to go over the patient's medication issues.

Sometimes called a Comprehensive Medication Review or 'Brown Bag Review', this service is typically offered as a voluntary service to patients.

Patients are directed to one or more pharmacies close to their home. Patients are not required to have their prescriptions filled at this pharmacy.

Studies have shown that patients using such services have positive outcomes in terms of disease control, lower medical care costs to the plan, and are highly satisfied with the service. (*references available upon request*)

TARGETED PATIENT DRUG REVIEWS

Review of patients with complicated and/or costly drug therapy

What does a targeted review involve, and why do it?

Our service involves reviewing Rx drug claims according to pre-determined criteria to identify patients having a high probability of suboptimal drug therapy due to patterns of high drug use, high cost, or use of drugs with a high risk potential. We always do so in a manner that masks patient identity or preserves patient confidentiality.

It is usually the case that a relatively small number of patients account for the highest use of services and are the costliest to the health plan. When examined more closely, we often find opportunities to simplify drug regimens or to use lower cost drugs.

Targeting patients in this manner is the most cost-effective way to provide savings to employer or insurer and to the patient.

Under Medicare Part D for senior citizens, this service is called *medication therapy management*, and is a required service. We believe the same process can benefit patients less than 65 years of age.

How is the review conducted?

Once our drug use review service identifies cases for possible follow-up, it is up to the client or health plan to determine the next steps.

If the client wishes, we offer a **Comprehensive Medication Review Service** that involves having a qualified pharmacist review the patient case.

Many times the patient's regular pharmacist can provide this service. If not, we refer the case to an in-state drug therapy expert.

The service is voluntary. First, the pharmacist contacts the patient and, with permission, conducts either a phone interview or face-to-face meeting to gather data about all current medications, including OTCs, herbals and vitamin supplements, and the reasons for taking them.

Next, the pharmacist reviews the list for potential drug therapy problems or opportunities to decrease costs, and contacts the patient's doctor with recommendations. The pharmacist then follows up with the patient and the dispensing pharmacy (if different).

Many times patients don't fully understand their disease or how drug therapy works for them. We often find that the most effective interventions involve explaining drug therapy to patients to encourage better drug taking compliance, and teaching or reinforcing self-management and self-monitoring skills.

What are the benefits?

Studies show that service initiated changes in drug therapy reduce drug and/or medical care costs.

Secondly, patients are usually highly satisfied with the service, especially when they feel there is insufficient time to fully discuss these matters with their regular physician or pharmacist.