

cencora

Innovations in limited pharmacy networks to help pharmacies dispense your products

December 12, 2023



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Innovations in limited pharmacy networks to help pharmacies dispense your products

Agenda

1. Introduction
2. Pharmacy networks
3. 3PL and claims management
4. Solutions for pharmacy pull-through



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Biopharma Services, New
Business Development



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Vice President
Integrated Pharmacy
Solutions



Krystal Haynes

Director
Business Development for
ICS



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Pharmacy networks

Innovative solutions to keep scripts moving

Leverage a **pharmacy network** to streamline processes, accelerate the patient journey and optimize brand potential.



Increase completion rates



Promote positive brand experiences



Realize insights



Cencora's pharmacy networks

A **flexible and agile** pharmacy network model designed to accommodate a variety of product types and manufacturer dispensing strategies, enabling and streamlining experiences for patients, providers, and dispensing pharmacies

Limited Network

Infuse prescription-enabling solutions like claims management to help combat pharmacy under-reimbursement to help improve completion rates at manufacturer contracted dispensing pharmacies.

Use case

- Pharmacy under-reimbursement
- Claims integrity

Contracted Network

Amplify brand experience through a non-dispensing pharmacy to streamline provider and dispensing pharmacy workflows and help increase speed to therapy for patients.

Use case

- Specialty lite
- Limited distribution

Coordinated Service Delivery Network

For products with a higher care profile, we deliver holistic patient experiences through specialty pharmacy partnerships.

Use case

- Specialty
- Rare and orphan
- Cell and Gene Therapy (CGT)

A digital pharmacy provides prescription journey insights and helps improve speed to therapy with our Contracted Network



Shorten duration from prescribing to first fill

As a covered entity, prescription processing starts when the eRx is received through the prescriber's normal workflow



Proactively address access barriers with digital accelerators

Technology-driven services automate key steps and are fully integrated within the patient services workflow, including:

- Eligibility check
- Coordination of affordability programs
- Prior authorization initiation



Improve prescription pull through with network pharmacies

A fillable Rx can be sent to a dispensing network pharmacy with integrated services to prevent under-reimbursement and increase GTN



Increase patient journey insights for program optimization

Enables additional data insights, including increased visibility to Rx barriers at the point of sale

3PL and claims management

Cencora's global healthcare logistics solution

ICS has helped launch hundreds of therapies and served as an integral component in improving many patient lives



As the pioneer in the specialty logistics market for more than 25+ years, ICS delivers:

- World-class storage and distribution
- Full order-to-cash service
- Actionable data to drive business
- Expert account management model
- Advanced Claims Management with credit memos

\$44B+

In product
shipped annually

3B+

Transactions
managed annually

175+

Pharmaceutical programs
supporting a variety of product
lines and disease states

What our 3PL clients are concerned about...



Improving cash flow



De-risking accounts receivable

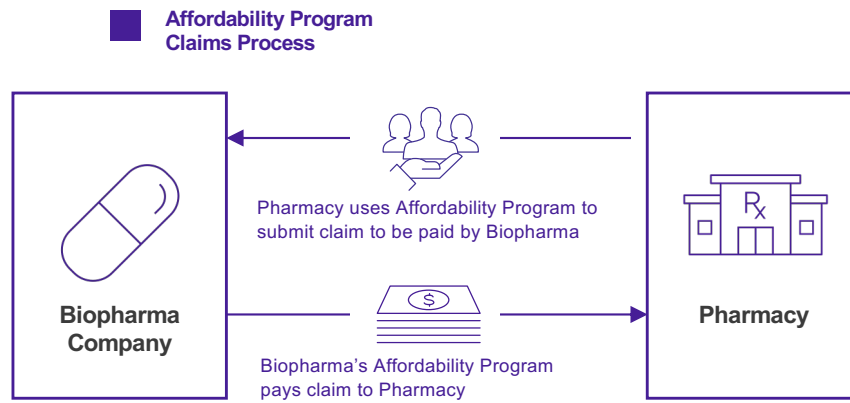


Reducing bad debt risk



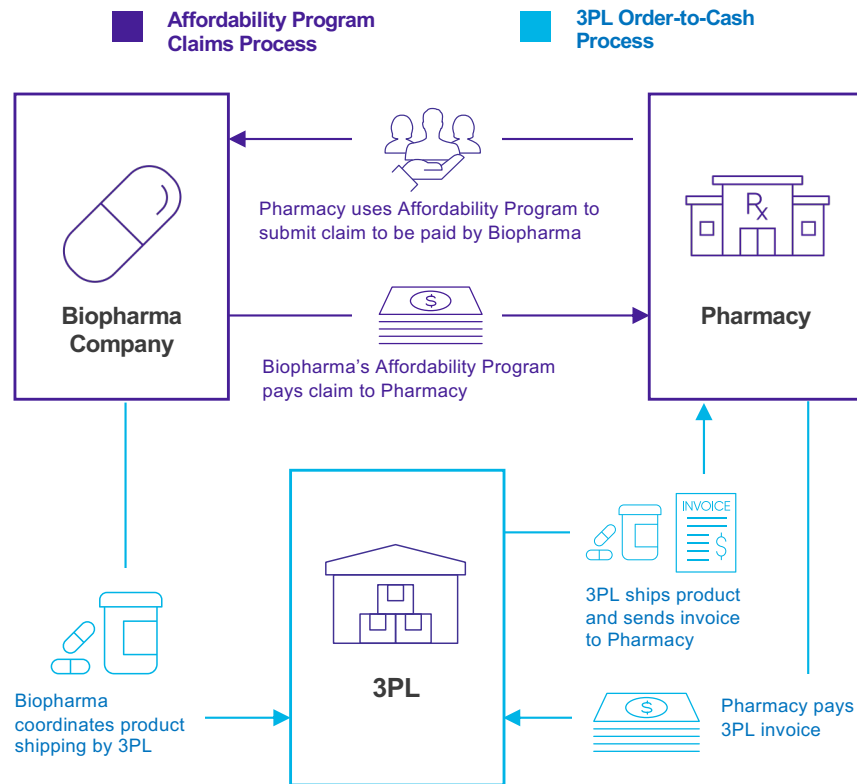
Claims management with ICS credit memos

Traditional claims and 3PL invoice processes



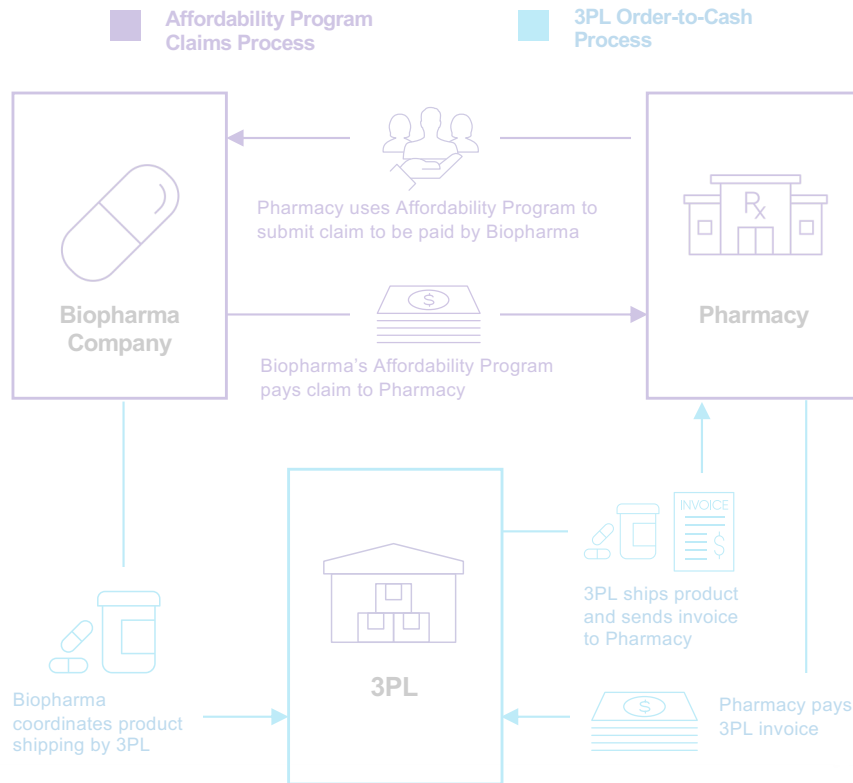
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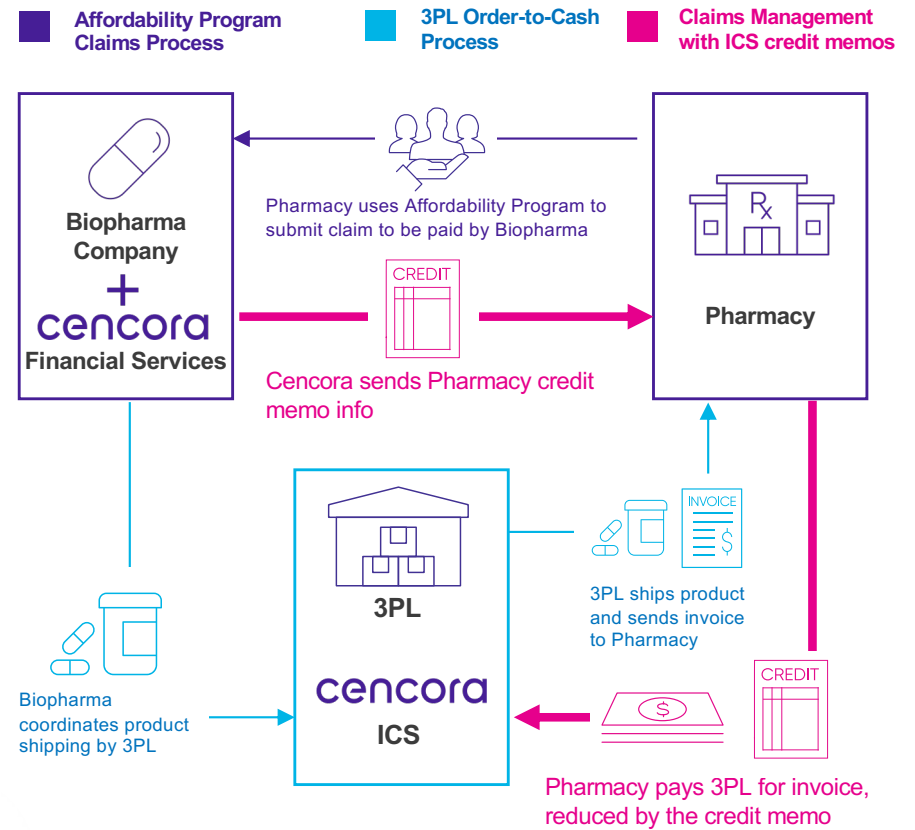


Claims management with ICS credit memos

Traditional claims and 3PL invoice processes



Combined claims and 3PL process



Solutions for pharmacy pull-through

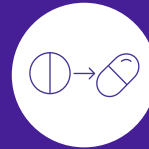
Pharmacy abandonment caused by under-reimbursement

When PBMs underpay pharmacies for certain medications, it makes it less likely the pharmacies will carry those medications, limiting distribution and access to patients and causing administrative burden for providers.

Options for pharmacies



Pharmacy dispenses script and takes a financial loss



Pharmacy refers patient to an alternative product



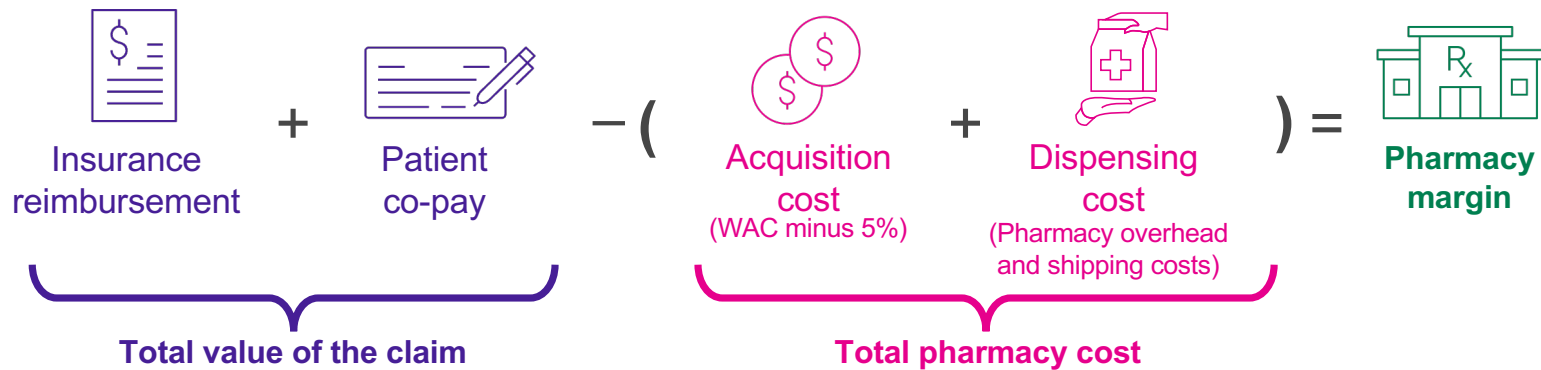
Pharmacy sends the prescription to another pharmacy



Pharmacy flips prescription to a cash claim

Pharmacy abandonment caused by under-reimbursement

When the total value of the claim is less than the total pharmacy cost, it results in a negative margin loss for the pharmacy.



Factors setting the total value of the claim*

**Biopharma companies have no control over these factors*

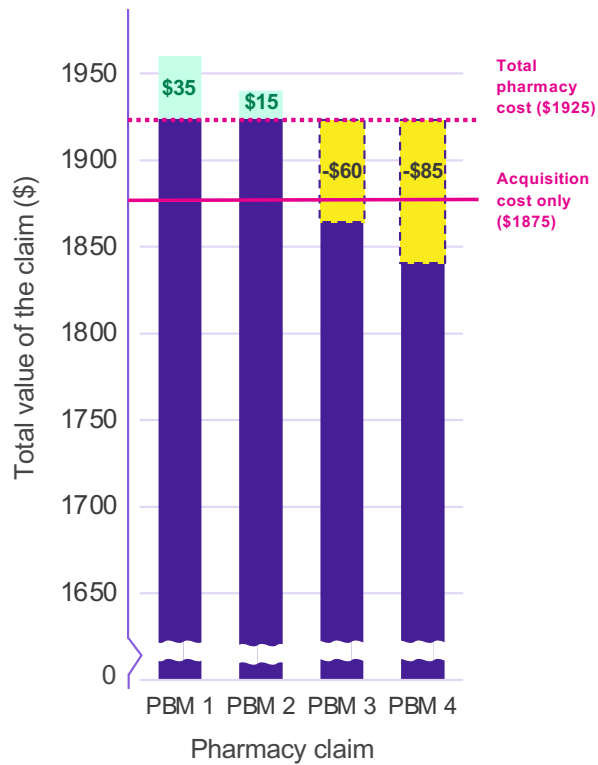
Lowered PBM reimbursements

Mail order contracts

Pharmacy sourcing contracts

Under-reimbursement illustration

Pharmacy claim income



Pharmacy claim margin formula

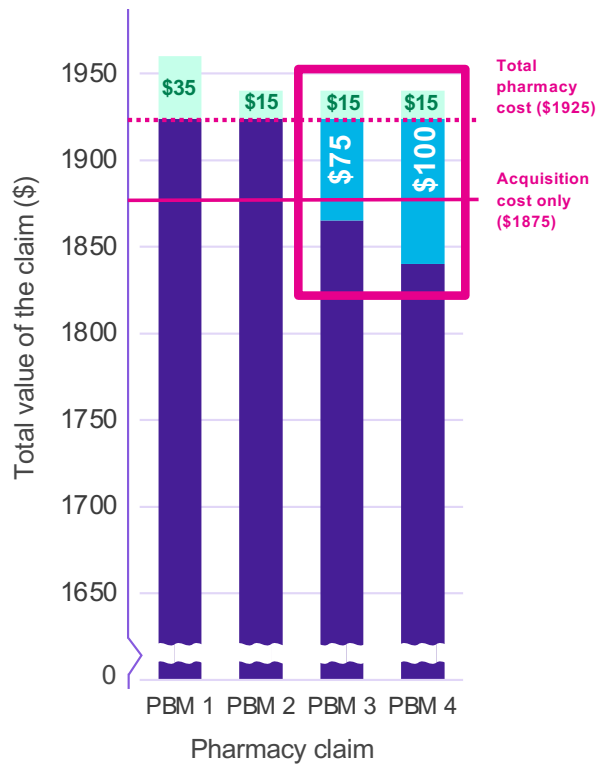
$$\begin{array}{c}
 \text{Insurance reimbursement} + \text{Patient co-pay} - (\text{Acquisition cost} + \text{Dispensing cost}) = \text{Pharmacy margin}
 \end{array}$$

Total value of the claim Total pharmacy cost

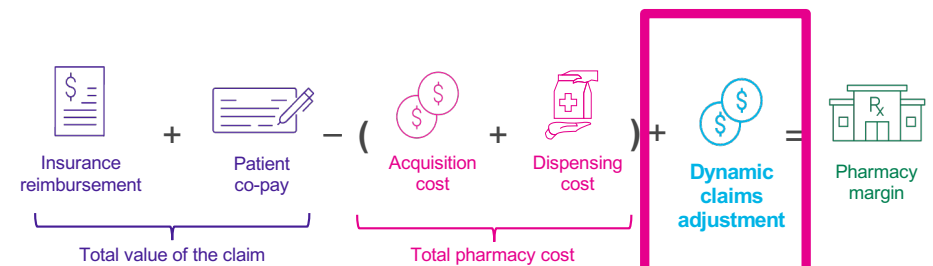
Claim	Insurance	Patient co-pay	Acquisition price	Dispensing cost	Pharmacy margin
PBM 1	\$1810	\$150	\$1875	\$50	\$35
PBM 2	\$1790	\$150	\$1875	\$50	\$15
PBM 3	\$1715	\$150	\$1875	\$50	-\$60
PBM 4	\$1690	\$150	\$1875	\$50	-\$85

Addressing under-reimbursement with dynamic claims adjustment

Pharmacy claim income



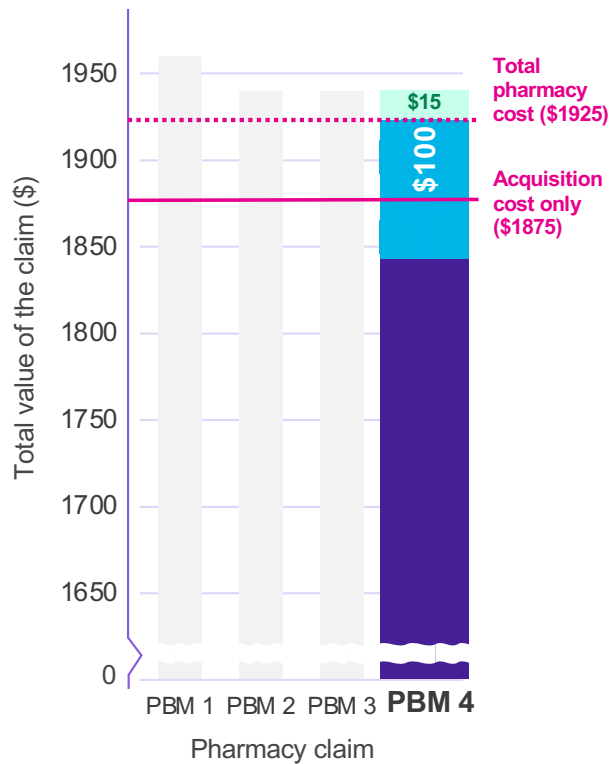
Pharmacy claim margin formula



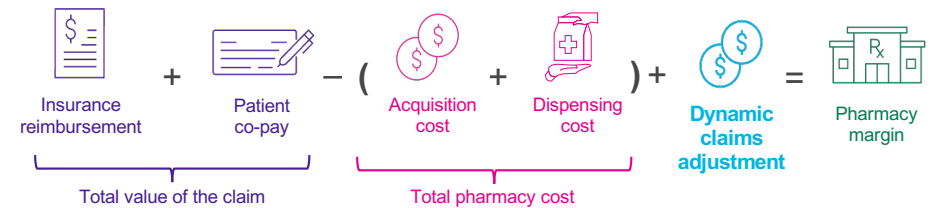
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Addressing under-reimbursement with dynamic claims adjustment

Pharmacy claim income



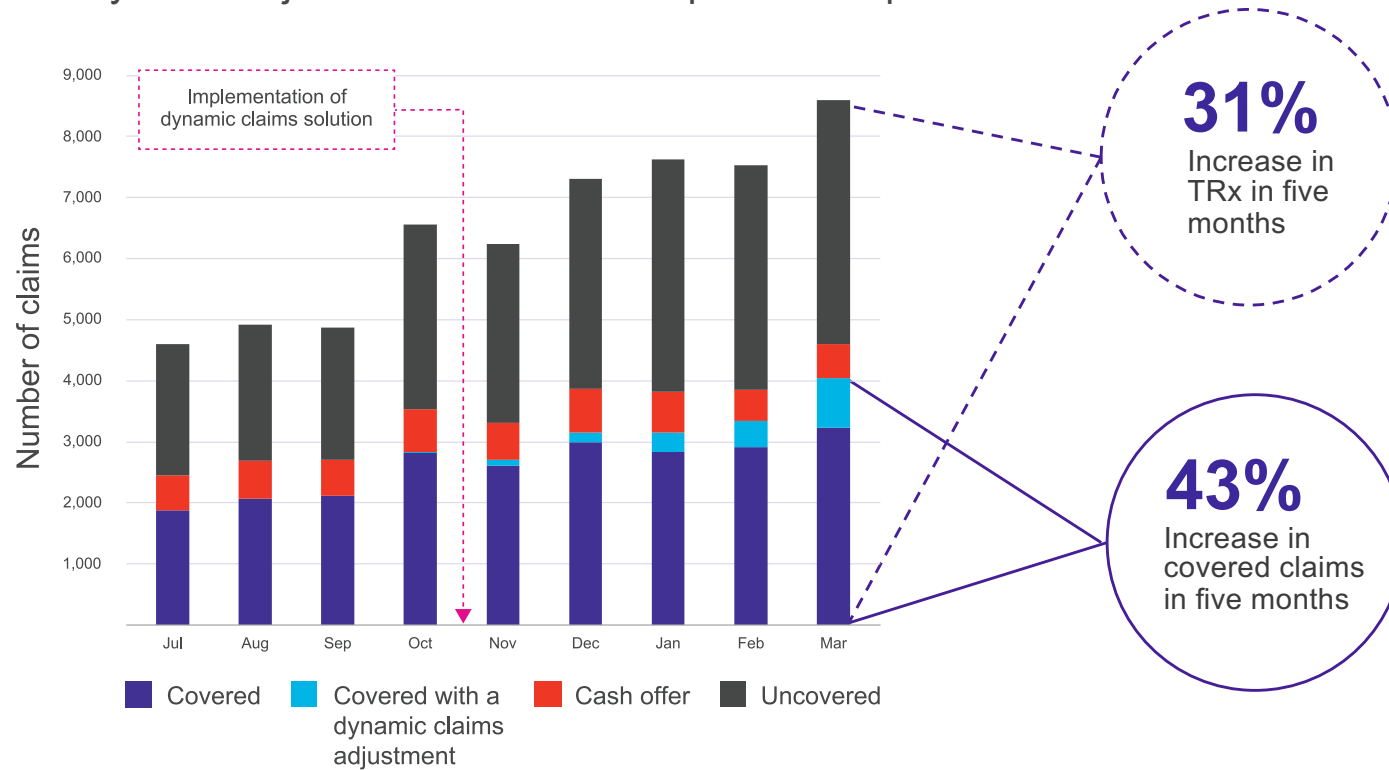
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Increased covered claims and total prescriptions

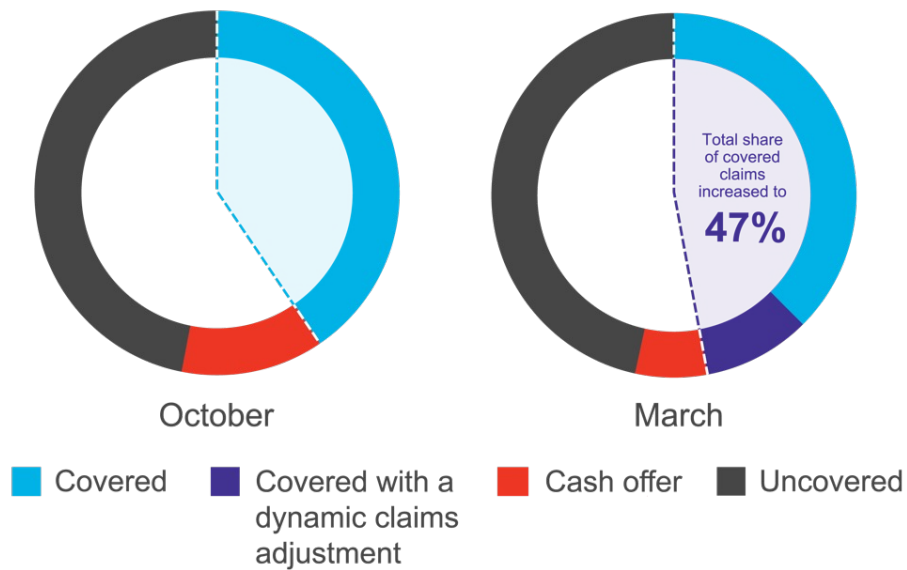
Monthly claim adjudication results for dispensed scripts



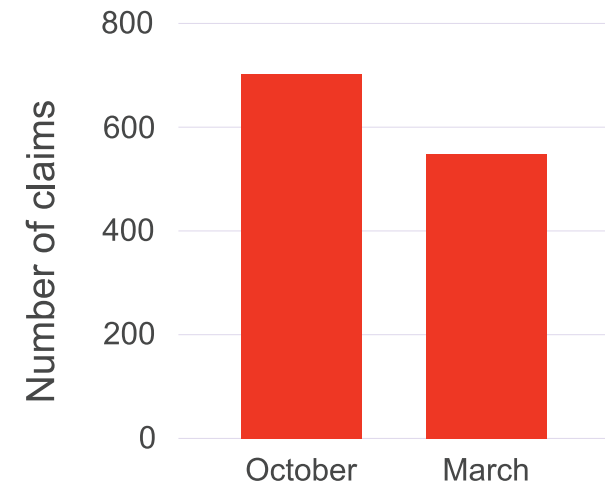
Anonymous Biopharma Company, Prescription Claims Data, July 2019-March 2020, Date accessed 1 November 2022

Improved GTN

Comparison of share of monthly claims before solution implementation and five months later



Comparison of share of monthly cash claims before solution implementation and five months later



22% Decrease in the number of unprofitable cash claims

Anonymous Biopharma Company, Prescription Claims Data, July 2019-March 2020, Date accessed 1 November 2022

Traditional consignment for insured-not-covered patients

Allows biopharma companies an economical means to charge an affordable OOP to a temporarily uncovered patient



Why biopharma uses consignment



Pricing control

Ownership of consignment stock allows the biopharma company to set the price for the medication under specific conditions.



Increased TRx

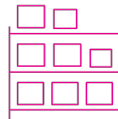
By charging insured not covered patients an affordable OOP, biopharma companies reduce patient walkaways, provider burden, and cash claims.

Complications of managing a consignment program



Ordering

Consignment stock needs a separate process to be sent without charge.



Inventory

Consignment stock needs to be stored separate from trade stock.



Auditing

Audits are needed to prevent diverting of consignment stock.

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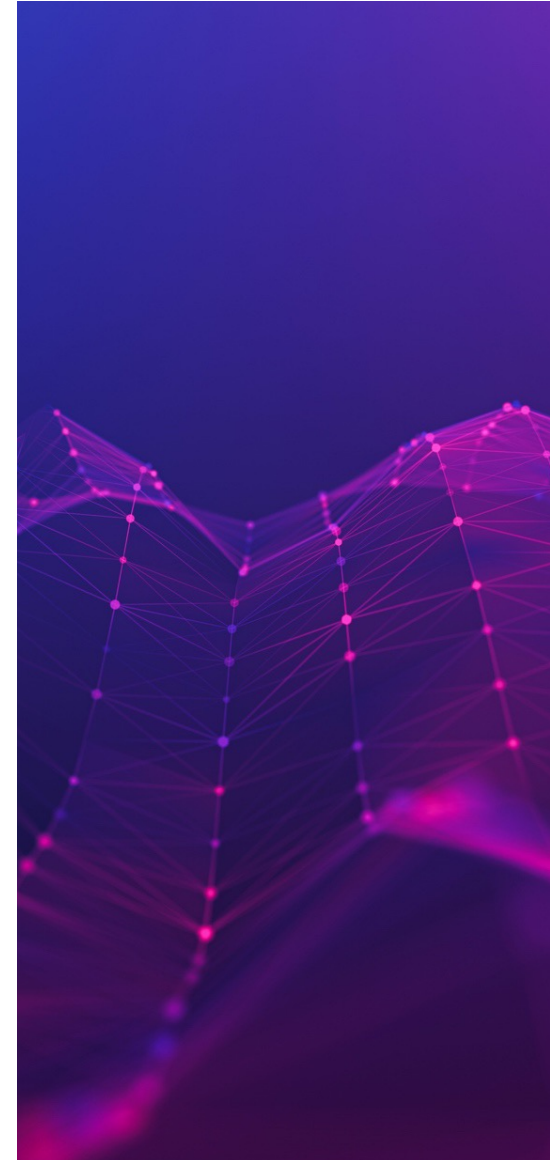


Auditing

Audits are needed to prevent diverting of consignment stock.

Innovations in limited pharmacy networks to help pharmacies dispense your products

	Digital Pharmacy	Limited Network	Retail Pharmacy
Real-time prescription journey insights	✓		
Standard pharmacy COB copay with omni-channel payments	✓	✓	✓
Claims management for under-reimbursement without 3PL	✓	✓	
Claims management with ICS credit memos	✓	✓	



Questions?



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Thank you धन्यवाद Děkuje me Mange
takk Vă multumesc Gracias Vielen D
كل أركش Teşekkürler Děkojame jum
спасибо Merci 谢谢 Obrigado ありがとう
ざいました cảm ơn bạn Paldies 감사합
Hartelijk dank Thank you धन्यवाद Dě
Mange takk Vă multumesc Gracias
Vielen Dank كل أركش Teşekkürler D