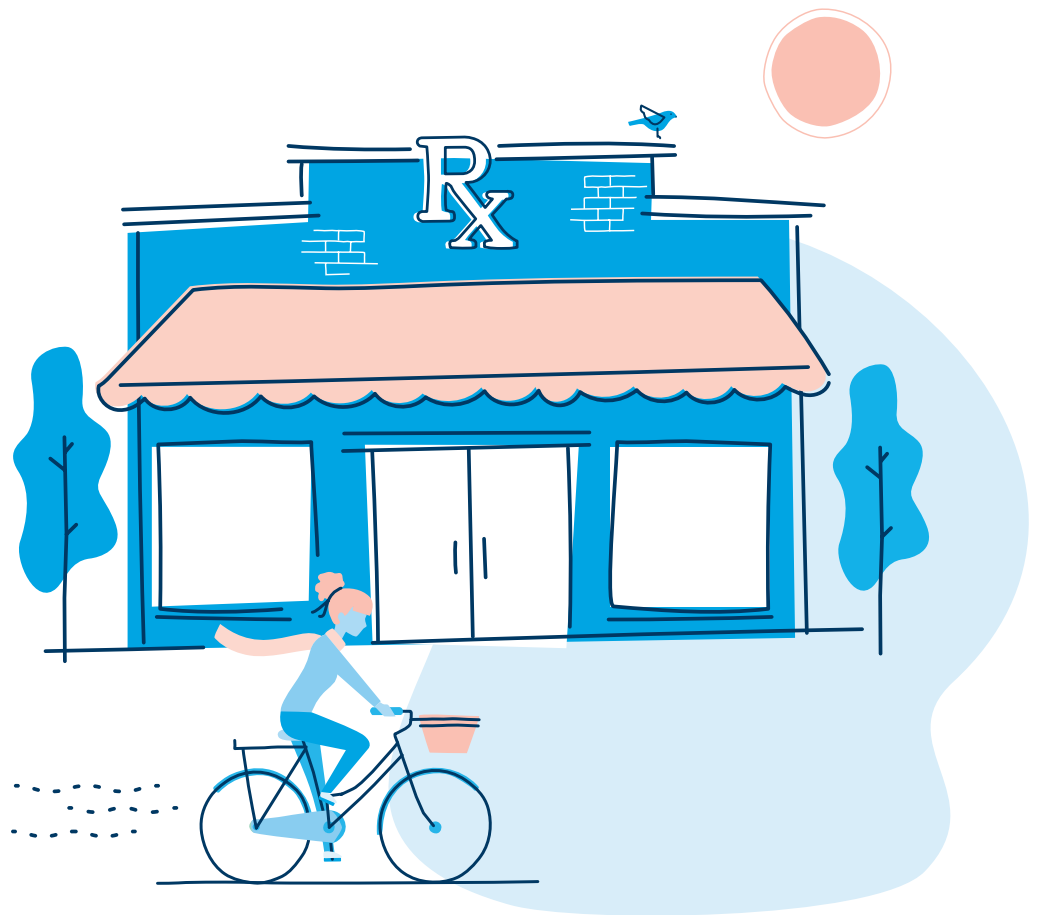

The proven value of integrating pharmacy with your medical benefits



**When you integrate
pharmacy with
medical benefits,
you'll see savings.
Let us show you why.**

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Savings are great. Proof is even better.

You could be saving even more on your health care costs when you integrate your pharmacy and medical benefits. An independent analysis from HealthScape Advisors* pinpointed multiple advantages within our integrated pharmacy benefits that statistically prove integrated groups save an average of \$150 - \$230 Per Member Per Year (PMPY) in medical costs. All while improving member experience and outcomes. Let's take a closer look:

HealthScape Advisors: An integrated approach, independently validated

HealthScape Advisors is an independent management consulting firm dedicated to helping health plans, provider organizations, specialty health organizations, and investors navigate the continuously evolving health care landscape. They work with their clients to build new business models, forge collaborations, and enable value-based care within the evolving health care environment. We engaged them to prove the value of our integrated pharmacy approach.

The method: Measuring what matters

HealthScape Advisors independently completed a robust statistical analysis of Highmark's current ASO clients including membership, medical, and pharmacy claims experience, as well as care management program offerings. These factors quantify the impact of the integrated model on medical costs, utilization, and outcomes. For a detailed look at our approach, please see the Data and Methodology section of this document.

The insights: Key advantages for big savings

This independent analysis revealed that our integrated pharmacy and medical benefits offer specific benefits for employers and members that add up to an improved experience and employer group savings of up to \$230 PMPY.



The Difference: Comparing integrated pharmacy with competitors

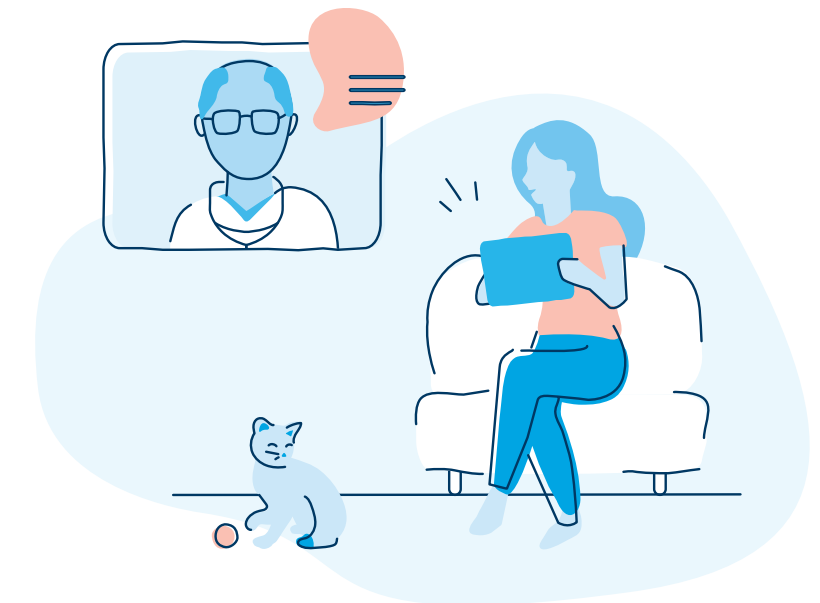
Non-integrated approach:

Member Experience: **Difficult Navigation**

- Separate inquiry processes for members to navigate
- Multiple voices for benefit communication
- Disparate online portals make self-service challenging
- Complicated prior authorization process

Employer Experience: **Disconnected**

- Multiple points of contact across multiple organizations, increasing potential for confusion
- Separately managed data intake increases risk of data gaps and complicates management of spend



Integrated approach:

Member Experience: **Ease of Use**

- Centralized intake for all types of inquiries (e.g., phone, chat, email)
- One voice for benefit communication
- Single self-service portal for members to easily navigate
- Simplified prior authorization process and communication

Employer Experience: **Connected**

- Single point of contact for medical and pharmacy needs
- Streamlined data intake under one umbrella improves timeliness and mitigates risk of misinformation transmission and downstream impact to members

The Proof: Here's why our data says you'll save with Highmark

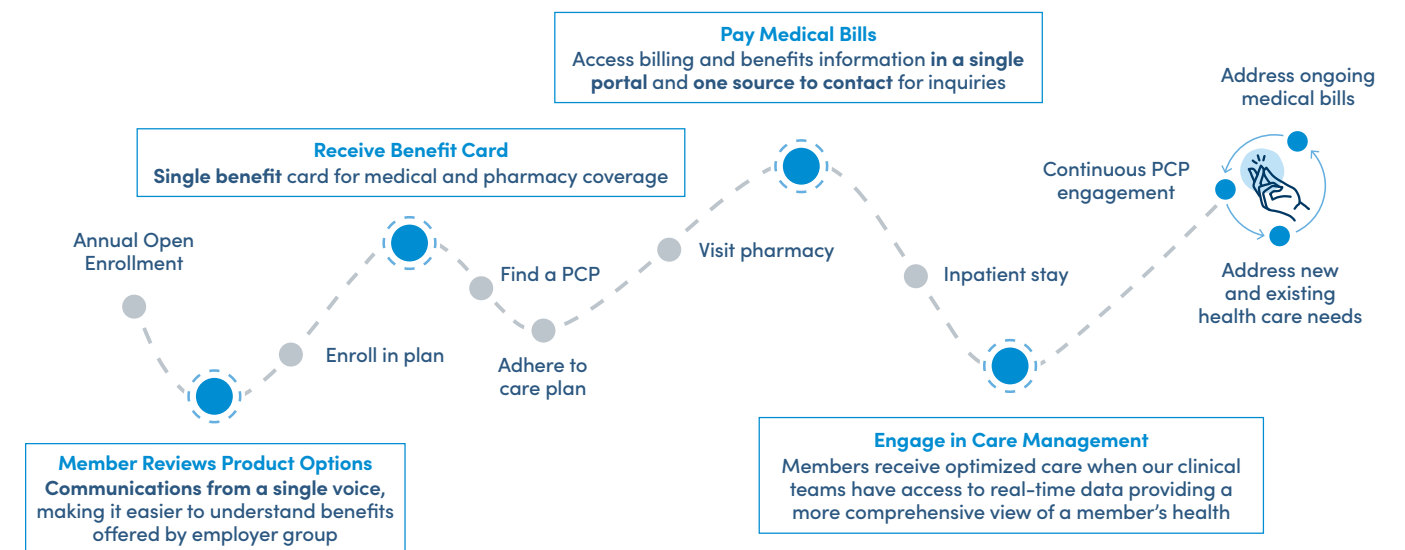
A seamless experience for employers

When you integrate pharmacy and medical benefits, you'll benefit from a single point of contact for medical and pharmacy needs.

And there's more for members, too.

With a single point of contact for all types of inquiries, a simplified prior authorization process, and more extensive care and case management, members can easily navigate the health care landscape while feeling supported by Highmark along the way. This not only creates savings — it improves the member experience, too. Here's how it works:

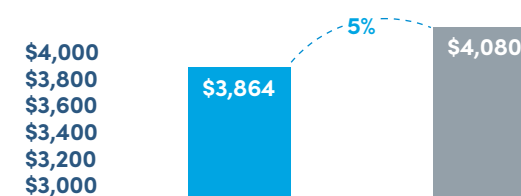
Providing a seamless member experience



Lower medical costs

With integrated pharmacy and medical benefits, pharmacists can access real-time data to coordinate care and make informed decisions for members. Our intensive medication management for specialty and non-specialty drugs also results in cost savings while focusing on members' total overall health. **All that efficiency and collaboration is proven to save an average of \$150 - \$230 PMPY in medical costs.**

Average PMPY medical spend*



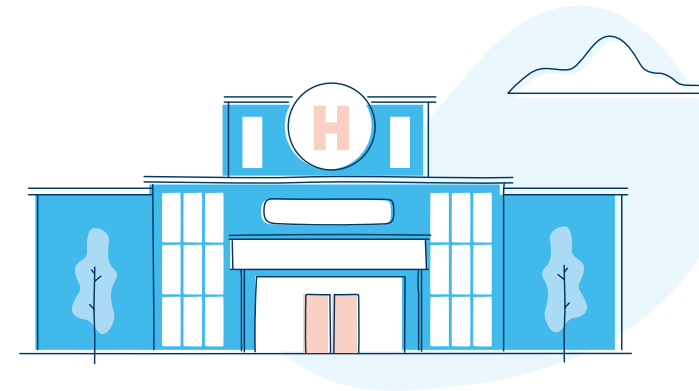
The Stats: Behind the savings

Better outcomes

When pharmacy is integrated with medical benefits, our pharmacists and care managers can make more informed decisions based on a holistic picture of a member's health. Our pharmacists can guide members to utilize more effective drugs while avoiding spend on non-preferred drugs. Leading to healthier outcomes that can save you more.

Shorter episodes of care

With access to real-time data, Highmark can more effectively engage with members and hospital systems to reduce unnecessary time in the hospital.



Shorter inpatient (IP) stays:
Reduce by 3.9%

Better chronic condition management*

Highmark pharmacists can comprehensively help members manage their chronic conditions when they have a holistic picture of a member's medical and pharmacy history.

Shorter inpatient (IP) stays

- Diabetes 1.8%
- Kidney disease 3.5%
- Liver disease 12.3%
- Rheumatoid arthritis 4.8%

Lower total medical costs

- Asthma 2.7%
- COPD 1.8%
- Liver disease 8.4%

Higher engagement rates*

Members with integrated health and pharmacy benefits are more likely to participate in plan programs when receiving an optimized experience.

Care Management Program % Difference

- All programs 14%
- Complex case management 17%
- Integrated care 23%

Summary: Recapping the real benefits of integrating pharmacy and medical

We know that all of this information can take time to take in, so here are the quick takeaways from our study:

HealthScape Advisors independently analyzed multiple factors across our ASO clients that revealed an improved experience and employer group savings of up to \$230 PMPY. The advantages they found include:

A seamless employer experience

- A single point of contact and streamlined data improves timeliness and mitigates risk.
- A simplified prior authorization process helps members easily navigate their health care.

Higher engagement rates

- Integrated health and pharmacy coverage means higher participation in plan programs.
- Access to real-time data helps pharmacists coordinate care and make informed decisions for members.

Lower medical costs

- Pharmacist access to real-time data means coordinated care and lower costs.
- Intensive medication management for specialty and non-specialty drugs also results in cost savings.
- All of our combined efficiencies are proven to save an average of \$150 - \$230 PMPY in medical costs.

Better outcomes

- Members within an integrated approach experience shorter inpatient stays and have better chronic condition management.
- Our pharmacists ensure members are utilizing the most effective drugs while avoiding spend on non-preferred drugs.

These advantages are only the beginning. Be on the lookout for more groundbreaking and proven solutions from Highmark.

Data and Methodology

A. Data Overview

For the analysis, HealthScape Advisors requested and received data from Highmark in the following thematic categories, covering the period 1/1/2017 – 12/31/2019 for Highmark’s ASO population:

- 1. Employer group firmographic information** – Data describing the employer group client businesses and organizations, including PBM status (integrated vs non-integrated), geographic location and industry sector.
- 2. Employer group product information** – Data describing the products purchased by each employer group, including network tier and buy-ups.
- 3. Member enrollment and demographics** – Data describing the employer group linkage, product selection, birthdate, gender, subscriber status / relationship, and monthly Cotiviti DxCG risk score for enrolled members.
- 4. Care management engagement** – Data describing the engagement targeting and success of care management programs at the member level.
- 5. Medical claims** – Comprehensive medical claims for the ASO population.
- 6. Pharmacy claims** – Comprehensive pharmacy claims for the ASO population.

The data was ingested into HealthScape Advisors’ proprietary data and analytics platform and validated for completeness and accuracy prior to analysis.

The data was supplemented with qualitative findings gleaned from interviews with sales and marketing, clinical, pharmacy, product, data and analytics, and other relevant functions within Highmark. This gave us a great overview on processes, trends, and initiatives occurring in the ASO segment.

B. Assumptions

To ensure use of complete and accurate data, HealthScape Advisors prepared the data to align the various data sources appropriately, primarily relying on primary keys such as client ID / group ID and member ID and overlapping time periods. However, we made several key assumptions to ensure the data was sound:

- 1. Data is assumed to be from the ASO population.**
- 2. Apart from standard completeness and appropriateness validations, data is assumed to be accurate and subject to Highmark data processes, query design, and data governance.** Where appropriate, some data (such as industry classification) was reviewed and corrected but we didn’t correct specific features of Highmark’s employer group and member population (e.g., no corrections to PBM status).
- 3. When provided, summarized information such as medical costs, member months, and member counts are assumed to be accurate;** in some cases, these have been supplemented with other data. For example, medical costs from drugs administered through the medical benefit were extracted directly from medical claims data.

C. Data Gaps

Despite the comprehensive nature of the provided data (over 20 files and more than 600M records), three data sources were either incomplete or unavailable in the timeline required to complete the analysis. These data sources include:

- 1. Non-Highmark pharmacy claims** – The data that was available omitted significant segments of the employer group population and the availability of standard pharmacy claims data elements varies by group and servicing PBM.
- 2. Prior authorization data** – Prior authorization request and approval data was not analyzed.
- 3. Medication adherence data** – Given the timeline required to complete appropriate legal agreements between Express Scripts** and HealthScape Advisors, the data was not provided before the conclusion of the engagement.

Based on the determined medical cost percentiles, HealthScape removed employer groups that fell into the bottom 10% and the top 10% of observed medical costs to focus on conclusions drawn from most employer groups that fell in the middle 80% of the distribution. This outlier removal did not remove the experience from individual members within each employer group. At the member level, HealthScape removed members who fell into the bottom 10% and the top 10% of observed medical costs to focus on conclusions drawn from members who fell in the middle 80% of the distribution.

