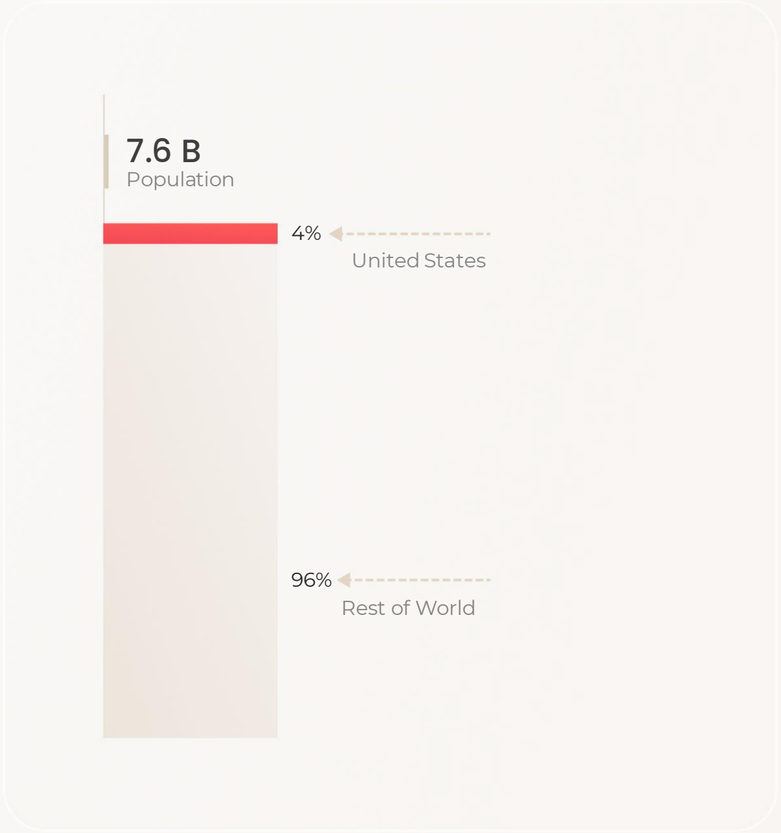
VIVIO

The Power of Open Markets in Healthcare

US share of global population

Only 4% of the world’s population lives in the United States (2020)



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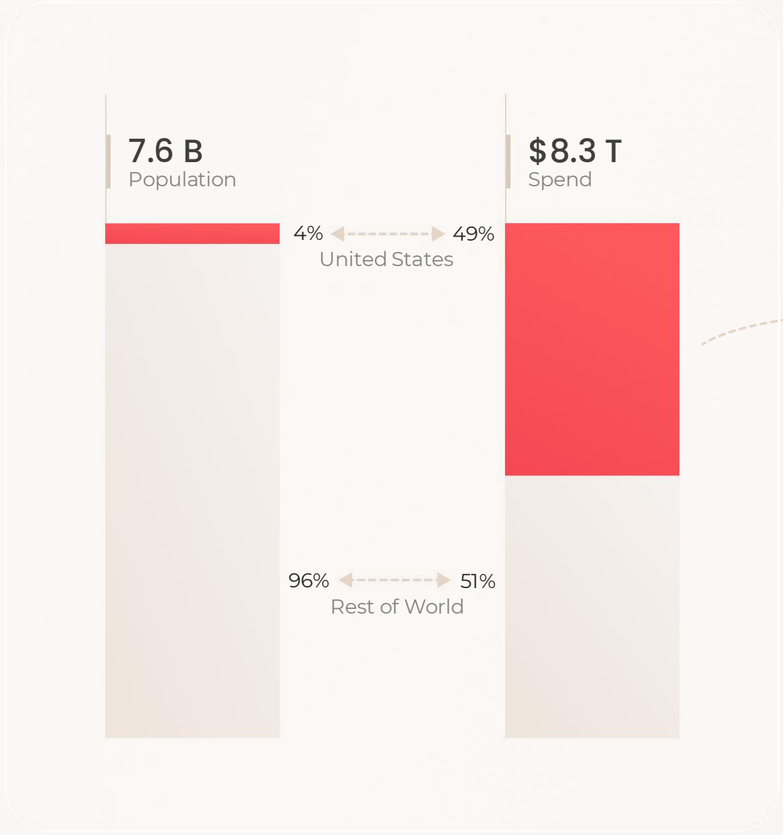
US share of global healthcare expenditure

The US spends about the same amount as the rest of the world (2020)



VIVIO

Pop Quiz

8%	19%
41%	79%

According to a recent study, for patients in their deductible phase, what % of the time was paying cash cheaper than if the patient had used their insurance and gotten the price “negotiated” under their insurance (PBM)*?

* Patel et. al., Annals of Internal Medicine, September 5, 2023, https://doi.org/10.7326/M23-0644

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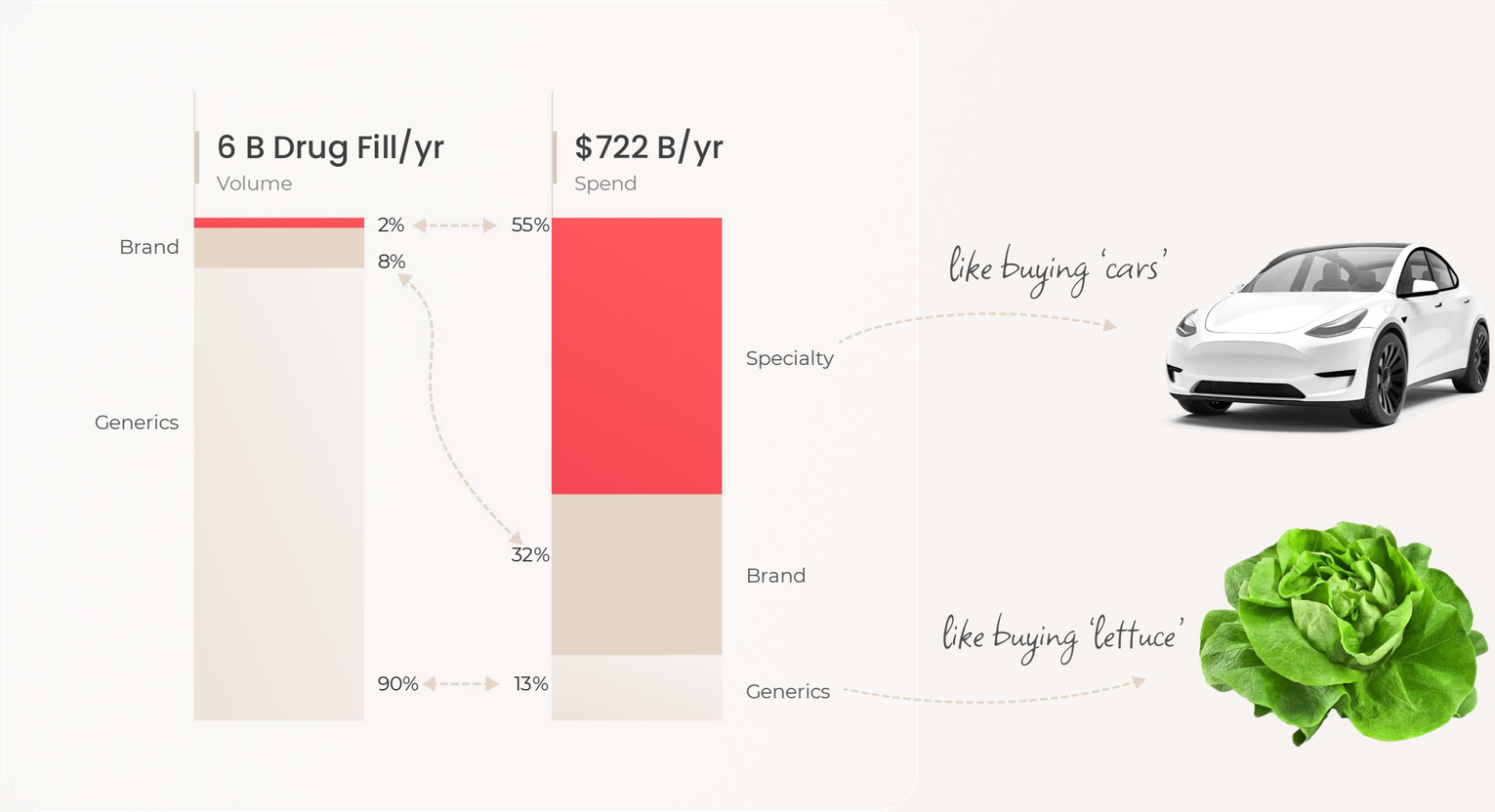
90% of drugs purchased are commodities

Specialty + Brand: 10% of patients but 87% of SPEND



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The PBM business model is outdated and anti-competitive

Discount Guarantees

Inflationary mechanism that is tied to higher profits for industry vs. lower costs for buyers

Ex. Generics cost less outside, Cost Plus Drugs

Formulary/Rebate Guarantees

Pay-to-play drug monopoly creation vs. lowest cost outcome

Ex. Nexium vs. Omeprazole, Humira vs. Yusimry

Owning Supply

Sold as lower costs for buyer instead of the truth of lock-in to higher prices

Ex. Amazon, Cost Plus Drugs vs. PBM owned pharmacies

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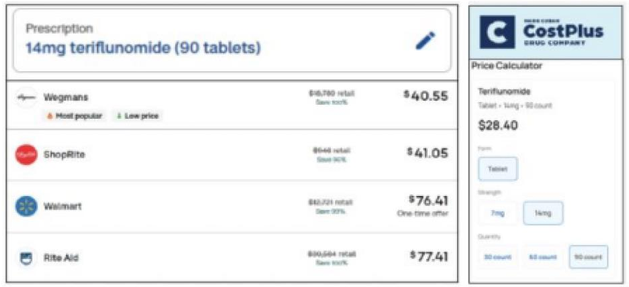
Discount guarantees lead to market manipulation

Teriflunomide (Aubagio)

CASH PRICE

$28.40

CASH PRICE USING NO INSURANCE



300X

Price Using J&J Plan

J&J PLAN PRICE

$10,239.69

PRICE USING J&J PLAN

J&J LAWSUIT, PAGES 41-42, SECTION 111

"No prudent fiduciary would agree to make its plan and beneficiaries pay a price that is three-hundred times higher than the price at which the drug is widely available."

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It’s not an anomaly, it’s the rule

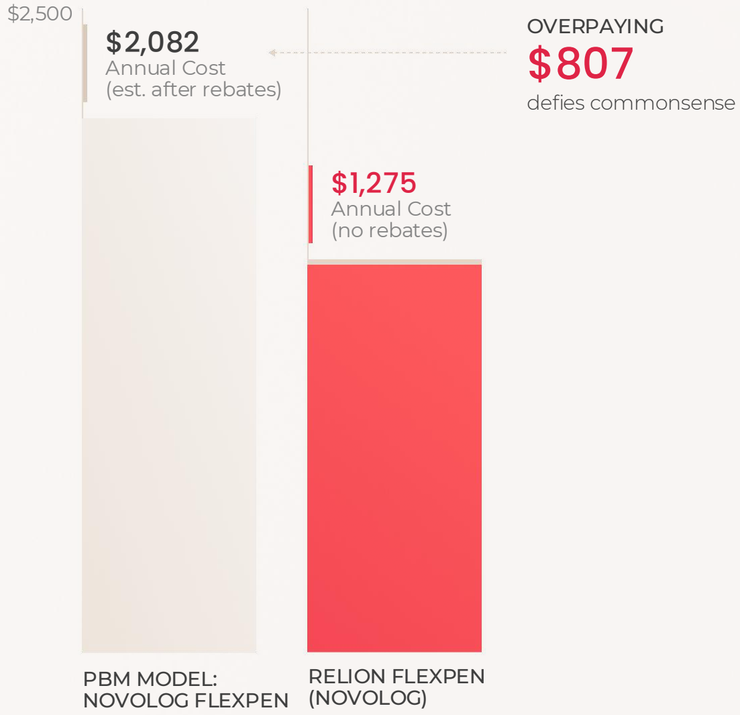
Comparison includes drugs typically considered specialty, brand and generic

Product	Product	PBM Price	MCCPDC Price	Total Savings
Emtricitabine-Tenofovir 200-300 MG	HIV	$ 806,972	$ 19,135	$ 787,837
Imatinib Mesylate 400 MG	Cancer	$ 418,318	$ 3,385	$ 414,933
Rosuvastatin 10 MG	Cholesterol	$ 426,149	$ 60,117	$ 366,032
Abiraterone 250 MG	Cancer	$ 308,702	$ 8,941	$ 299,761
Hydroxychloroquine 200 MG	Antirheumatic	$ 289,073	$ 47,856	$ 241,217
Fingolimod 0.5 MG	Multiple Sclerosis	$ 248,318	$ 12,786	$ 235,532
Rosuvastatin 20 MG	Cholesterol	$ 265,435	$ 43,590	$ 221,845
Mesalamine 1.2 GM	Ulcerative Colitis	$ 314,659	$ 93,619	$ 221,040
Rosuvastatin 5 MG	Cholesterol	$ 245,481	$ 35,578	$ 209,903
Dimethyl Fumarate 240 MG	Multiple Sclerosis	$ 141,604	$ 1,840	$ 139,764
Total		$ 3,464,711	$ 326,847	**$ 3,137,864**

*Prices based on actual PBM client charge vs MCCPDC calculated price between January 1st 2023 and October 31th 2023, Three Axis Advisors

Rebates just restrict access and cost more

Example: Insulin



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Rebates stifle competition for drugs

The lower cost drug loses

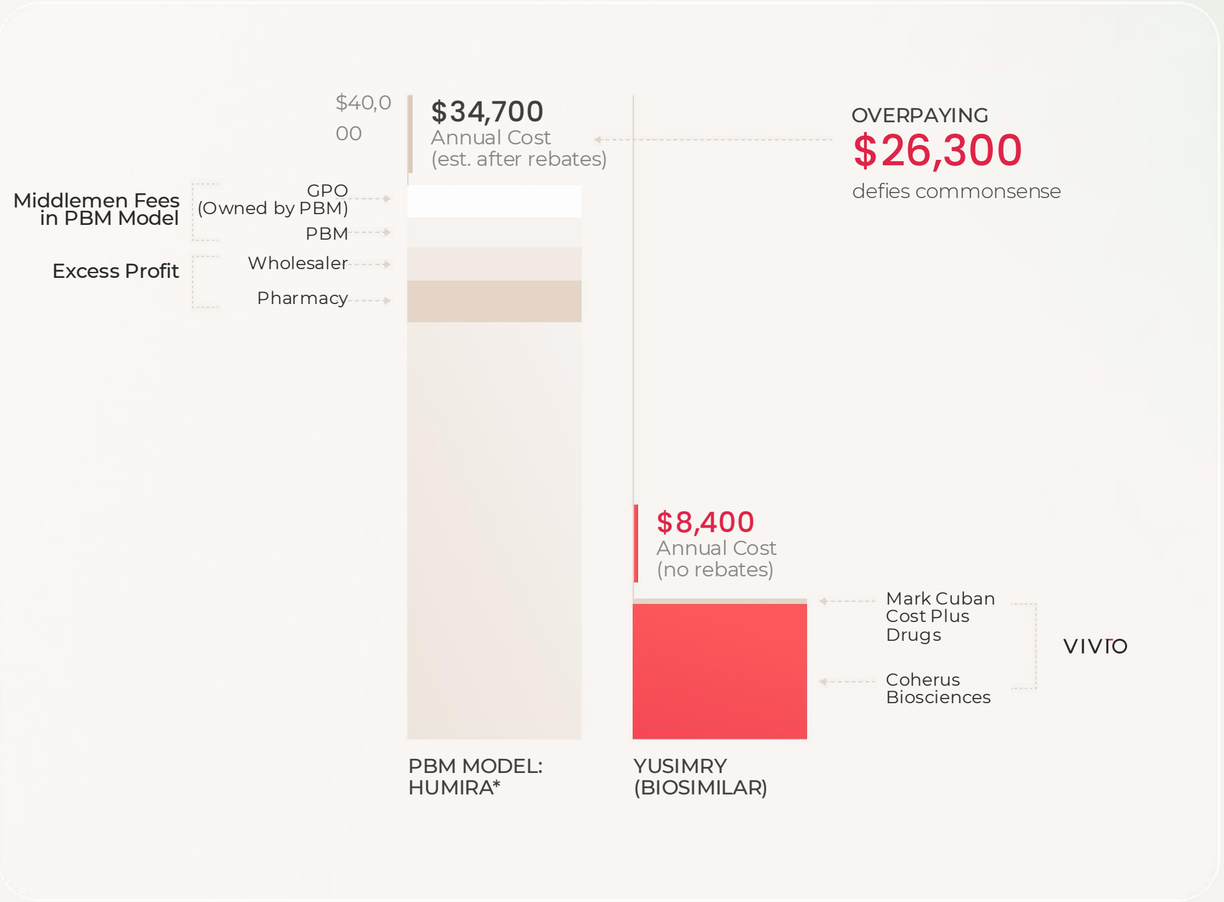
GPO:

Three group purchasing organizations owned by the big 3 PBMs.

Pharmacy:

Most PBM-owned pharmacies don’t stock Yusimry as it makes too little money for them.

**All Humira costs are estimates. Yusimry costs are public.*



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Pop Quiz

$250k	**$125k**
$75k	**$0**

If you have cancer and the physician prescribed a drug that costs $250,000 but told you that it *WILL NOT* work for you, how much would you be willing to pay for that drug?

VIVIO

Pop Quiz

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If you have cancer and the physician prescribed a drug that costs $250,000 but told you that it *WILL NOT* work for you, how much would you be willing to pay for that drug?

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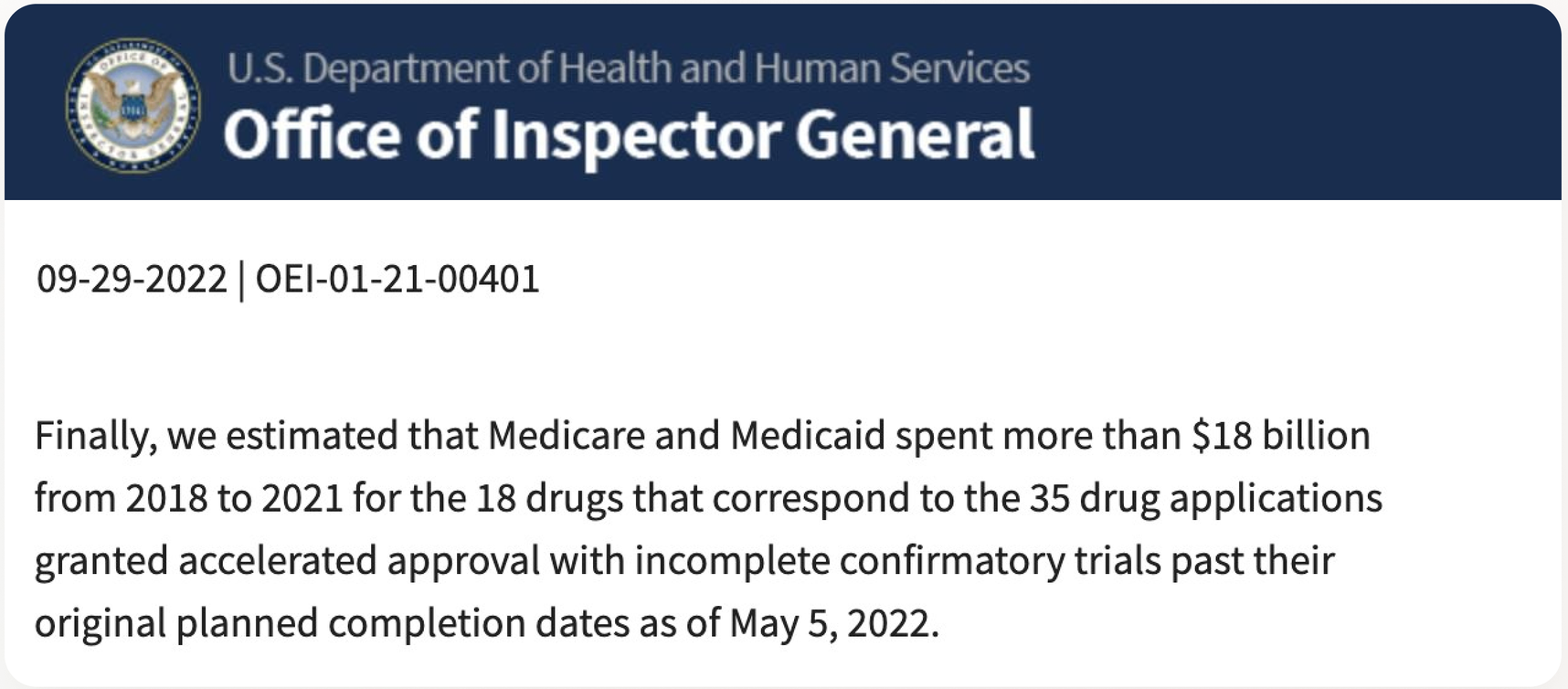
What we know vs. what we do

Why are we doing the opposite of common sense?



U.S. Department of Health and Human Services

Office of Inspector General

09-29-2022 | OEI-01-21-00401

Finally, we estimated that Medicare and Medicaid spent more than $18 billion from 2018 to 2021 for the 18 drugs that correspond to the 35 drug applications granted accelerated approval with incomplete confirmatory trials past their original planned completion dates as of May 5, 2022.

https://oig.hhs.gov/oei/reports/OEI-01-21-00401.asp

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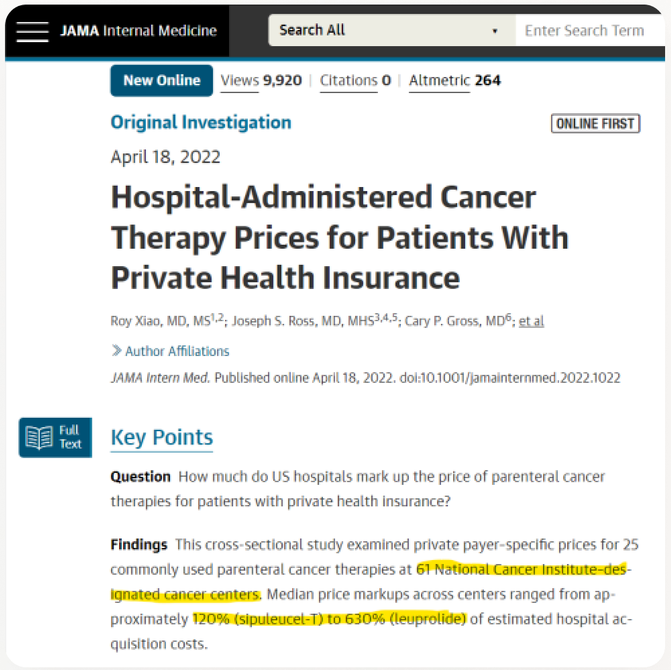
Is this just a PBM model problem?

Professionally administered drugs are even worse.



JAMA Internal Medicine | Search All | Enter Search Term

New Online | Views 9,920 | Citations 0 | Altmetric 264

Original Investigation | ONLINE FIRST

April 18, 2022

Hospital-Administered Cancer Therapy Prices for Patients With Private Health Insurance

Roy Xiao, MD, MS[1,2]; Joseph S. Ross, MD, MHS[3,4,5]; Cary P. Gross, MD[6]; et al

Author Affiliations

JAMA Intern Med. Published online April 18, 2022. doi:10.1001/jamainternmed.2022.1022

Full Text

Key Points

Question How much do US hospitals mark up the price of parenteral cancer therapies for patients with private health insurance?

Findings This cross-sectional study examined private payer–specific prices for 25 commonly used parenteral cancer therapies at 61 National Cancer Institute–designated cancer centers. Median price markups across centers ranged from approximately 120% (sipuleucel-T) to 630% (leuprolide) of estimated hospital acquisition costs.

*"Although there are disagreements about whether the resource-intensive process of drug development justifies high prices set by pharmaceutical companies, hospitals that administer cancer drugs and **inflate** their prices **do not create additional value.**"*

**https://jamanetwork.com/journals/jamainternalmedicine/article-abstract/2791386*

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Pop Quiz (let’s try this again)

$250k	**$125k**
$75k	**$0**

If you have cancer and the physician prescribed a drug that costs $250,000 but told you that it *WILL CURE* you, how much would you be willing to pay for that drug?

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Pop Quiz (let’s try this again)

$250k

$125k

$75k

$0

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Why do we pay for drugs?

It’s not the drug but a personal health outcome that we are paying for

	VIVIO	PBM Model
Right Drug	✓ Analyzes clinical trial data, and independently classifies drug based on effectiveness	✗ Blindly relies on FDA approvals and guidelines instead of underlying data
Right Patient	✓ Personalized Drug Therapies based on the patient’s unique medical history.	✗ Prior Authorizations based on Formularies.
Right Price	✓ Open Market to access lower prices wherever they are available.	✗ “Black Box” drug pricing to limit access and maximize their profit.
Right Thing To Do	✓ Employers own their data and meet their fiduciary obligations through unfettered access to VIVIO & Market Data	✗ Withholds data and exposes employers to Fiduciary risk.

DATA
Drug Trials
Patient Data
Cost

Turns out we don’t need the PBM Model

An Open Market solution
built on data & software

OPEN SUPPLIER COMPETITION
CVS vs. Cost Plus Drugs
Yusimry vs. Humira
Hospital A vs. B

TRANSACTION PROCESSING
Pharmacy (NCPDP)
Cash (Visa)
EFT

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Full PBM replacement

An Open Market solution

SPECIALTY + HIGH-COST BRANDS
High-cost drugs require a personalized approach

MAIL
Amazon + Cost Plus Drugs

RETAIL
* Cuban Card Affiliates
* Cash Discount Cards
* PBM Contract Price

If lower prices are available, why pay more?

How a cash model should work at retail

Let software do the shopping

Consumers automatically pay the lowest available out-of-pocket at the counter — no shopping required.

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Managing high-cost therapies

Personalized therapies lead to better health outcomes

Traditional PBM & Specialty PBMs

Ineffective therapies cost more

Personalized Care

Better therapies cost less

Collaborate with physicians to get patients on the right therapy rather than excluding or denying drugs using a Formulary

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VIVIO Product Suite

Outcomes-Based, Open-Market

2017

Precision Care Specialty

Full PBM replacement for specialty drugs including high-cost areas such as oncology, inflammation and HIV

40%+

Of specialty drug spend

2019

Precision Care Medical

Medical specialty drug management (HCPCS codes)

50%+

Of professionally administered specialty drug spend

2024

Precision Care Drug Management

Full PBM replacement for all prescription drugs leveraging the Cash Pay marketplace

30%+

Of total pharmacy drug spend

2024

Precision Care GLP-1

Clinically driven GLP-1 program to manage out of control spend on GLP-1s that works for any PBM Plan

Savings typically available on

40%+

of total diabetes drugs

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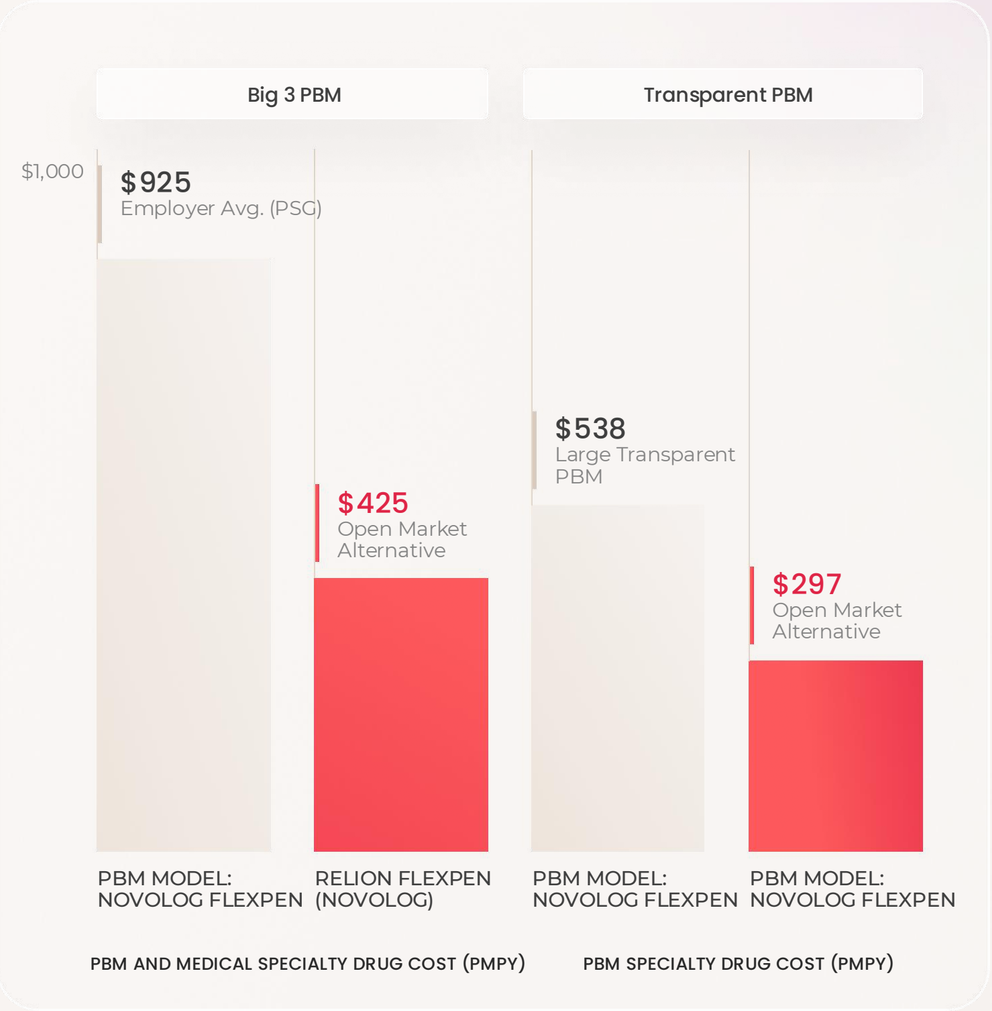
Financial results for an Open Market model

The PBM Model vs. an Open Market



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Case study

Publicly traded, Fortune 1000 transportation and logistics leader

3-Year Results, 2020-2022

Program Savings
66.9%

Personalized Therapy
100%

Member Satisfaction
>99%

(based on 12% annual specialty drug inflation)

"Finding, and then hiring, VIVIO in 2019 was one of the best decisions I've made in my 44-year career. Our experience as a VIVIO customer prior to and post-launch has been incredibly positive."

John Steele, Retired, EVP and CFO
Werner Enterprises

VIVIO

What does an open market require?

Data

It's your data, you own it. With data, you can focus on wellness and outcomes. Data should be the common basis for all decisions.

Formularies

You should be able to access any therapy on the market and decide how much you are willing to pay.

Rebates

You should have access to drug level rebate information and not accept restrictions on what you can or cannot buy.

Suppliers

You should be able to use any willing supplier/manufacturer/provider of your choice that offers you fair prices.

Outcomes

It's the outcome that matters, not the drug. We should be paying for outcomes, and the same outcome is worth the same price

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Q&A


▲86.75
▲856.75
▼382.57
▲438.27
▲438.27
▲24.75
▼159.73
▼159.73
▲285.67
▲75.63
▼45.82
▼47.51
▲44.39
▼47.51
▼382.57
▼47.51

VIVIO

LinkedIn Live: Post-Webinar Q&A Session

We will be hosting a **LinkedIn Live** event tomorrow **November 21st at 2pm EST, 11am PST** to answer any other questions that you might have**.**

Pramod John will be joined by Sam Kabue, PharmD, VP of Clinical Programs.

You can find the livestream on **VIVIO's LinkedIn page**.