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Open Markets, Better Outcomes Lower Costs Webinar Q & A

Hello there! It's been a little while since our webinar, and we hope you found the session valuable. Please note that some of the questions asked during the webinar have been combined or consolidated for clarity and brevity. We received 86 questions and comments and have tried to capture as many as we can with the questions below. If you feel that any of your questions weren't fully addressed or if you'd like to dive deeper into a particular topic, please don't hesitate to reach out. If you'd like to continue the conversation or arrange a meeting with VIVIO or Cost Plus Drugs, please contact us at sales@viviohealth.com.

Industry and Market Reform

1. **How problematic is the pharmaceutical industry's funding of professional societies, academic medical centers, and journals?**
   Answer: Pharmaceutical funding can lead to biased clinical guidelines and recommendations, promoting drugs that may not be the best choice for patients. For example, drugs with limited clinical benefits might remain on clinical guidelines due to pharma influence, even when more cost-effective alternatives exist. It's crucial for clinicians to critically evaluate evidence and avoid letting financial ties distort medical decision-making.

2. **Who has the power to drive needed change - government, insurers, or other stakeholders? When will pharmaceutical companies begin making meaningful deals outside the big 3?**
   Answer: Real change in the industry requires collective action from all stakeholders. While government regulation can lay the foundation for reform, insurers, employers, and other organizations can act now. Employers can drive change by demanding alternative models, like VIVIO's, that prioritize cost transparency and member outcomes.

3. **What is your opinion of TV/commercial marketing, and its influence on patients? 70% of patients that request medication from a commercial receive it from their doctor.**
   Answer: Commercial marketing can raise awareness about drugs but often leads patients to request medications that may not be the best fit for their needs. Physicians should make prescribing decisions based on clinical evidence and patient needs, not marketing. Often, more affordable and effective alternatives exist but aren't marketed as heavily.

4. **If we reduce U.S. drug spending, how do we ensure global biopharma innovation continues? Do R&D costs really need to be absorbed?**
   Answer: The claim that high U.S. drug prices fund R&D doesn't hold up when analyzing data. Pharmaceutical companies spend more on sales and marketing than R&D, and many blockbuster drugs come from acquisitions, not internal R&D. The current system doesn't foster competition

based on quality or cost-effectiveness. If the public is subsidizing R&D, it should be through a democratic process, not through inflated drug prices.

5. **With PBMs, GPOs, and manufacturers so intertwined, how can regulators and employers dismantle rebates, boost biosimilars like Yusimry, while avoiding supply issues or reduced pharma innovation?**
   Answer: Better regulation, particularly by the FTC, can help dismantle the rebate system and address anti-competitive practices. Employers can directly push PBMs to offer more affordable drug options, like biosimilars, without waiting for regulation. The current system incentivizes high-cost drugs through rebates, not innovation. Supporting biosimilars like Yusimry increases competition, lowers costs, and maintains pharma innovation.

6. **How can biotech startups avoid dealing with traditional PBMs for new drug products?**
   Answer: Biotech companies can avoid dealing with PBMs by bypassing the traditional rebate-driven system and selling drugs directly to providers or patients. Instead of relying on PBMs to distribute drugs, biotech companies can focus on transparent pricing and market-driven solutions where the best drug at the best price wins. This avoids inflated prices and rebate schemes that PBMs use to drive profits, allowing the company to maintain control over pricing and access.

7. **Are you incorporating PGx (pharmacogenetic) testing for precision formularies?**
   Answer: No, VIVIO does not incorporate PGx testing. Instead, patient information is collected via the EMR sent by the provider, and our team uses that data to run models to determine the optimal therapy. We don't use a formulary.

8. **How is VIVIO tracking and publishing outcomes data in academic journals?**
   Answer: VIVIO tracks outcomes through disease activity assessments for approved drugs. For conditions like psoriasis, annual assessments (e.g., body surface area measurements) are used to track efficacy. While VIVIO currently publishes outcomes in white papers, they are working toward publishing this data in academic journals for broader validation.

9. **Why aren't pharmacy benefit consultants examining all relevant data points during the PBM RFP process?**
   Answer: Pharmacy benefit consultants often overlook critical data points because they are financially tied to traditional PBM models, benefiting from rebates and commissions. This financial relationship causes them to favor PBM models rather than exploring transparent alternatives, even though the data highlights inefficiencies and inflated costs within the current system.

10. **What potential impact might RFK Jr. have on the pharmacy industry and PBMs?**
    Answer: It's difficult to predict the exact impact RFK Jr. would have, but any administration open to considering unconventional individuals for regulatory reform signals a need for change, especially within the FDA. One thing that is clear is the urgent need for PBM reform to ensure that the industry operates more transparently and fairly.

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Business and Financial Model

1. **How do alternative PBM models impact the financial stability of healthcare providers and hospital systems?**
   Answer: VIVIO provides flexibility for healthcare providers regarding how drugs are dispensed to members, including options like white bag, clear bag, and buy-and-bill. This helps avoid inflated prices while ensuring patients receive the appropriate care. For hospital systems, VIVIO offers complete flexibility in plan design and the choice of where prescriptions are filled, including through internal pharmacies if preferred.

2. **How will you overcome the hurdle of insurance agents and wholesalers being incentivized to only offer expensive PBM options?**
   Answer: VIVIO rejects the current system's incentive structures and charges a flat PMPM fee without steerage requirements, ensuring patients receive the right treatment. We believe that by fostering a competitive, fair market with like-minded partners, we can fundamentally change the industry for the better.

3. **What distribution options are available to members under alternative PBM models (retail vs. mail order)?**
   Answer: In a full PBM replacement model, members can receive medications through retail pharmacies (e.g., Walgreens, CVS) or via mail order, depending on the plan design. The aim is to provide flexibility and ensure members can access medications conveniently, whether in person or by mail.

4. **How do you make money? What is the implementation process? Cost?**
   Answer: VIVIO charges a flat per-member-per-month (PMPM) fee, similar to a software licensing model. The cost is predictable, starting at $4.50 PMPM for our specialty product. Pricing is customized based on the products employers choose, ensuring alignment with their budget and goals. Implementation involves integrating with existing systems, providing transparent pricing for medications, and ensuring appropriate treatment for members.

Employer and Healthcare Provider Engagement

1. **Any guidance for employers facing resistance when trying to move away from the Big 3?**
   Answer: Employers may face resistance from consultants or stakeholders tied financially to traditional PBM models. The key is recognizing that better pricing and transparency options, like VIVIO, are available. Employers should challenge outdated practices and push for more transparent alternatives that align with their fiduciary duty under ERISA. A shift requires questioning long-standing practices and embracing new solutions.

2. **How is VIVIO addressing misdiagnosis?**
   Answer: VIVIO ensures accuracy by requiring complete clinical documentation for each drug request. If any information is unclear, additional documentation such as lab results or imaging is requested. If needed, we directly engage with the physician to clarify diagnoses, ensuring that members receive the correct treatment based on accurate medical information.

3. **How can employers drive change in the PBM space and push for transparency and cost-effective solutions?**
   Answer: Employers can lead by demanding alternative models, like VIVIO's, that prioritize cost transparency and member outcomes. Change doesn't have to wait for legislation—employers can make an immediate impact by challenging the current PBM systems and choosing more transparent, efficient solutions.

4. **How do alternative PBM models impact healthcare provider flexibility and access to medications?**
   Answer: VIVIO offers healthcare providers flexibility in how drugs are administered, enabling options like white bag and buy-and-bill. This flexibility ensures that patients receive the right treatment without inflated costs, supporting providers in delivering quality care while maintaining control over medication dispensing.

Pharmaceutical and Drug Pricing

1. **How do you address the issue of drugs like Ibrance (oncology), which don't extend life but are still prescribed?**
   Answer: Ibrance is often prescribed based on progression-free survival (PFS), a surrogate endpoint. While PFS can delay cancer progression, it doesn't necessarily correlate with overall survival. It's crucial that oncologists prioritize drugs that extend life, rather than those that merely delay disease progression, to ensure treatment efficacy is aligned with overall survival outcomes.

2. **There is nothing in Pharmacy school that classifies a drug as a specialty drug.**
   Answer: The term "specialty drug" is not defined in pharmacy school but has evolved to describe high-cost medications. However, many drugs labeled as specialty do not require special handling. The industry's definition of specialty drugs is often problematic, as it doesn't always align with the true nature of the drug's requirements.

Corporate and Hiring Questions

1. **Is VIVIO currently hiring?**
   Answer: Yes, VIVIO is currently hiring. Interested candidates can inquire about open positions on our website. We are always looking for individuals who share our vision of disrupting the PBM industry.

Mark Cuban Cost Plus Drug Questions

1. **Where do you ultimately see Cost Plus Drugs going? What prevents Cost Plus Drugs from displacing traditional pharmacies?**

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We are positioned for continued growth and disruption of the pharmaceutical industry.

- Comprehensive Formulary: Expanding beyond generics to include brand-name drugs, especially those with inflated prices.
- Expanded Insurance Integration: Collaborating with insurance providers to become an in-network pharmacy will be crucial to our wider adoption and accessibility.
- Retail Network: Further development of our retail pharmacy network to help move more prescriptions to the retail channel in a beneficial way to both the dispensing pharmacy and the payor.

Displacing Traditional Pharmacies:
Cost Plus Drugs is unlikely to completely replace traditional pharmacies nor do we intend to, but we have the potential to reshape the pharmaceutical landscape by:
Ultimately, we intend to drive positive change in the pharmaceutical industry, making medications more affordable and accessible.

2. **Are there plans to reduce shipping fees for generic medications on MCCPDC?**

We're committed to making our medications as affordable as possible, and that includes minimizing shipping and dispensing costs. We're actively negotiating with our mail service providers to reduce these fees, and any savings we achieve will be passed directly on to you.

3. **How can transformative healthcare models, like quantum systems optimization, help scale Cost Plus Drugs?**
   Transformative healthcare models like quantum systems optimization have the potential to revolutionize various aspects of the pharmaceutical industry and significantly aid in scaling its operations and impact.

   - Accelerated Drug Design: Quantum computers can analyze molecular structures and interactions at an unprecedented scale, significantly speeding up the process of drug discovery.
   - Supply Chain Optimization: Quantum algorithms can analyze and optimize complex logistics networks, ensuring efficient drug distribution and minimizing storage and transportation costs.
   - Manufacturing Process Optimization: Quantum simulations can help identify optimal manufacturing processes, leading to improved efficiency, reduced waste, and lower production costs.
   - Pricing Optimization: Quantum algorithms can analyze market dynamics, production costs, and patient demand to determine optimal drug pricing strategies.
   - Combating Drug Shortages: By optimizing manufacturing processes and supply chains, quantum systems can help us anticipate and mitigate potential drug shortages, ensuring a consistent supply of affordable medications.

4. **What is the rate at which new drugs are added to the MCCPDC program?**
   We continue to add new generics and branded drugs as they become available.

   - Steady Growth: We launched with over 100 medications in early 2022 and have been consistently expanding our formulary. We now carry well over 2,000 of the most commonly used generic medications available.

5. **Does Cost Plus weed out high-price generics?**
   Yes, we definitely aim to weed out high-priced generics. Our entire business model centers around offering affordable medications, and we achieve this in several ways:

   - Direct Negotiation: We bypass intermediaries like pharmacy benefit managers (PBMs) and negotiate directly with manufacturers to get the lowest possible prices on generic drugs.
   - Transparent Pricing: Our pricing model is straightforward. We add a 15% markup to the manufacturer's direct price, plus a $5 dispensing fee. This transparency allows consumers to easily compare prices and understand the true cost of their medications.
   - Focus on Cost-Effectiveness: We prioritize offering generic medications that provide the best value for our patients. This means that we might not offer every single generic version of a drug, but instead focus on those with the lowest cost while maintaining quality.

   By employing these strategies, we effectively weed out high-priced generics and ensure customers have access to affordable options. This directly challenges the traditional pharmaceutical system, which often leads to inflated generic drug prices due to opaque pricing and complex supply chains.

6. **Where can we download a .csv of Cuban Cost Plus drug pricing?**

   Please contact us directly: https://www.costplusdrugs.com/contact/support/

7. **Will Cost Plus add GLP1s to the list?**

   It's certainly possible!

8. **How do you recommend that plan sponsors reduce specialty drug plan spend and do you have any intention of making specialty drugs such as Humira or Skyrizi available through Mark Cuban Cost Plus Drugs?**

   To effectively manage specialty drug costs, we strongly recommend partnering with a reputable, fee-based consultant and or pharmacy benefit manager. They can provide expert guidance in developing comprehensive policies, selecting cost-effective providers, and implementing impactful programs. These initiatives will empower your employees with the knowledge to make informed decisions and ultimately contribute to reducing your overall healthcare expenditures.

We currently offer Yusimry, a widely used biosimilar of Humira, and are committed to expanding our biosimilar options as they become available at competitive prices. We're actively working to bring you more biosimilars and brand-name specialty medications and already offer a variety of generic specialty drugs.

9. **What do you say to a PBM that is telling a plan sponsor that they won't put you in-network because Mark Cuban Cost Plus Drugs won't guarantee that the patient is always getting the best cost for the drug?**

   While we strive to offer the lowest possible prices, our pricing strategy may occasionally result in some medications being priced higher than alternatives elsewhere. This can often be mitigated by adjusting plan designs to allow for longer days' supply, which maximizes the benefits of our cost-plus model. Ultimately, our goal is to increase transparency around drug pricing discrepancies and contribute to lowering prescription drug costs overall.

10. **Will most passthrough PBMs allow a plan sponsor to integrate MCCP sourcing/pricing into their PBM contracts, so the sponsor will always pay the lesser of (i) the MCCP price, or (ii) the PBM's price?**

    We're currently working with nearly 30 pass-through pharmacy benefit managers (PBMs). However, our contracts don't allow for a "lesser of" pricing arrangement with Cost Plus Drugs.

    Our pricing model aims to ensure fair reimbursement for pharmacies while maximizing savings for consumers and payers. We achieve this by offering transparent, cost-plus pricing that smooths out reimbursement across all medications. This model has proven successful, with groups saving an average of 30-50% on their generic drug spend.

    Rather than viewing pharmacies as cost centers, we believe they should be seen as valuable partners in managing overall drug spend. We encourage plan sponsors to consider plan designs that optimize medication dispensing, such as utilizing 90-day supplies or larger quantities for certain medications, to fully leverage the benefits of our cost-plus model.