

At CVS Health, we are acting vigilantly to help our clients contain their costs while supporting their members with affordable prescription drugs benefits. A key to containing cost is effective formulary management. This is essential at a time when escalating drug prices as well as the introduction of new costly therapies are creating significant challenges to the affordability of health care. Our solutions include rapid responses to the quickly evolving market.

## Our 2017 formulary management strategy continues to address emerging cost drivers with new, market-leading enhancements:

- **Embracing the Future with Biosimilars and Follow-on Biologics**

Biosimilar and follow-on biologics will be included as a key component of our 2017 standard formulary strategy, replacing higher cost drugs within the categories. This will include the biosimilar Zarxio<sup>®</sup>, replacing Neupogen<sup>®</sup>, to decrease the risk of infection in patients receiving treatment for certain forms of cancer, and the follow-on product Basaglar<sup>®</sup> – approved in Europe as a biosimilar – replacing the insulin Lantus<sup>®</sup>, for treatment of diabetes. We anticipate significant savings for many clients and members, as the removal of higher cost products will enable near-term value, with additional future opportunities for savings resulting from market competition as more new products are launched.

- **Creating Additional Client Value with Indication-Based Formulary**

Indication-based formulary is a more precise management strategy related to a drug's treatment indication or diagnosis and the value that therapy delivers to each individual patient. Given the growing number of supplemental indications for many drugs, utilizing an indication-based formulary helps expand our negotiating strength to improve formulary positioning and rebates for products, creating opportunities for more value in the form of client and member savings.

## CVS Health has been the market leader in formulary innovation.

Beginning in 2012 we were the first to remove drugs from our formulary and in 2015 the first to pioneer new-to-market drug evaluations to lessen future member disruption and generate lower costs for our clients when new products and line extensions are launched.





Starting January 1, 2017 we will apply an indication-based strategy to further contain hepatitis C treatment costs. Also starting January 1, clients can benefit from an indication-based formulary within the autoimmune category, specifically psoriasis, which is among the biggest cost growth drivers for many plans, by adopting Advanced Control or Advanced Control Specialty formularies or a Preferred Drug Plan Design (PDPD). Additional indication-based opportunities and categories will be evaluated as they emerge throughout the year.

- **Tackling Hyperinflationary Drugs to Reduce Their Cost Impact**

CVS Health is taking a stand against egregious drug price increases that unnecessarily add costs for clients and their members. On a quarterly basis, products with egregious cost inflation that have readily-available, clinically-appropriate and more cost-effective alternatives may be evaluated and potentially removed from the formulary. For example, among the hyperinflationary drugs that will be removed in 2017 is Alcortin® A External Gel by Novum Pharmaceuticals which saw a price inflation of 2856.8 percent in the last three years<sup>2</sup>.

Our rigorous approach to formulary management **will help generate a total savings of more than \$9 billion for clients from 2012 through 2017<sup>1</sup>.**

We are also taking steps to address “limited source generics” which are products with limited generic manufacturers resulting in significant cost in the market. These products will be evaluated and if appropriate, be excluded during the year.

CVS Health offers a range of formulary management options that maintain clinical integrity and help reduce pharmacy costs for clients and members. We minimize transition issues by communicating with members and prescribers in advance to help members move to clinically appropriate medications prior to implementation of the formulary changes.

Effective January 1, 2017 we expect to remove 35 products from our standard formulary, including 10 hyperinflationary drugs. These formulary modifications will help reduce costs for clients and plan members.

<sup>1</sup> CVS Health Trade Finance, 2012 – 2017E

<sup>2</sup> Medispan data, 2013 to Q1 2016

This document contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers not affiliated with CVS Health.

# 2017 Standard Formulary List of Removals and Updates

CLASS	PRODUCTS
Analgesics	Butalbital/APAP/Caffeine Capsules (All Brands and Generics, not tablets)
Antiandrogens	Xtandi, Nilandron oral tablets <sup>HYP</sup>
Antidepressants- SNRI's	Venlafaxine ER Tablets, except 225mg (All Brands and Generics)
Antilipemics	Crestor (MSB)
Beta Blocker Combinations	Dutoprol oral tablets <sup>HYP</sup>
Carnitine Deficiency Agents	Carnitor/ Carnitor SF oral solution (MSB) <sup>HYP</sup>
CML - Oncology	Gleevec (MSB), Tasigna
CNS - Huntington's Disease	Xenazine (MSB)
Colony Stimulating Factors	Neupogen
Corticosteroids	DexPak oral tablets <sup>HYP</sup> , Millipred/ Millipred DP oral tablets, dose pack and oral solution <sup>HYP</sup>
Cystic Fibrosis	Tobi Podhaler/ Tobi (MSB)
Dermatology	Alcortin A gel <sup>HYP</sup> , Aloquin gel <sup>HYP</sup> , Novacort gel <sup>HYP</sup>
Hemophilia	Helixate FS
Hepatitis C	Daklinza, Olysio, Technivie, Zepatier
IBS Constipation	Amitiza <sup>P</sup>
Insulin	Lantus, Toujeo
Nasal Steroid Combinations	Dymista <sup>P</sup>
NSAID's	Duexis <sup>NP</sup> , Vimovo <sup>NP</sup>
Opioid Analgesics	Abstral
Opioid Antagonists	Evzio
Oral Anticoagulants	Pradaxa
Overactive Bladder	Enablex (MSB), Gelnique, Toviaz <sup>P</sup>
PAH Endothelin - Receptor Antagonists	Opsumit
Pen Needles/Syringes	All non-Becton Dickinson pen needles and syringes*
Potassium Supplements	Klor-Con oral pack for solution <sup>HYP</sup>
Proton Pump Inhibitors	Nexium (MSB), Zegerid oral suspension and capsules (MSB) <sup>HYP</sup>
Short Acting Beta Agonists	Proventil, Ventolin

**HYP = Hyperinflation drug    NP = Non Preferred drug being added back    P = Preferred drug being added back**



\*Diabetic supplies including pens/needles not included in count

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