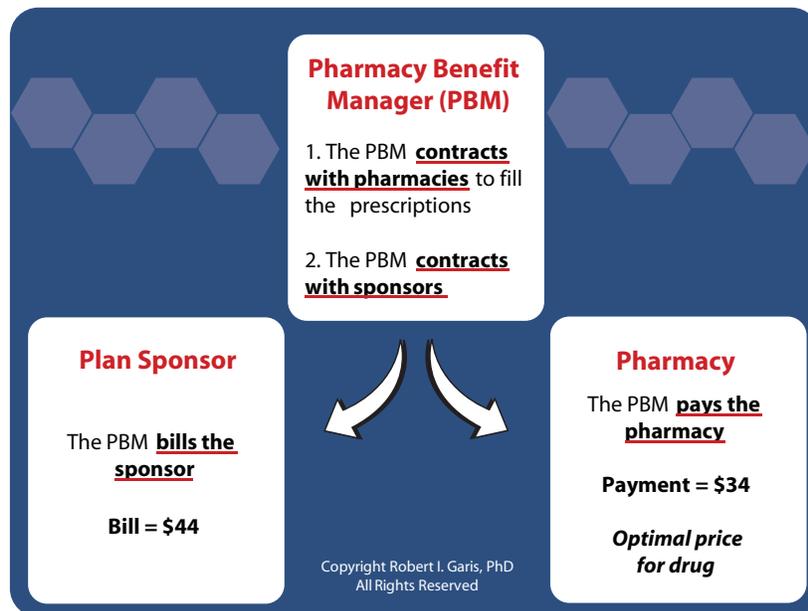




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Pharmacy Benefit Diagnosis Suite[®] (PBDS) Detecting Excess Margin in the Pharmacy Benefit

Table 1
Example of excess prescription margin
In a PBM administered plan



Introduction

Pharmacy Benefit Diagnosis Suite (PBDS) is a revolutionary software application that allows the benefit sponsor to monitor prescription prices charged to the plan. PBDS defines “optimal prices” as prices fair to the pharmacy and attainable in the market. In other words, prices that allows for normal variation without being excessive—such as spread pricing that has been widely reported. Most sponsors never know the optimal prices of individual prescriptions in the pharmacy benefit. PBDS detects excess margins on prescription claims and provides actionable reports.

PBDS shines the light on appropriate prescription prices. We research the market and continuously update optimal prices for prescription drug products to provide the sponsor with a powerful tool to detect excess prescription margins.

PBDS brings the power of a formerly labor intensive manual audit to the desktop computer of the busy benefits professional. The application combines ease of use with straightforward reports that provides powerful oversight

of the pharmacy benefit manager (PBM). This application was developed by Dr. Robert Garis, CEO of Win-Rx LLC, and a University researcher recognized as a national leader in pharmacy benefit management.

Therefore, the corporate sponsor can determine if the PBM is operating in their firm’s best interest. If the PBM is taking excess margin, PBDS identifies **where and how much** these cash flows are.

XXXXXXXXXXXXXXXXXX
Member Claims
Pharmacy Benefit Plan Analysis

POTENTIAL SAVINGS REPORT PBDS Auditing Tool	
Total charges to the sponsor in excess of PBDS proprietary <i>optimal pricing</i> on the data sample	\$654,355
Total valid prescriptions in the dataset	86,603
Prescriptions analyzed that showed variances from PBDS optimal pricing in this dataset	41,838
Percent of total prescriptions in this dataset that showed variances from PBDS optimal pricing	48.3%
Excess margin per prescription based on total prescriptions	\$7.56 / Rx
Diagnosis for XXXXXXXXXXXXXXXXXX \$7.56/Rx *Excess Margins Found	

The above analysis is the independent opinion of Win-Rx, LLC. Determination of “excess margin” is based on PBDS pricing and is determined by extensive, ongoing market data surveillance. The results assume the same drug discounts as the current contract. Savings as shown are based on “optimal” prices that are intended to be a fair price for both the sponsor and pharmacy.

Examples of Excess Margins for
XXXXXXXXXXXXXXXXXX

DATE	LAST 4 DIGITS Rx Number	DRUG	BAR CODE NDC Number	QTY	PBM MARKUP
4/3/08	4232	ATENOLOL 50 MG	378023110	180	>\$13.00
5/13/08	9823	CARISOPRODOL 350 MG	603258221	270	>\$90.00
4/27/08	4949	CARVEDILOL 12.5 MG	68382009405	180	>\$260.00
5/7/08	6280	FLUOXETINE 20MG CAP	781282210	60	>\$25.00
5/5/08	5827	GABAPENTIN 400 MG CAP	228266711	180	>\$170.00
6/2/08	2968	GLIPIZIDE 5 MG TABLET	60505014100	360	>\$50.00
5/3/08	2963	METFORMIN 500MG TAB	60505019000	180	>\$9.00
4/23/08	5438	PROPOXY-APAP N 100	603546802	90	>\$40.00
4/21/08	4533	TAMOXIFEN 20 MG TAB	93078256	90	>\$200.00
3/18/08	5026	ZOLPIDEM 10MG TAB	60505260501	90	>\$90.00

***PBDS Guide to evaluating excess margin diagnosis
in the prescription plan**

The guidelines below were developed to facilitate the sponsor's evaluation of the PBDS report. The values below allow for a reasonable profit to the PBM and adequate reimbursement to the pharmacy without excessive markups charged to the sponsor. In other words appropriate prices for the sponsor.

All values are expressed as: total overcharges / total prescriptions (Rx)

1. Markup of **\$3.00 or higher/ Rx** indicates:

Excessive margins found

2. Markup of **\$2.50-\$2.99/Rx** indicates:

Excessive margins likely

Excessive charges are probable if PBM is collecting a fee/Rx (e.g., a charge for processing claims) in addition to this markup.

3. Markup of **\$1.60-\$2.49/Rx** indicates:

Charges are moderately high-- problems exist if these overcharges have not been disclosed to the sponsor.

Markups are potentially problematic if the PBM is collecting a fee/Rx (e.g., a charge for processing claims).

4. Markup of **\$1.59 -\$0.76 /Rx** indicates:

Markup is reasonable only if the sponsor has agreed to a markup taken by the PBM.

Markup should be investigated if the PBM is collecting a fee/Rx (e.g., a charge for processing claims).

5. Markup of **\$0.75 or less/Rx** indicates:

Markup probably due to common variation in pricing and not usually considered a problem.



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