

How our specialty pharmacy program saved more than \$81 million for Tennessee businesses

Self-funded employer groups pay millions for provider-administered specialty drugs each year. Looking ahead, those businesses face tough choices about whether they can continue covering those drugs as prices continue to rise.

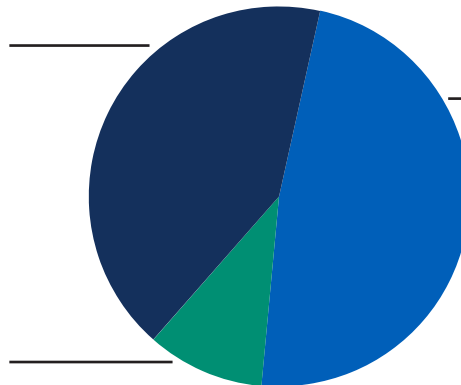
BlueCross stepped in to help by finding ways to lower the costs of the drugs without asking members to change their medications or change where they get care. In 2022, we expanded the program to include all employer-based and ACA Marketplace plans.



SPECIALTY PHARMACY CLAIMS BY THE NUMBERS

January 1, 2020 - June 30, 2022

39% Direct Billing Option



42% Specialty Pharmacy Network

19% Continuity of Care

Self-funded employer groups saved more than \$58 million, or 21% compared to what they would have paid under the old process. All the savings went to them.

We're also getting savings for other customer groups:

1.8% reduction in premiums, or about \$9 per member per month projected savings for our ACA plans of 2-50 employees.

1.1% reduction in premiums, or about \$5 per member per month projected savings for groups of 51-150 employees.

1.5% reduction in premiums, or about \$10 per member per month projected savings for individual plans and groups of 151+ employees



7 KEY FACTS ABOUT OUR SPECIALTY PHARMACY PROGRAM

1. Our changes are saving money for some Tennessee-based employers and the people covered by their health care plans.
2. We didn't change what types of medications we cover.
3. We didn't ask members to see a different doctor or receive care at a different facility.
4. We didn't ask members to order or handle these medications themselves.
5. We still pay health care providers for their services to administer these drugs to our members.
6. We adjusted our plans and offered new options to address operational concerns expressed by some providers.
7. These changes only applied to around 13,000 of our 3.3 million members since January 2020.

HOW OUR PROCESS SAVES PATIENTS MONEY

THEN:



- 1** Provider bought the drug from a wholesale supplier, took delivery and managed stock.

- 2** Provider got paid for the drug and for administering it.

- Employers and members paid higher prices for the drugs.

NOW:

PROVIDERS HAVE THREE OPTIONS



A

Order the drug from a specialty pharmacy in our network.

- Provider orders from a specialty pharmacy, which delivers individual doses within 24 hours.
- Specialty pharmacy gets paid lower price negotiated by BlueCross.
- Provider still gets paid for administering the drug.
- Employer and member get all the savings.

B

Order the drug from an existing source and file claims using Direct Billing.

- Provider orders from a wholesale supplier and manages stock.
- Provider agrees to match specialty pharmacy prices, and still earns a margin on the drug itself.
- Provider still gets paid for administering the drug.
- Employer and member get all the savings.

C

Join the BlueCross specialty pharmacy network

- Provider orders from a wholesale supplier and manages stock.
- Provider agrees to match network prices and still earns a margin on the drug itself.
- Provider still gets paid for administering the drug.
- Employer and member get all the savings.
- Provider can serve as an in-network specialty pharmacy for providers using option A.