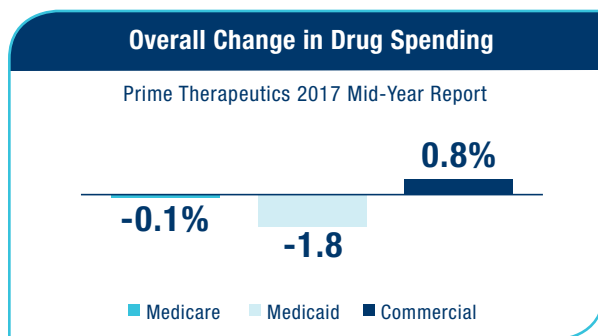


MID-YEAR 2017 REPORT: DRUG SPENDING SIGNIFICANTLY LOWER

In a new mid-year report, Prime Therapeutics — a major pharmacy benefit manager (PBM) which serves 21 health insurance companies with more than 20 million members — shows negative or very low drug spending growth in 2017. As Adam Fein, an expert in pharmaceutical economics, notes, **“The results strongly contradict the public rhetoric about excessive growth in drug spending and prices.”**



According to Prime Therapeutics, in the first half of 2017, drug costs:



Decreased for Medicare Part D plans by **0.1%**

Decreased for Medicaid plans by **1.8%**

Increased for commercial plans by only **0.8%**

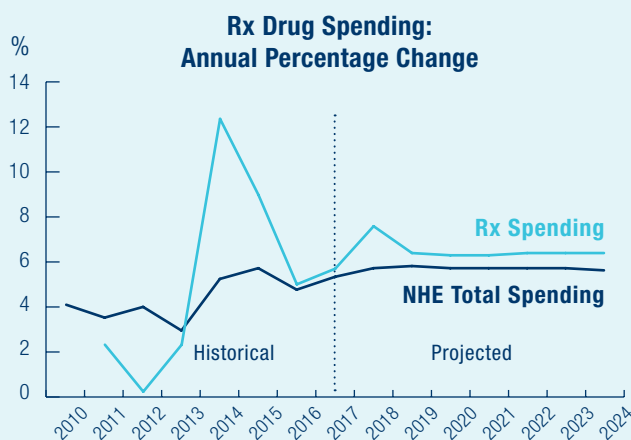
Negotiated rebates and discounts from drug manufacturers contributed to this lower trend in drug spending. Unfortunately, those negotiated savings realized by Prime and its health insurer clients are not often shared with patients to lower out-of-pocket costs at the pharmacy counter.

Source: Prime Therapeutics 2017 Mid-Year Report

In 2016, Drug Spending Kept in Line with Overall Health Care Expenditures

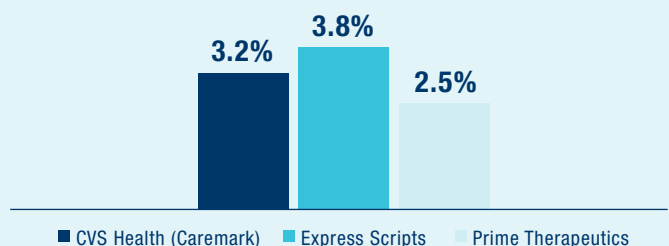
Following cyclical growth due to the introduction of cures for Hepatitis C and the coverage expansion of the Affordable Care Act, prescription drug spending is growing in line with overall health care expenditures. The Centers for Medicare & Medicaid Services (CMS)

projects this trend to continue until 2025. Prescription drug spending growth slowed from 9% in 2015 to 5% in 2016, and leading Pharmacy Benefit Managers report prescription drug spending increases of less than 4% for commercial payers in 2016.



Source: CMS/OACT NHE projections

2016
Leading pharmacy benefit managers all report drug spending increases by commercial payers in the low single digits for 2016.



Source: Adapted from “Which PBM Best Managed Drug Spending in 2016: CVS Health, Express Scripts, or Prime?” Drug Channels. March 2017