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HR Policy Association Announces 2012 PBM Transparency In Pharmaceutical Purchasing Solutions Participants

*Nine PBMs Accept Association's Transparency In Pharmaceutical Purchasing Solutions
(TIPPS)SM Standards*

Washington, DC—HR Policy Association, representing the chief human resource officers of more than 325 of the largest private sector employers in the United States, today announces the certification of nine pharmacy benefit managers (PBMs) that have agreed to the Association's standards of business transparency.

The Transparency In Pharmaceutical Purchasing Solutions (TIPPS) standards promote contracting that makes it easier for employers, their beneficiaries and dependents to understand the true price of a drug. These standards are designed to ensure that pharmacy benefit services are structured to encourage the use of the most clinically appropriate and cost-effective drugs available. In 2011, the Association began recognizing two levels of transparency. The highest level of transparency for PBMs is for those that agree to a set of comprehensive requirements for disclosure of supply costs and revenue sources, and are also willing to provide actual average inventory cost (AAIC) for mail order drugs. AAIC allows employers to benefit from the PBM's actual inventory cost for drugs, and provides the most accurate picture of the true cost of a drug available today.

Four of the certified PBMs have qualified for the highest level, or Tier One Certification:

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|---------------------------|------------------------|
| Catalyst Rx | Prime Therapeutics LLC |
| Humana Pharmacy Solutions | Restat LLC |

Five PBMs are willing to meet all standards except actual inventory cost for mail order drugs. In lieu of that standard, they will provide Wholesale Acquisition Cost (WAC) pricing for mail order drugs. While not as robust as the AAIC standard, WAC is a nationally tracked index shown to have advantages over Average Wholesale Price (AWP) in its ability to more closely reflect drug pricing dynamics.

Five of the certified PBMs have qualified for Tier Two Certification:

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|-----------------|---------------------------|
| CVS Caremark | Prescription Solutions |
| Express Scripts | UnitedHealthcare Pharmacy |
| Medco | |

Walter M. Oliver, Senior Vice President, Human Resources and Administration at General Dynamics Corporation, and Chairman of HR Policy Association's Pharmaceutical Coalition said, "The TIPPS program offers a great service to employers looking to increase transparency and provide greater understanding around the pricing of health benefits to their employees. We are proud that the TIPPS program, now in its seventh year, continues to have such great participation from the PBM community and continues to raise the standard of transparency and service in the industry."

The HR Policy Association Pharmaceutical Coalition is comprised of nearly 60 association member companies. These large employers purchase pharmacy benefits for more than five million Americans. Since 2005, through the Coalition's TIPPS initiative, employers have formulated a uniform definition of transparency and have certified organizations that agree to TIPPS standards. The nine certified PBMs have agreed to the Coalition's 2012 standards, which provide employers with the most rigorous level of drug purchasing transparency available in the marketplace.

The Coalition engaged Aon Hewitt, a global human resources services company, to assist in defining the TIPPS standards, which include:

- Providing employers the acquisition cost for brand and generic drugs dispensed at retail pharmacies;
- Providing employers acquisition-based pricing for brand and generic drugs delivered through mail service;
- Disclosing and passing through all revenue from drug manufacturers that relates to utilization under an employer's contract;
- Providing acquisition cost and the same level of transparency for especially costly specialty pharmacy drugs; and
- Allowing rigorous audit rights to ensure compliance with the TIPPS standards.

HR Policy Association believes that the price and quality of health care should no longer be one of the best kept secrets in America. The Association's TIPPS initiative is a positive example of industry-driven improvements in transparency and disclosure of health care costs.

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HR Policy Association is the lead organization representing chief human resource officers of major employers. The Association consists of more than 325 of the largest corporations doing business in the United States and globally, and these employers are represented in the organization by their most senior human resource executive. Collectively, their companies employ more than ten million employees in the United States, nearly nine percent of the private sector workforce, and 20 million employees worldwide. They have a combined market capitalization of more than \$7.5 trillion. These senior corporate officers participate in the Association because of their commitment to improving the direction of human resource policy. Their objective is to use the combined power of the membership to act as a positive influence to better public policy, the HR marketplace, and the human resource profession. For more information visit www.hrpolicy.org.