

EHIM/ELECT RX PROGRAM

Who we are and what we do best

EHIM, Inc. and ELECT Rx & Health Solutions, LLC have formed an alliance to provide creative, flexible and efficient domestic pharmacy solutions combined with analysis and marketing to encourage **“TRUE LOWEST NET COST”** prescription programs to employers, employees and individuals. The program is known as EHIM/ELECT Rx.

EHIM was founded in 1987 by Mindi Fynke who had the vision to develop an organization that stood apart from any other company. With her background in nursing, her driving force has always been to service the client and take care of the patient. These philosophies are the foundation of which the company was built upon. Fundamentally, EHIM is different than any of our competitors. We truly believe our differences are what make us better. As you read even some of those differences, you will get a sense of who we are:

- Independently Owned** 100% Woman owned with NO affiliation to any pharmacy chain or manufacturer.
- Customer Service and Pharmacy Help Desk** 24/7/365 serviced by our own in-house representatives.
- Pharmacy Network** Over 60,000 pharmacies are part of our own contracted network.
- Pharmacy Rebates** EHIM is proud to stand alone as **NEVER** taking a rebate and **NEVER** selling our data.
- Total Flexibility** We work for and with you to meet your needs.
- Lowest Net Cost Strategy** We will work with you to provide the right medications at the right cost.

ELECT Rx & Health Solutions, LLC was lately formed as an independent company from its founding company (Canusa Health Inc 2001) to form an alliance with EHIM to offer the EHIM/ELECT Rx program. We bring an extensive and successful background regarding prescription drug management. ELECT Rx & Health Solutions, LLC brings a unique prescription supply source to the ELECT Rx program known as Personal Importation (PI). PI is the fulfillment of prescription medication by a member of the program through various International pharmacies. ELECT

Rx coordinates with EHIM to integrate the data between the pharmacy benefit manager and the personal importation components to present the complete pharmacy picture.

PI results in tremendous cost savings for the employer group. The ELECT Rx program allows for more of these savings to be captured by the employer faster. There also is tremendous savings passed on to the employee should they utilize the PI component in the program.

Personal Importation provides the following

- 1) Savings with proof being identified from the detailed claims review where we compare your most recent drug spend with savings opportunities from ELECT Rx. PI is the **“Turbo Charger”** driving to meet true lowest net cost.
- 2) You can expect to realize savings on certain brand drugs primarily on your top 200. Drugs would be described as maintenance or drugs used that will be taken for periods of time to handle chronic conditions for heart related conditions, cholesterol, asthma, diabetes etc.
- 3) Typical savings range from \$80.00-\$110.00 for every 90 day supply ordered. Savings to the employee may be as high as waiving the co-payments.
- 4) Savings takes time to accumulate. Your members have to be educated and then enrolled in order to make use of the process of procuring prescriptions from the PI component

ELECT Rx PROGRAM VALUE PROPOSITION

First Step

It makes sense to analyze your existing drug spend to identify all potential savings opportunities that might currently exist with your current prescription benefit program. The latest three (3) month detailed claims reports are required from your current PBM. The analysis will identify the following savings opportunities

- 1) Brand drug to brand drug costs including PI
- 2) Generic to generic drug costs

- 3) Potential savings opportunities for generic brand over brand
- 4) Potential savings for possible therapeutic product substitutes
- 5) Potential savings on special programs designed to enjoy the “**True Lowest Net Cost**”
- 6) Review of your current drug spend regarding therapeutic classifications to identify possible areas to target regarding lowering medical costs.

We enclose a spreadsheet template that has all the required data fields needed to complete the review.

Once the analysis is completed, a written report will be presented outlining every area of potential savings. All questions will be answered during your assessment of the program such as legal, compliance, supply, safety regarding care custody and control of the medications.

Due Diligence

References and contact information are included in the addendum along with the template and list of detailed information to prepare the detailed drug savings opportunity report.

Should you happen to have any questions, please do not hesitate to call us anytime

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ADDENDUM

Detailed Claims Utilization Report Requirements

- 1) Transaction Date
- 2) Drug Name
- 3) Drug Dosage Level
- 4) 11 digit NDC number – this is a must
- 5) Quantity Purchased
- 6) Brand or Generic signified B/G
- 7) Drug Cost
- 8) Co-Payment amount by employee/retiree
- 9) Net Cost to payer.
- 10) Dispensing fee
- 11) Retail and mail identity per claim
- 12) Plan identity number
- 13) Transaction fee per claim



Elect
Rx



Rx for Prescriptions

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Current Trends

- Health Care Costs are increasing everyday
- There are double-digit increases in prescription drug costs
- Municipalities, Corporations, Associations and individuals are burdened with these costs and are looking for alternative health care programs to balance budgets

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Current Trends: Reactive Approach

- Higher co-pays, deductibles, co-insurance
- Tiered drug formularies
- Law of diminishing returns — At what point does the cost sharing formula result in greater increases in medical utilization, short-term absences, and long-term disability claims?
- Collective Bargaining Agreements



Current Trends: Proactive Approach

- Disease Management – provide incentives to members to lose weight, quit smoking, and take medication that treats potential expensive medical costs.
- Change individual behavior when buying prescription drugs and provide incentives to do so. Preferred drugs to cheaper brand drugs, brands to generic, therapeutic product substitution.
- Enforce the terms and conditions of the PBM agreement for changes in drug utilization
- Consider programs that specifically specialize in changing drug utilization
- **Canadian/ International Alternative**

Who has adopted the Canadian/ International Alternative?

- Illinois, Wisconsin, Washington, Rhode Island, Missouri, Boston, Springfield, Worcester, Newton, Somerville, Fall River, Montgomery County, Montgomery AL, and many more are considering this alternative
- Companies, Associations and Individuals are using Canada/ International as a source of procuring certain brand name medications that provide savings.
- The Department of Defense and Veterans Administration are using Canada and other Countries with a special waiver. (CBS News "Inside Story", Northern Exposure Health Sciences Institute e-alert Dec 18/03)

EHIM

Pharmacy Benefit Management • Managed Care Solutions

WHAT IS PERSONAL IMPORTATION?

- Personal Importation is the fulfillment of prescription medication by the member through an international Pharmacy
- Elect Rx has an alliance with EHIM, a Prescription Benefit Management Company, to provide creative, flexible and efficient domestic pharmacy solutions combined with analysis and marketing to encourage TRUE LOWEST NET COST programs. Emerge Rx is the mechanism within EHIM that allows the programs to work.
- Elect Rx coordinates with EMERGE Rx to integrate the data between the PBM and the Personal Importation components along with other related administrative services related to PI.



Elect Health
and Rx Solutions Inc.

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HOW DOES PERSONAL IMPORTATION WORK?

- Members can receive their medications through three channels:
 - Local pharmacies in EHIM's nationwide network
 - Through the mail via a U.S. Mail Order provider
 - Through the mail via international mail order (Elect Rx)
- The member decides whether he or she wants to elect personal importation

MAXIMIZING P.I. SAVINGS

- Personal importation results in tremendous cost savings for the group
- Personal Importation can be encouraged through:
 - Mandatory mail order which allows members to choose between domestic and international programs
 - \$0 co-pay for medications filled internationally
 - Targeted mailings to notify members who are utilizing medications which are eligible to be filled through Elect Rx
- An integrated program between Elect Rx and EHIM/Emerge Rx will allow more of that savings to be captured faster



INTEGRATED P.I. REPORTING

- All claims, regardless of where they were fulfilled, are stored in EHIM's Data Warehouse
- EHIM can provide a complete suite of reports including:
 - Channel Utilization (Elect Rx vs. U.S. Mail Order vs. retail pharmacy)
 - P.I. Savings
 - P.I. Missed Opportunity
 - P.I. Opportunities (members with new drug therapies which are available through Elect Rx)
 - Members Electing P.I. vs. Not Electing P.I.
 - Other P.I. reports or Customized Reports

US designed TPA Rx Administration System or a complete integrated US PBM

- Allows for consistent billing, adjudication and reporting.
- Drug utilization review and drug history can be shared with existing drug managers
- This adds another level of safety and mitigates against potential drug contraindications or interactions
- Elect Rx and their US affiliates are continually monitoring and visiting the Canadian and International supply facilities to inspect and review certificates of origin where the drugs are purchased

Savings

- There are savings. Proof- Detailed claims utilization review where we compare your most recent drug spend with savings opportunities from Elect Rx
- You can expect to realize savings on certain brand drugs, primarily on your top 200 and the savings is dependent on financial incentive used to get your members to participate.
- Typical savings are approximately \$100.00 per brand drug for every 90 day supply
- Savings takes time to accumulate. Your members have to be educated, enrolled and then use the process of procuring prescriptions from Canada/ International.

Savings

- Even more savings can be realized by changing the drug buying behavior of your members using mail order and consider U.S. generics etc.
- The Canadian/ International alternative may not be around forever and consideration should be given to use it as the 'Turbo Charger' to get your members to change their drug buying behavior that result in savings to your organization
- It makes sense to analyze your existing drug spend and potential saving opportunities with Elect Rx before moving towards a change

Detailed Claims Utilization Report

- Will compare drug to drug cost
- Will identify potential savings opportunities for brand and generics and list the drugs
- Be prepared for a “pushback” from existing PBM, as this will signal to them that a review is underway
- Will review your most current three month drug costs