

AmerisourceBergen

FirstView Financial

Innovative limited pharmacy network strategies

Stuart Parker, Vice President, Biopharma Services,
New Business Development

Kristen Verderber, Vice President, Marketplace
Strategies and Solutions, FirstView Financial

Confidential communication and proprietary work product. No part of this document may be shared or distributed to a third party without the prior written consent of AmerisourceBergen Corporation. FirstView Financial is the trade name of Firstview, LLC (a Delaware limited liability company).



Speakers



Stuart Parker

Vice President, Biopharma Services, New Business Development

22 years in small-to-large-sized pharma
Finance, contracting, sales, sales leadership, trade
Last role running a sales team and pharmacy network management



Kristen Verderber

Vice President, Firstview Financial, Marketplace Strategies and Solutions

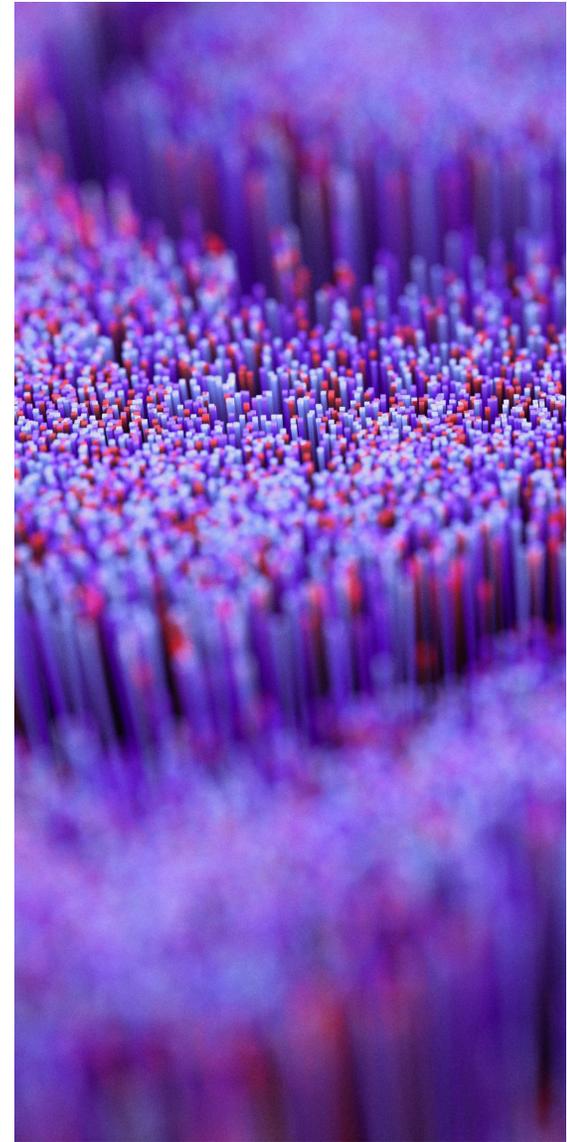
- **15 years** in retail pharmacy
- eHUB trailblazer for the past **10 years**

Agenda

1. Prescription journey barriers
2. Strategy best practices for prescription journey barriers

Strategies:

1. Narrow network and retail distribution
2. Overcoming abandonment
3. Consignment
4. Digital pharmacy



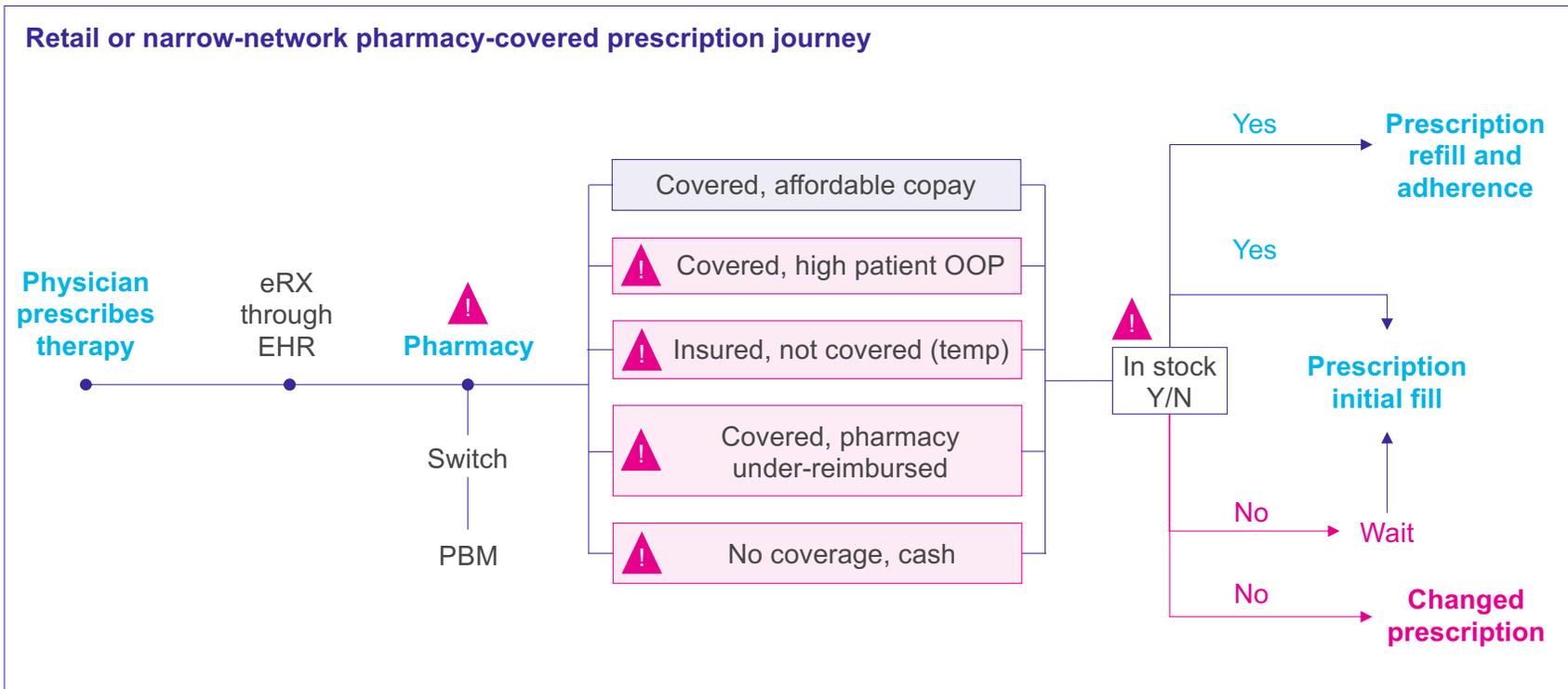
AmerisourceBergen

FirstView Financial

Prescription journey barriers



Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

AmerisourceBergen

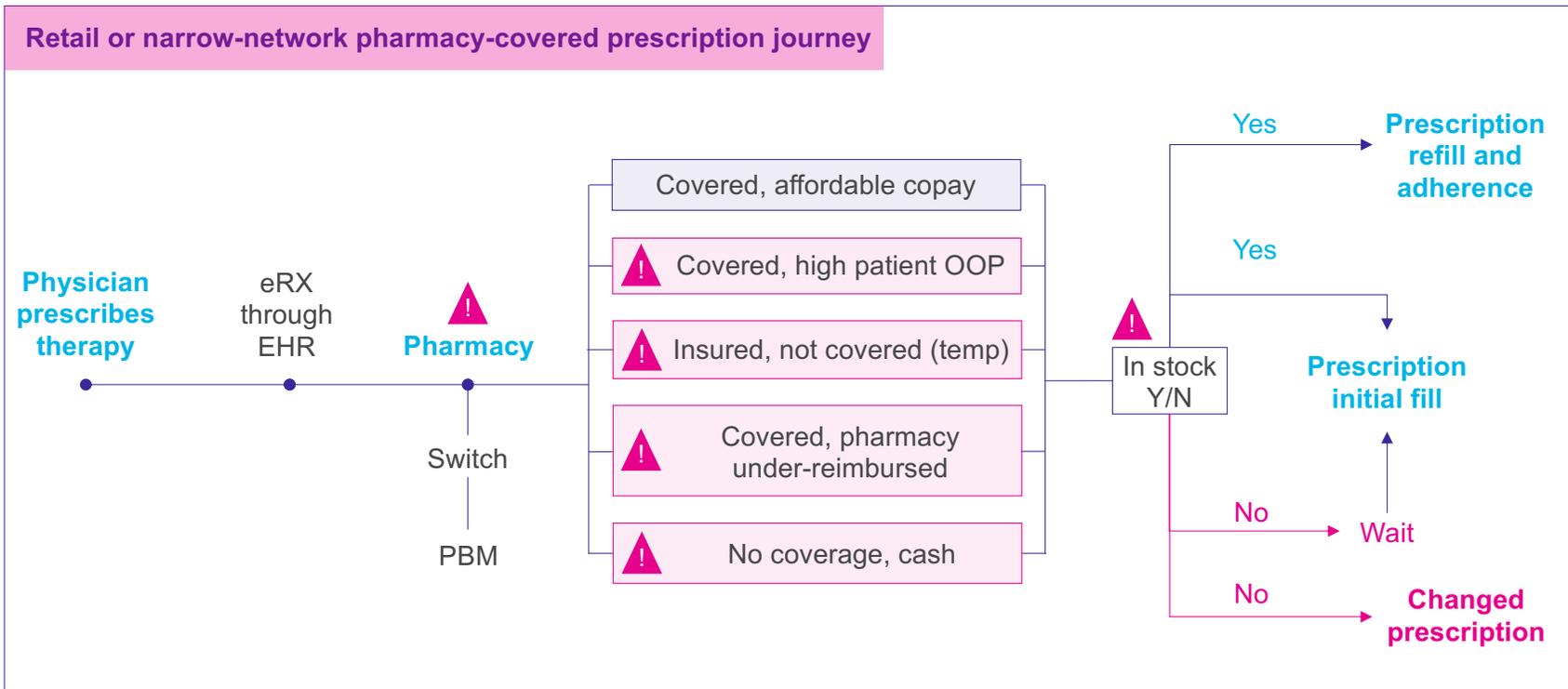
FirstView Financial

Strategy best practices for
prescription journey barriers

Strategy: Retail and narrow
network distribution



Prescription journey barriers



⚠ Potential barriers where a prescription may be changed or abandoned

Distribution strategy



Best practice

Consider how the distribution model you choose will determine the options you have to manage the barriers in the prescription journey, with narrow network distribution providing you more options.

Pros

Cons

Retail

Big box or independent (CVS, Walgreen's, Walmart, etc)

- Convenience for providers
- Minimal change management
- Maximal reach

- Monitoring distribution center needed to ensure the product is in stock everywhere
- Pharmacy switching to generic or equivalent
- Little to no prior authorization support
- Management needed for shelf life and returns
- Pharmacy resistance to apply manufacturer coupon effectively

Narrow Network

Focused dispensing strategy using specialty and/or independent pharmacies that are managed directly

- Control over patient experience
- Flexibility over distribution model, including control over pharmacy acquisition cost
- Insights to program performance down to transactional level
- Prior authorization support
- Product lifecycle extension post LOE

- Sales and marketing needed to drive volume to network
- Optionality or an exclusive needed to avoid the perception of steering
- Resources needed to build/procure and then manage narrow network

AmerisourceBergen

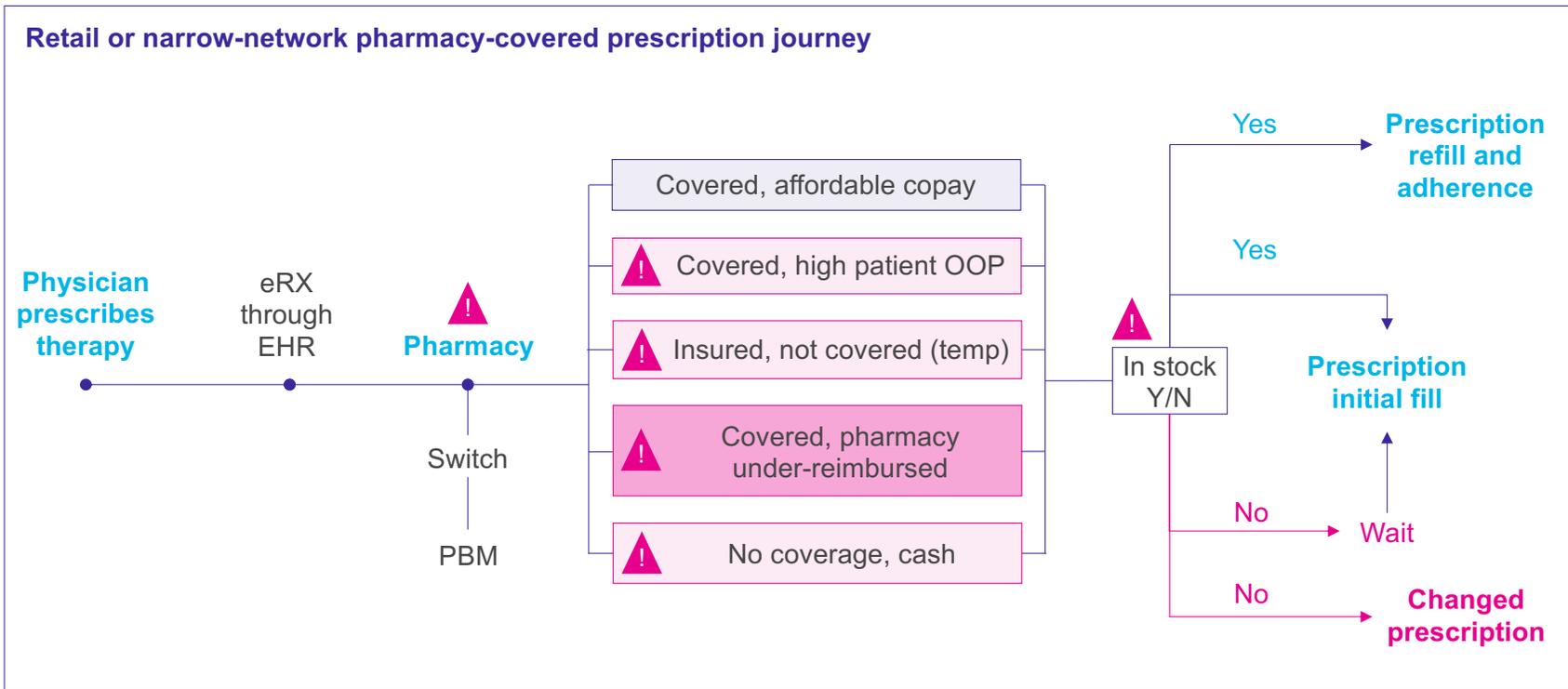
FirstView Financial

Strategy best practices for
prescription journey barriers

Strategy: Overcoming
abandonment



Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

More than just patient abandonment



Pharmacy abandonment



Patient abandonment



Prescriber abandonment

Causes

- Reimbursement is below acquisition cost

- Out of pocket costs too high
- Delay in therapy

- Pharmacy and patient call backs
- Administrative burden from workflow

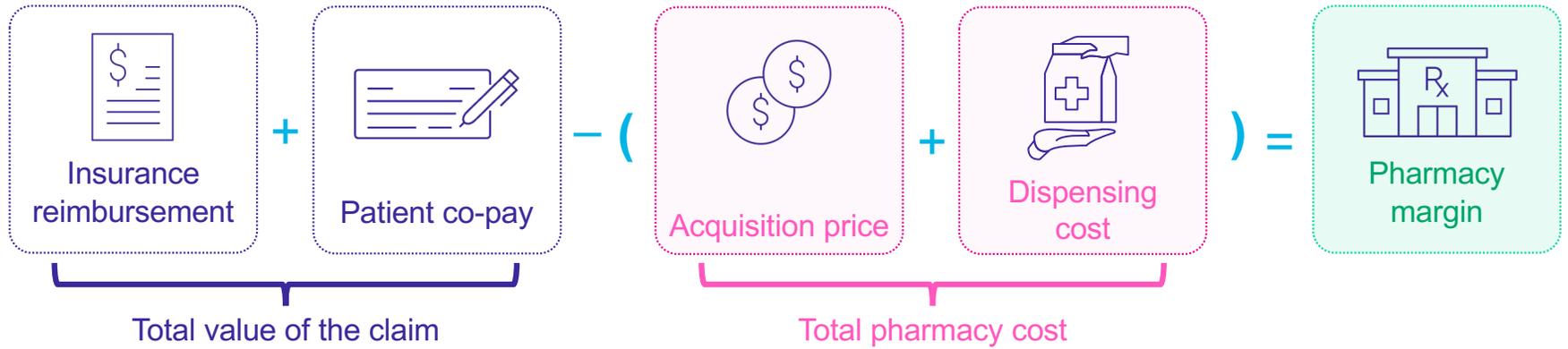


Results

- Transfers to retail pharmacy to avoid loss
- Product switches
- Missed refill opportunities
- Poor pharmacy experience

Pharmacy abandonment caused by under-reimbursement

Pharmacy margin formula

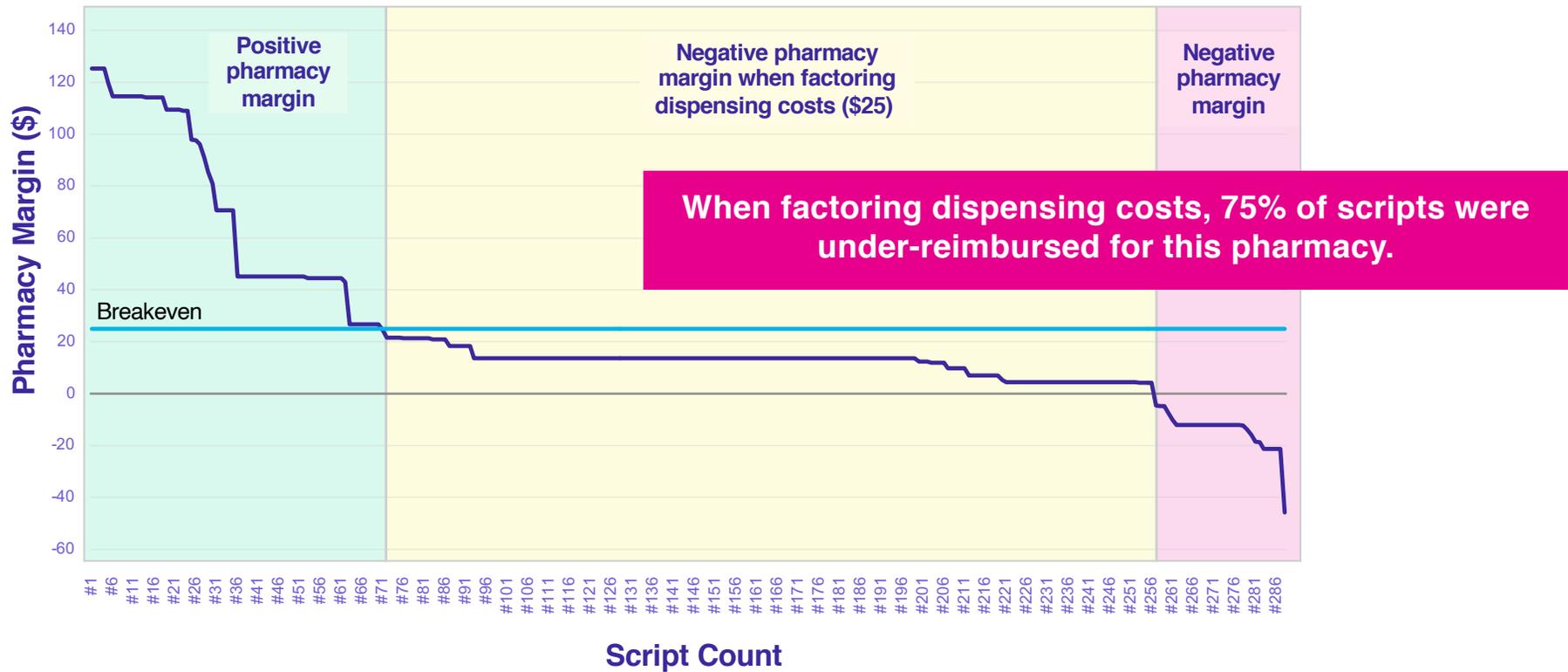


Drivers of pharmacy under-reimbursement

- Mail order contracts driving lower reimbursement
- PBMs tightening reimbursement
- Pharmacy sourcing contract performance

Pharmacy under-reimbursement example

Pharmacy margin per script



SOURCE: Anonymous Pharmacy, 2022

Under-reimbursement strategy

	Pros	Cons
Lower pharmacy pricing	<ul style="list-style-type: none">• Simple if selling direct• Minimizes under-reimbursed scripts	<ul style="list-style-type: none">• Ultimately lowers GTN
Sell direct	<ul style="list-style-type: none">• Control over acquisition price	<ul style="list-style-type: none">• Must be managed• Requires a direct contract and potential pharmacy reps or leadership
Dynamic price adjustments	<ul style="list-style-type: none">• Only provides value where value needed• Best way to address under-reimbursement	<ul style="list-style-type: none">• Requires sophisticated ability to process claim-by-claim adjustments



Best practice

Have an open dialogue with your pharmacies to understand what they're experiencing with reimbursement to determine if you need to undertake a solution.

AmerisourceBergen

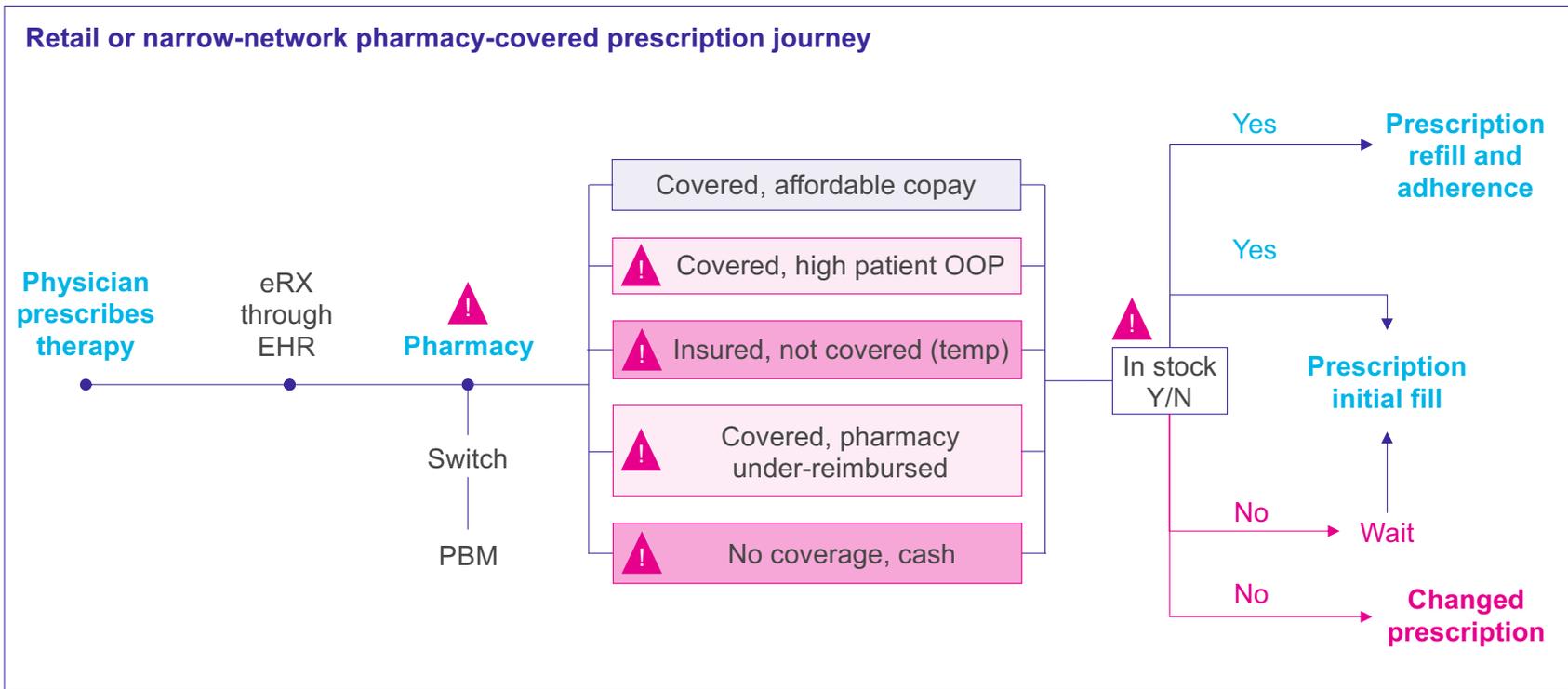
FirstView Financial

Strategy best practices for
prescription journey barriers

Strategy 3: Consignment



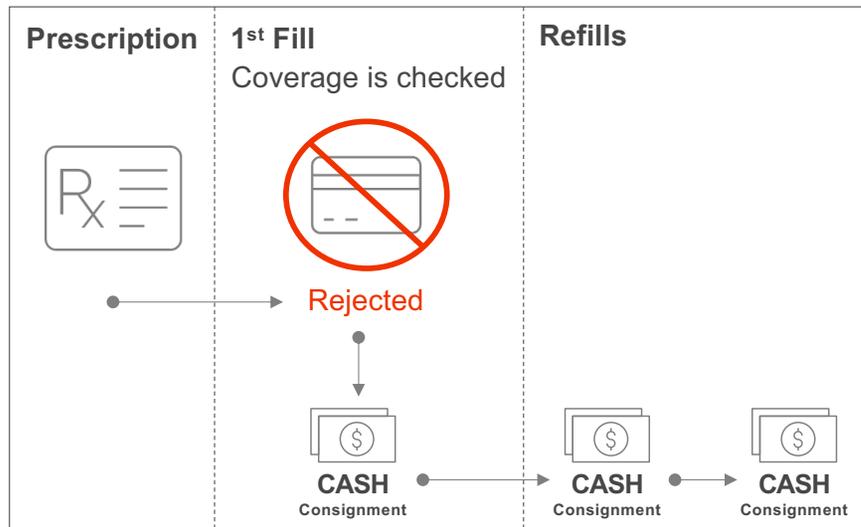
Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

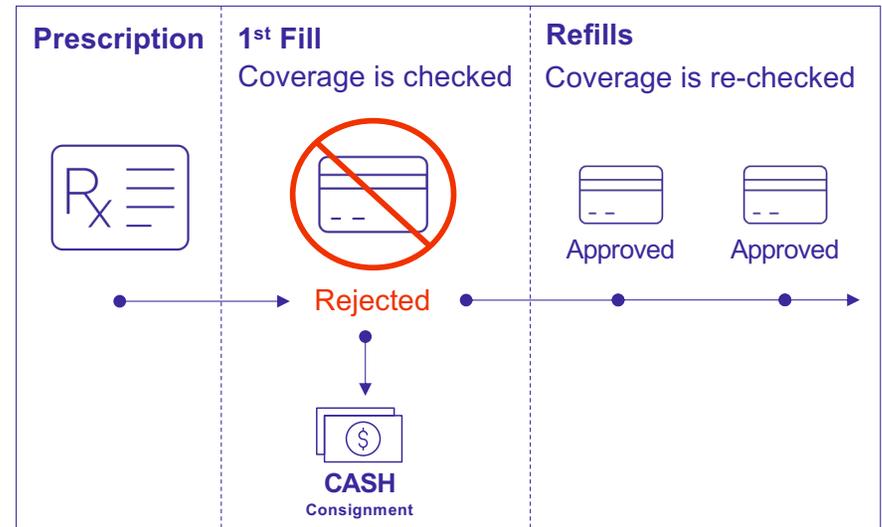
Consignment models

Typical consignment



Pharmacies that initially dispensed a fill with a consignment cash price, will continue to dispense that way even for patients who have later been determined to have coverage.

Improved consignment



Pharmacies check the coverage status for each script (even those that were previously dispensed with consignment) and using the coverage if it becomes available for a patient for refills

Consignment strategy

Pros

- GTN for pharmacy can be improved
- Provides the appearance of coverage to the patient (by providing a price that may be close to equivalent to a co-pay price) and improves the patient experience

Cons

- Missing adjudication of covered claims after initial fill with consignment
- Monitoring of performance metrics
- Dual inventory management (of trade and consignment stock) is difficult
 - Physical inventory audits
 - New coverage and plan resets can create shortages if not planned accordingly



Best practice

Design a consignment model with a process to ensure a prior authorization request is processed for every fill.

AmerisourceBergen

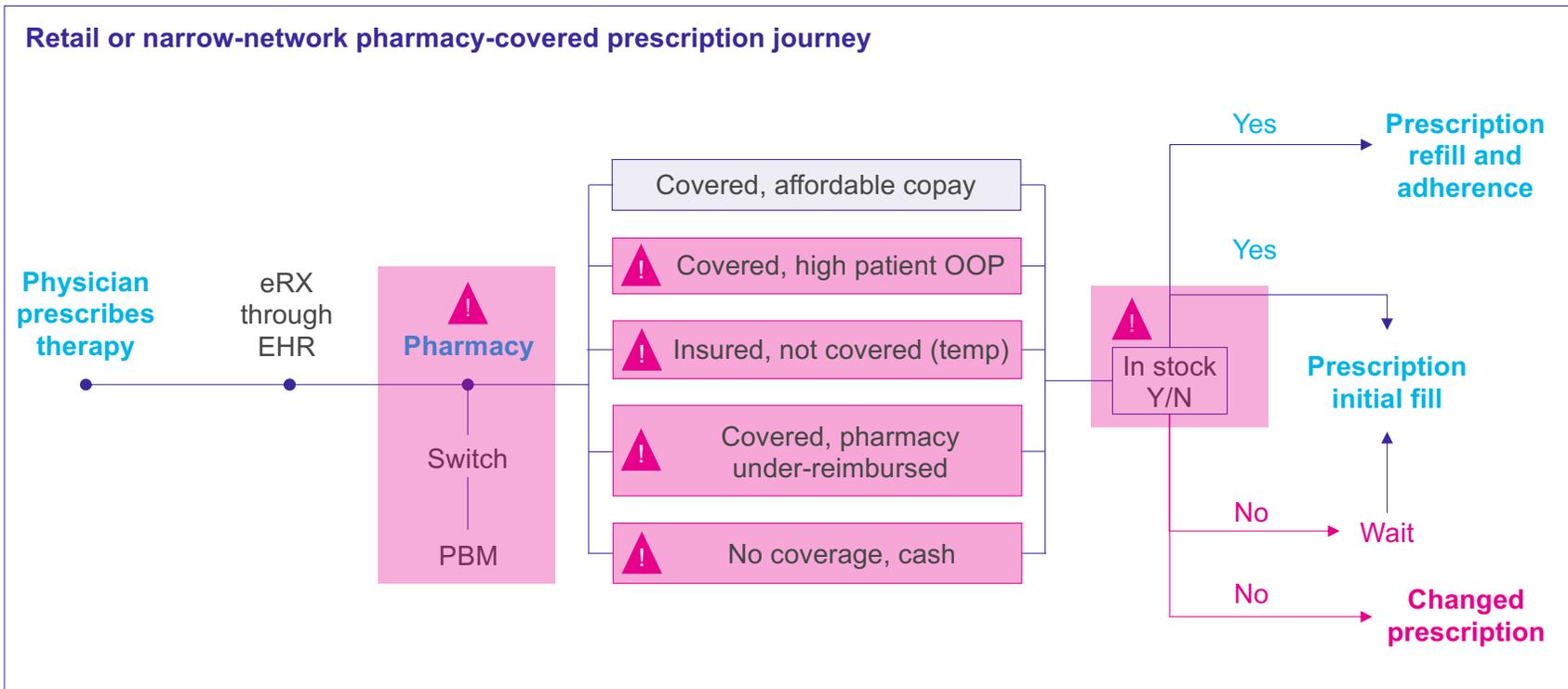
FirstView Financial

Strategy best practices for
prescription journey barriers

Strategy: Digital pharmacy

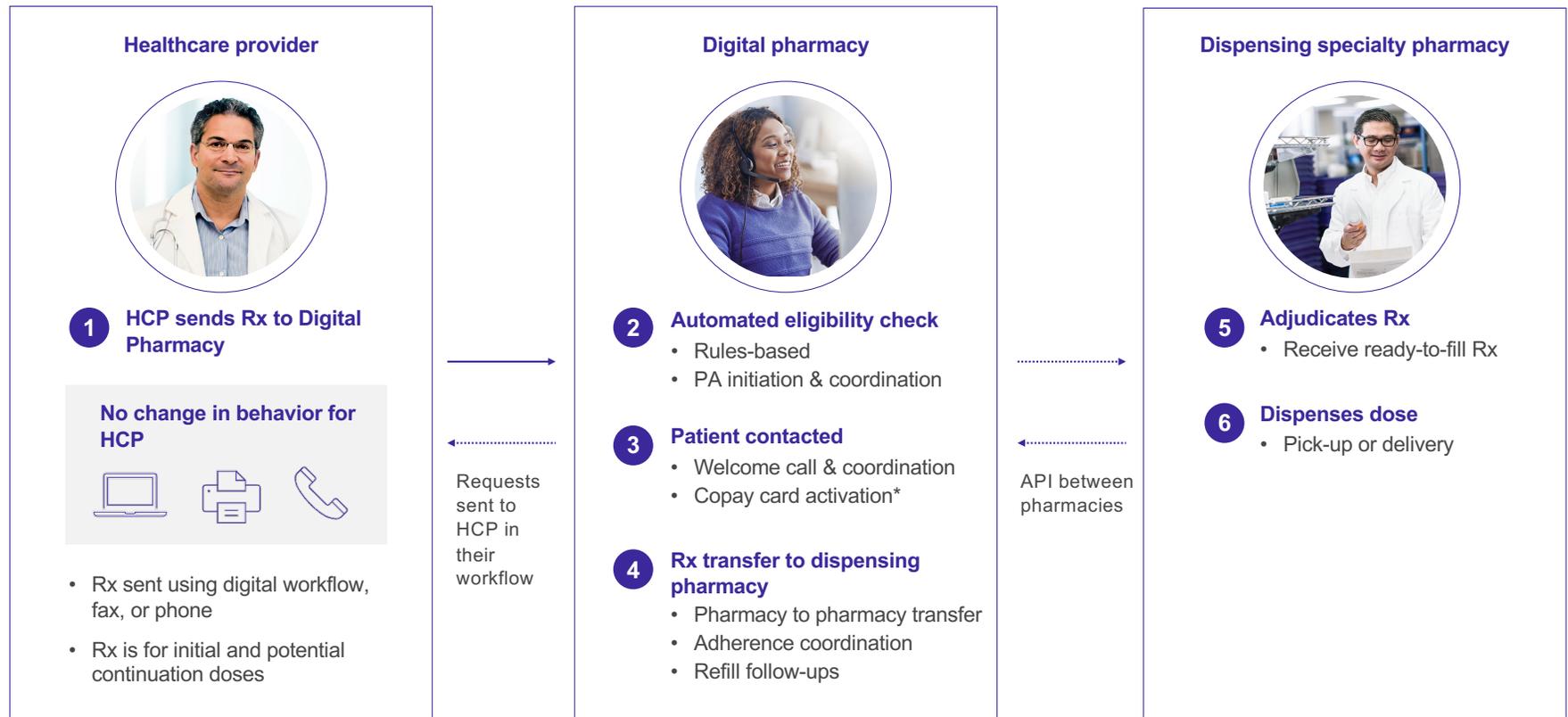


Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

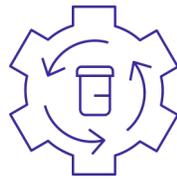
Digital pharmacy: faster speed to therapy, informed patients, and more data insights



*Copay card enrollment for eligible patients who provide consent

Adding value with digital pharmacy

Control



Allows rule-setting at the point of e-prescribing to route prescriptions correctly

Transparency



Provides real-time insights and analytics tied to prescription journey

Convenience



Triggers integrated patient services without slowing down e-prescribing

Digital pharmacy

Pros

- Minimize prescription abandonment risk by proactively removing obstacles up front
- Gain insights to remaining abandonment risk
- Provides actionable insights through coordination of integrated data delivery
- Provides a cost-effective approach to improving patient onboarding and adherence
- Ensures prescription goes to an in-network pharmacy

Cons

- Education at the provider level is needed on prescribing (however most are very used to alternate pharmacy routing)
- Relies on patient engagement where retail relies on patient pick-up.



Best practice

Incorporate digital pharmacy as part of your commercialization strategy from the beginning, so good habits are established. Also ensure it is configurable and can grow with brand.

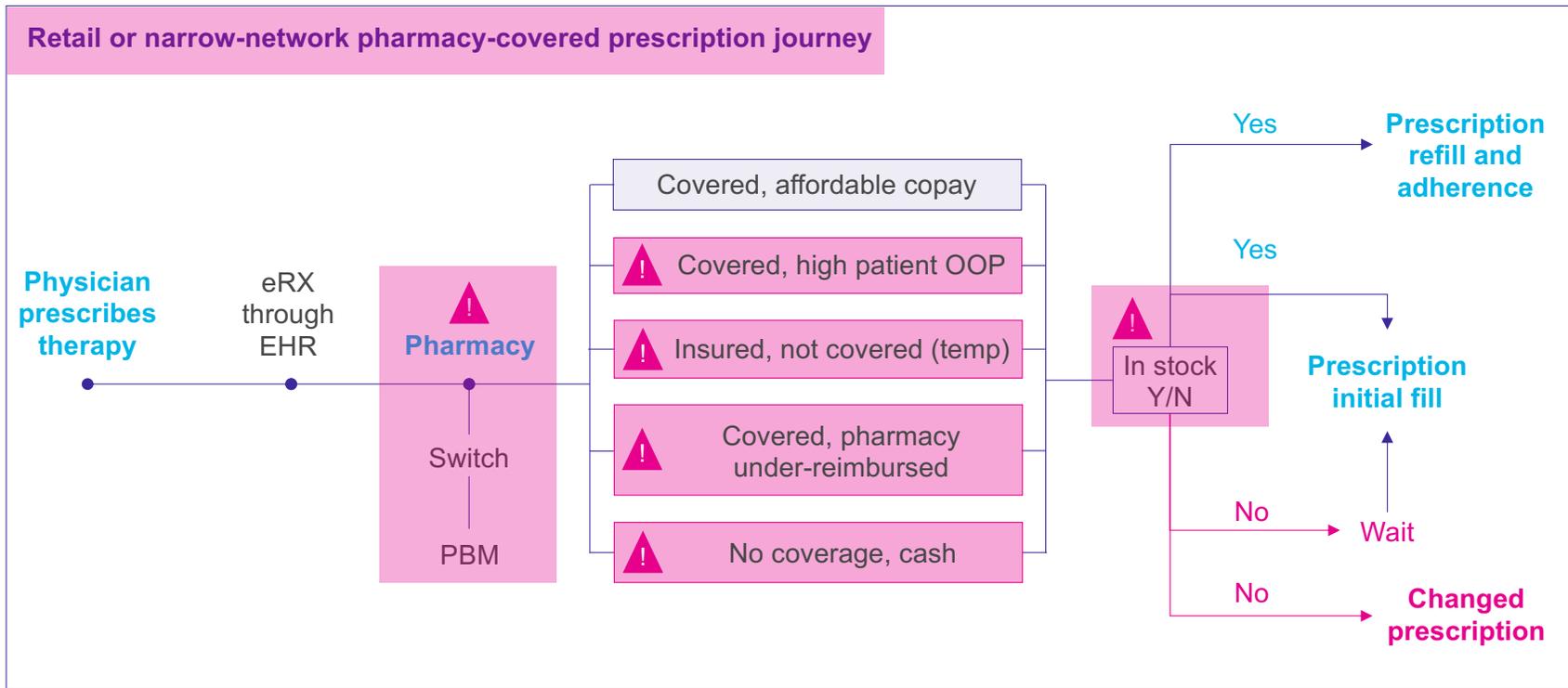
AmerisourceBergen

FirstView Financial

Conclusion



Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

Best practices shared today

Strategy	 Best practice
1 Narrow network and retail distribution	1 Consider how the distribution model you choose will determine the options you have to manage the barriers in the prescription journey, with narrow network distribution providing you more options.
2 Overcoming abandonment	2 Have an open dialogue with your pharmacies to understand what they're experiencing with reimbursement to determine if you need to undertake a solution.
3 Consignment	3 Consider a consignment model with a process to ensure a prior authorization request is processed for every fill.
4 Digital pharmacy	4 Incorporate digital pharmacy as part of your commercialization strategy from the beginning, so good habits are established. Also ensure it is configurable and can grow with brand.

AmerisourceBergen

Thank you

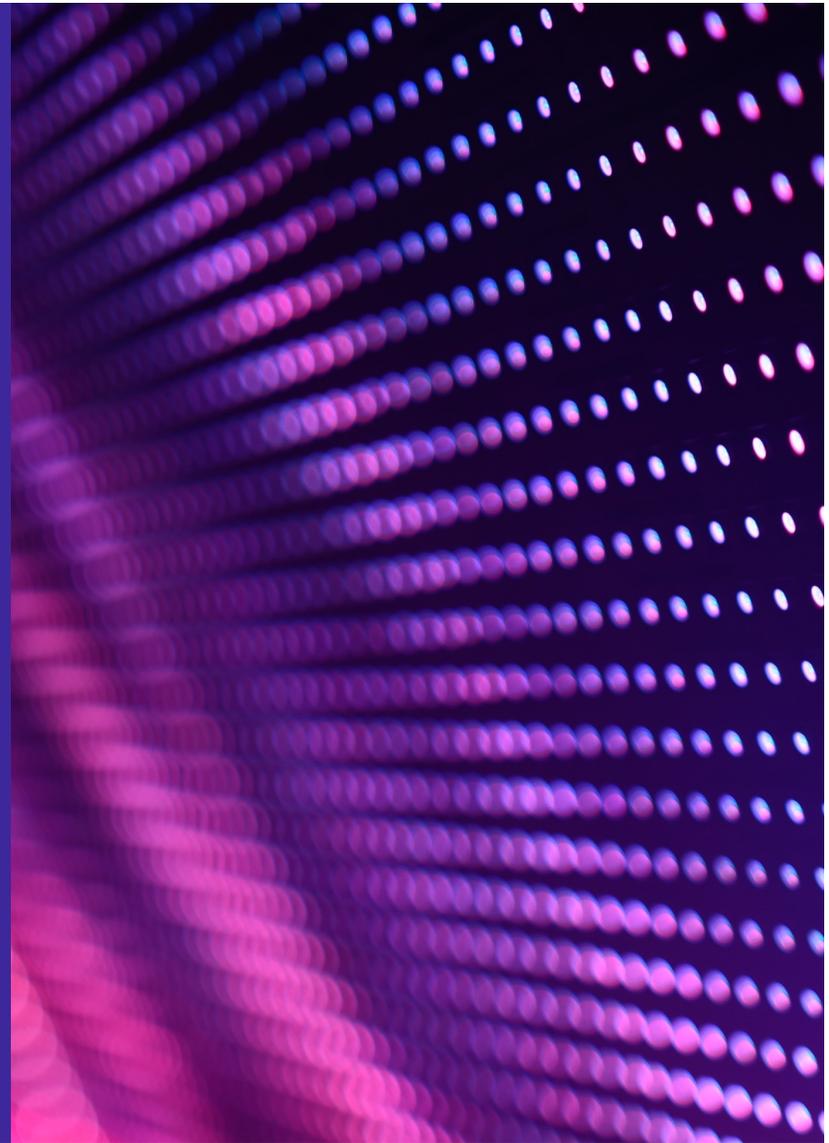
Scan to download the presentation



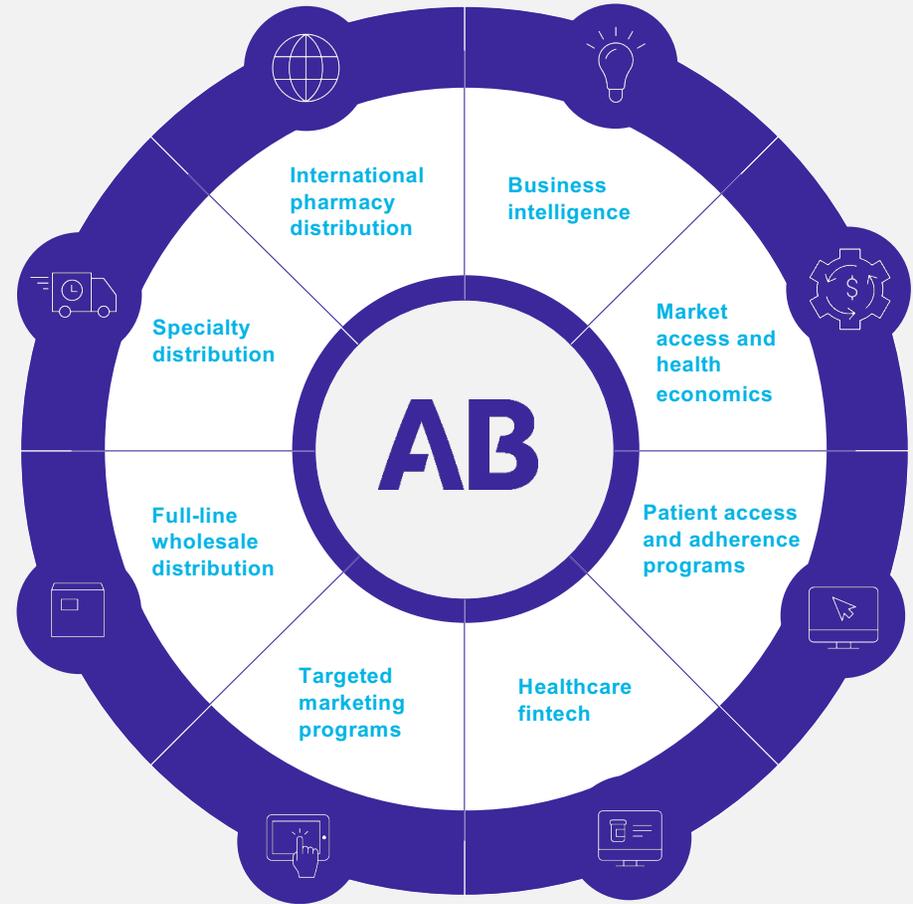
AmerisourceBergen

Appendix

More about AmerisourceBergen



AmerisourceBergen is the right partner to unlock product potential and move health forward



Ensuring brand success and maximizing value creation

Pre-launch critical success factors



Starting early for optimal planning



Access to talent and building the right team



Understanding financial tradeoffs and maximizing resources



Designing a strategy specific to the therapeutic area and target market



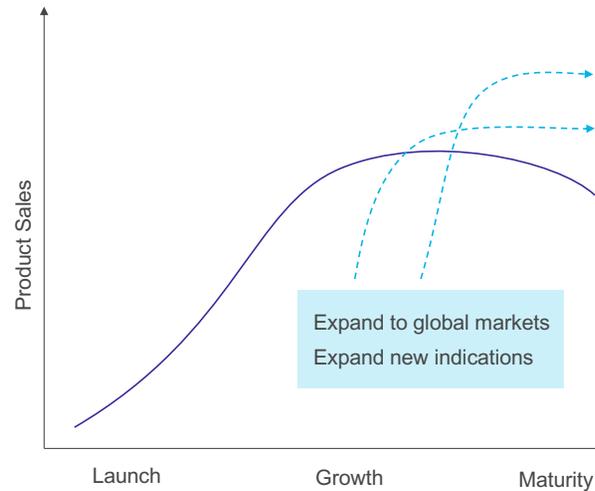
Positioning your product among established players



Readiness for post-launch monitoring and rapid adjustments

Post-launch lifecycle management

Program-specific services mix evolves with lifecycle needs



How AB can help

End-to-end services

Unmatched experience

Flexible options for small and mid-size biopharma

Pharmacy, medical, or hybrid benefit

>9,000*

consulting projects supporting over 600 brands

36 years

of patient services leadership

Presence in

50+ countries

with 600+ global offices

*Internal data, as of 11/17/22