



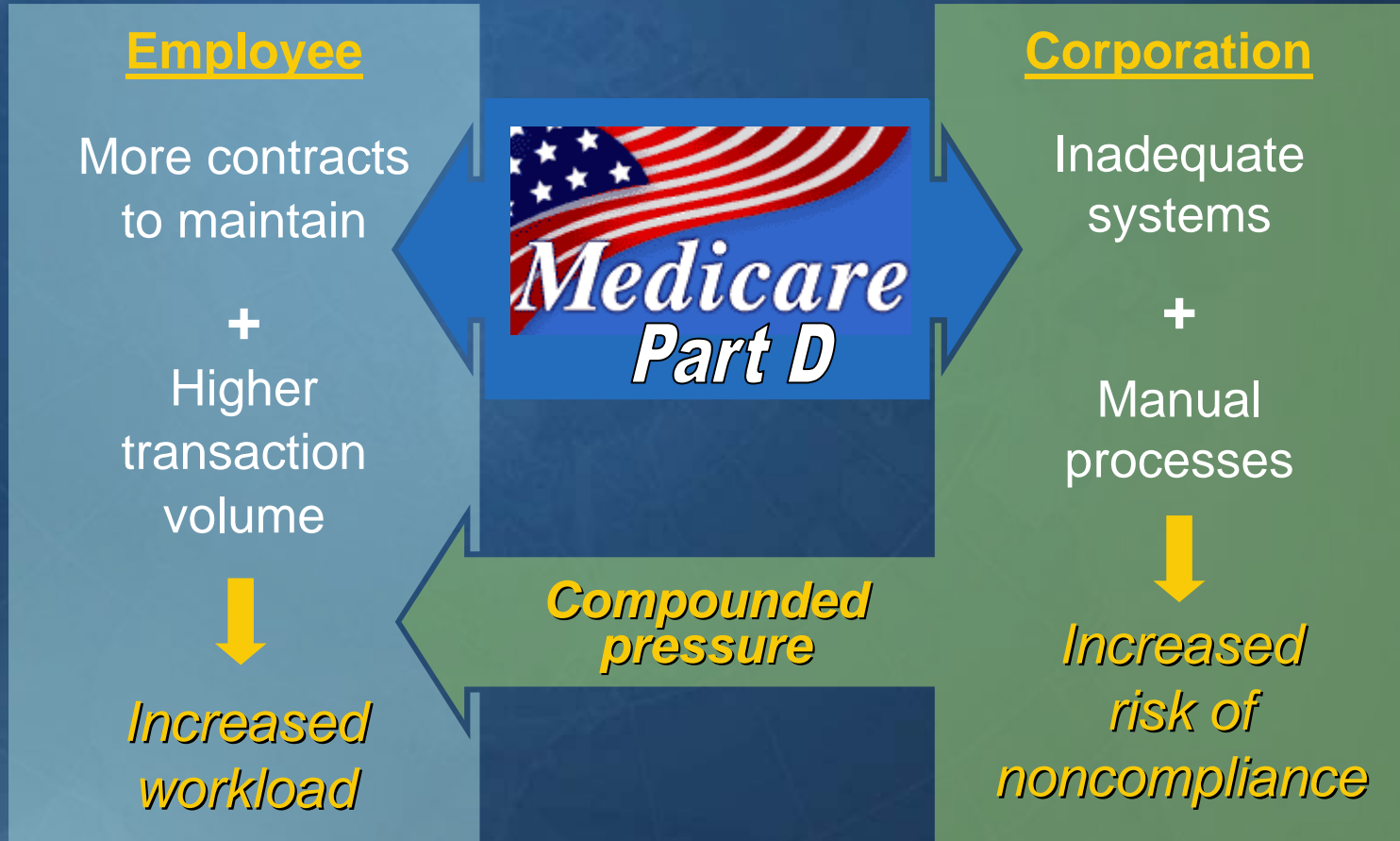
Streamline Part D Compliance and Automate Part D Rebate Claims Validation

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Today's Agenda

- Impact of Medicare Part D
- A Comprehensive Approach
- Benefits of Validated Input
- Future Predictions of Part D Impact
- Summary

The Impact of Medicare Part D



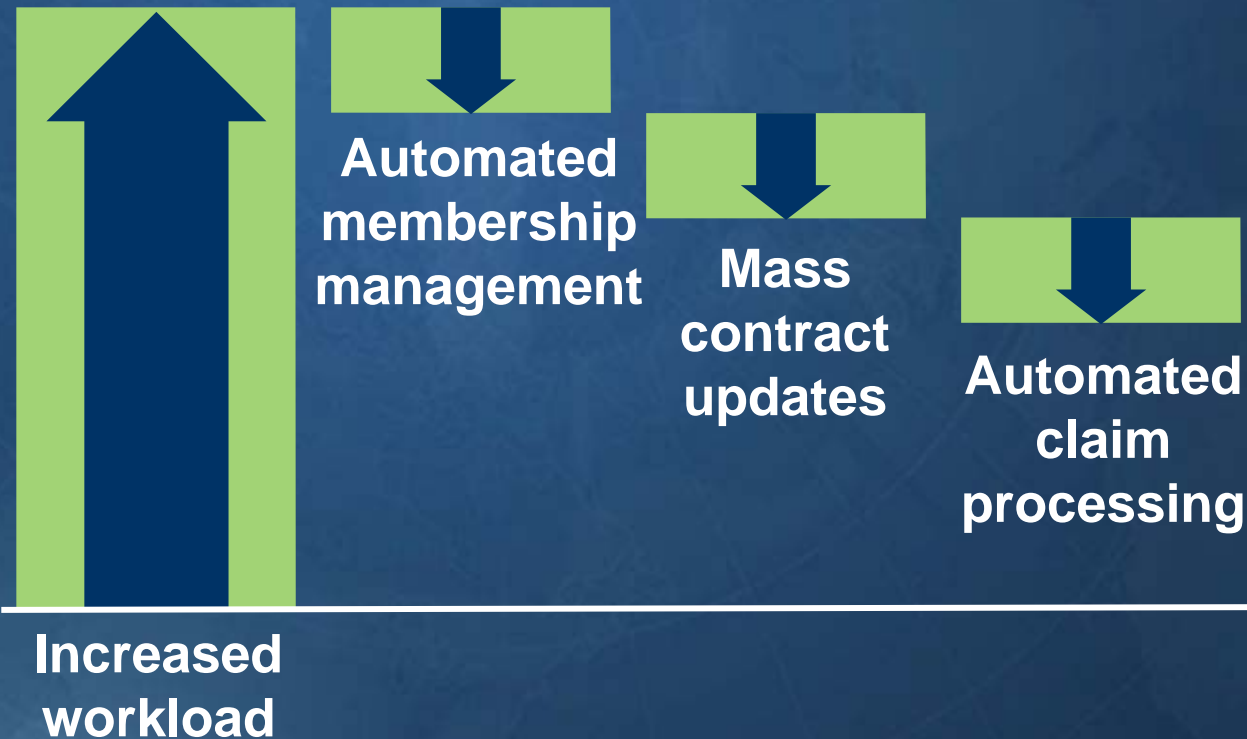
Employee Pain: Increased Workload

Some companies have experienced as much as 130% growth in contract volume

- More data to manage
- More contracts to maintain
- More claims to pay



Options for Employees



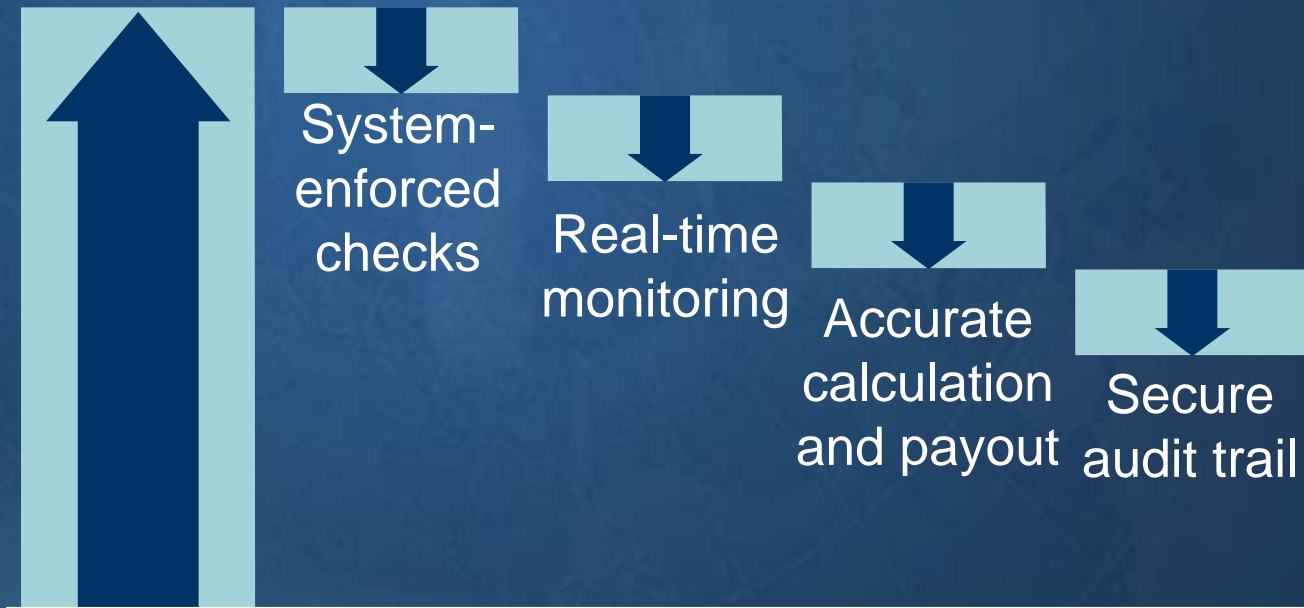
Corporate Pain: Risk Mitigation

- No longer an option *NOT* to follow terms and conditions of contracts
 - False Claims Act Settlements
 - Since 2000, more than \$3 billion in *Federal* Settlements
- Can lose privilege to participate in programs
 - More than 40 million Medicare beneficiaries



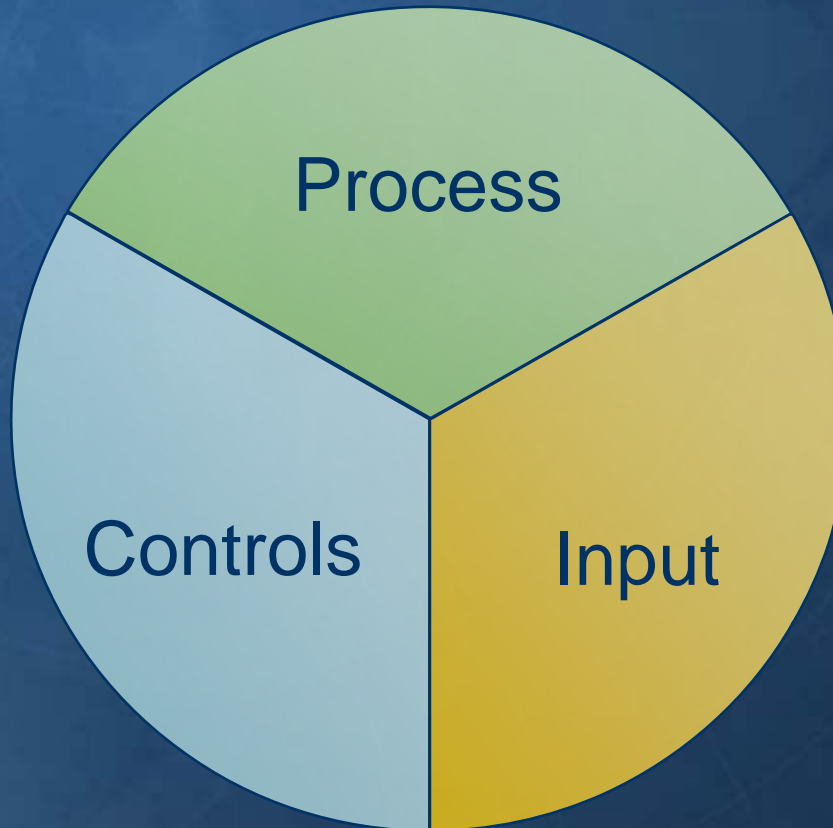
**HIGH
RISK**

Options for Corporations



Noncompliance
risk mitigation

A Comprehensive Approach to Part D Requires 3 Components



Validated Input = Accurate Output

Validated input

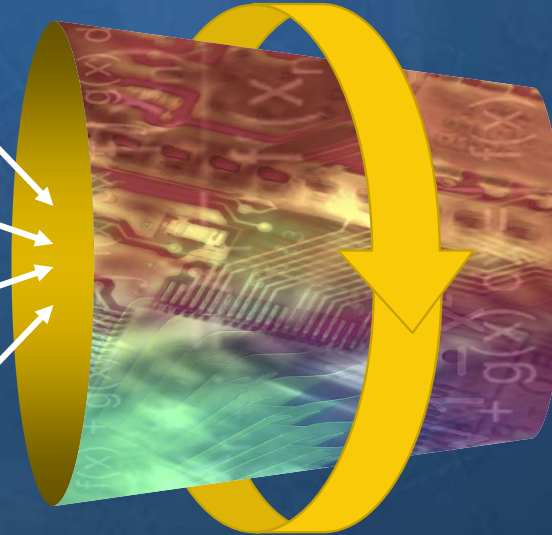
*PBM/HMO
script data*

*Tricare
script data*

*Medicare
script data*

*Medicaid
script data*

Government and commercial rebate calculations



Accurate output

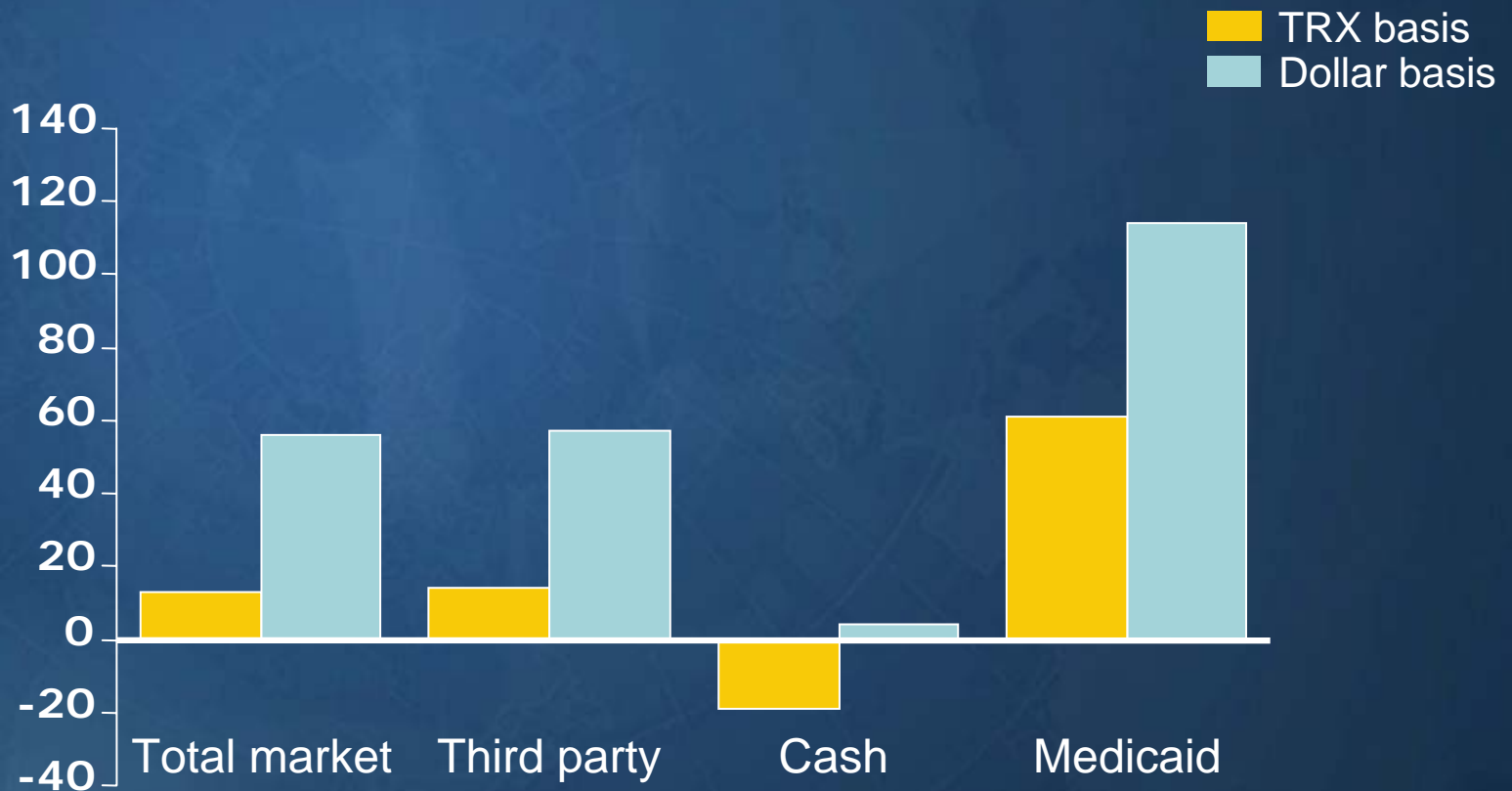
Accurate Output is a Fundamental Component of Your Success with Part D

- Increased contract compliance
- More accurate government price calculations
- Payment on valid claims only
- Reduction in duplicate claims
- Opportunity for comprehensive analytics

- Operational efficiency
- Risk avoidance
- Return on investment

Making this an industry best practice

Medicaid Has Grown Far Faster Than Any Other Method of Payment Over the Past 5 Years!



Source: SET Enterprises, IMS Health: National Prescription Audit (NPA) PIUS 7, Method of Payment Report, August 2005

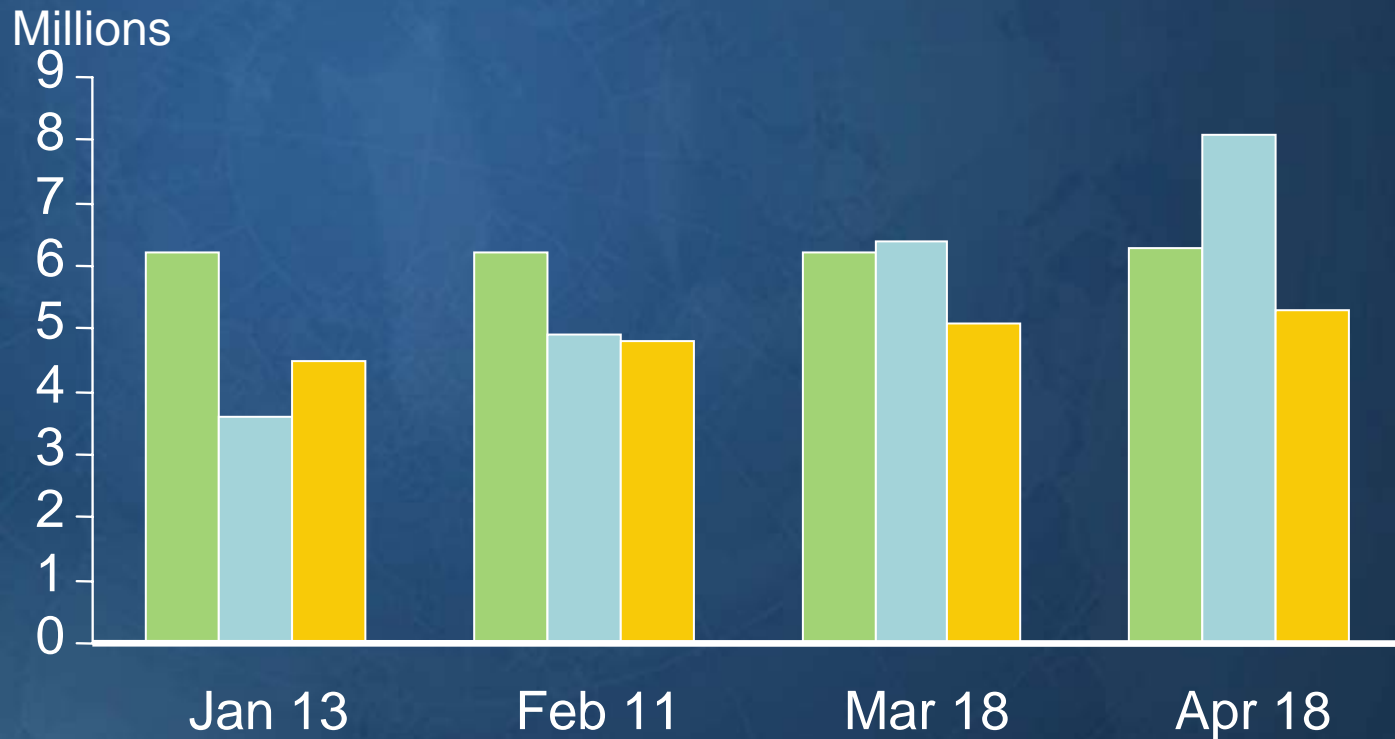
Medicaid to Medicare Transition

On January 1, 2006 implementation of the Medicare Part D drug benefit was the transition – on a single day – of over 6 million low-income seniors and persons with disabilities who are enrolled in both Medicare and Medicaid (“dual eligibles”) from Medicaid drug coverage to newly created Medicare Part D plans. Dual eligibles have more extensive health care and prescription drug need than other Medicare beneficiaries

According to Dr. Mark McClellan, CMS Administrator, well over 1 million Medicare beneficiaries were enrolled in more than 1 Part D plan

Medicare Part D Enrollments

- Duals
- PDPs enrollees
- MP-PD enrollees



Source: HHS Press Releases dated January 17, 2006, February 22, 2006, March 23, 2006, and April 20, 2006

It's Not Over ...

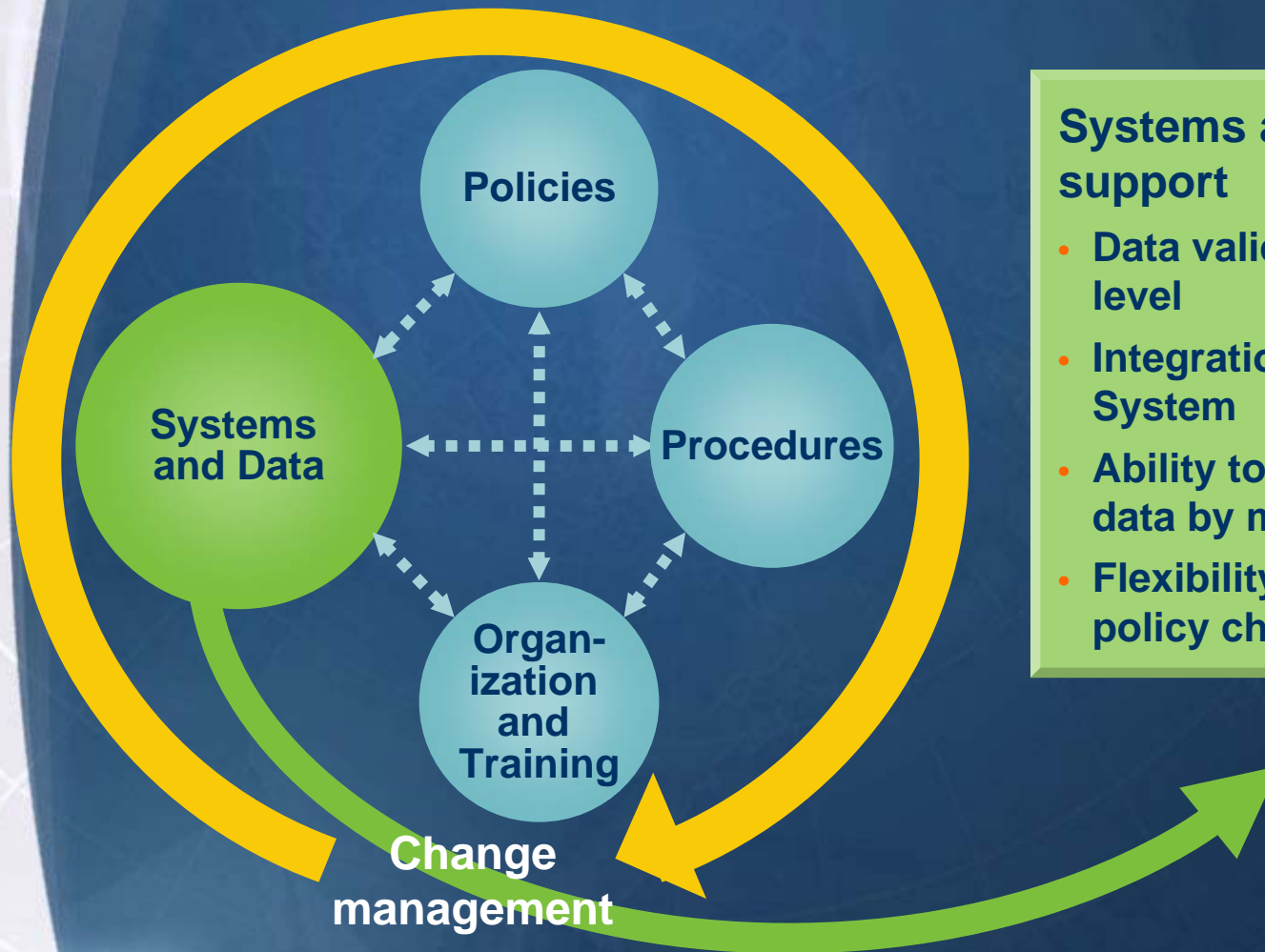
Manufacturers should be prepared for more changes and potential mistakes that could occur in January 2007 when new Part D contracts and recalculated benchmarks for the low-income subsidy take effect

*Important
DATE!*

CMS announces
successful
applicants by
September 2006



Key Systems Investments Need to be Made



Systems and data should support

- Data validation at the script level
- Integration into your Contract System
- Ability to store and compare data by market segments
- Flexibility to accommodate policy changes

Historical Landscape for Script-Level Validation



- No validation/sporadic validation



- In-house legacy system



- Outsource service

Historical Landscape for Script Level Validation – No/Sporadic Validation

■ Critical issues

Business drivers

- Easy to process
- No additional headcount needed

Compliance drivers

- No opportunity to Align with changes in current legislation
- No data to manage
- No formal audit trail

No validation or sporadic validation



- Inefficient processes
- High maintenance costs
- Missed opportunities
- Noncompliance

Solution drivers

- Inadequate off-the-shelf packaged system offerings
- No integrated system platforms

Historical Landscape for Script Level Validation – In-house Legacy System

■ Critical issues

Business drivers

- Complex contract strategies
- Multiple systems
- Large volumes of data

Compliance drivers

- Slow to align with changes in current legislation
- Unable to keep up with increase in government programs
- No formal audit trail

In-house Legacy System



- Inefficient processes
- High maintenance costs
- Missed opportunities
- Noncompliance

Solution drivers

- Inadequate off-the-shelf packaged system offerings
- No integrated system platforms

Historical Landscape for Script Level Validation – Outsource Service

■ Critical issues

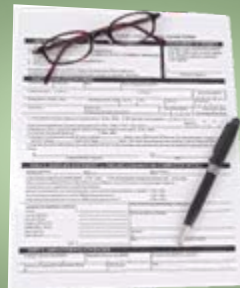
Business drivers

- Easy to process
- Very little/no additional headcount needed
- No expertise needed

Compliance drivers

- Costly to Align with changes in current legislation
- Challenging to keep up with increase in Government Programs
- No formal audit trail

Outsource service



- Inefficient processes
- High maintenance costs
- Missed opportunities
- Noncompliance

Solution drivers

- Inadequate off-the-shelf packaged system offerings
- No integrated system platforms

Current Landscape for Script Level Validation – Out-of-the-box Solutions

■ Benefits

Business drivers

- Better defined validations
- Integration to contract system
- Better contract compliance

Compliance drivers

- Costly to align with changes in current legislation
- Challenging to keep up with increase in Government Programs
- No formal audit trail

Out-of-the-box solutions






- Increased operational efficiency
- reduction in duplicated claims
- Missed opportunities
- Noncompliance

Solution drivers

- Inadequate off-the-shelf Packaged system offerings
- No integrated system platforms

Benefits of a Comprehensive Approach to Medicare Part D Validation

	<p><i>Significant savings opportunities</i></p>	<p>PDP/MA-PD validation</p>	<p>Product validation</p> <p>Pharmacy validation</p>	<p>Aberrant quantities</p>
	<p><i>Meaningful savings opportunities</i></p>	<p>Credit/debit pair</p>	<p>Cross-over claims</p> <p>Duplicate checking</p>	<p>Contract validation</p> <p>PBM/plan/product</p>
	<p><i>Some savings potential</i></p>	<p>Sales-based analysis</p>	<p>Formulary comparison</p> <p>Field validation</p>	<p>Trending analysis</p>

In Summary

- The risk on noncompliance is simply no longer “the cost of doing business”
- Pharmaceutical manufacturers need to be prepared to react to the growth & evolution of Medicare Part D
- An effective compliance program will combine staff resources with comprehensive software systems