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Prime Therapeutics Launches CareCentered Contracting™ Program

Prime's integrated model allows true outcomes-based measurement leading to greater value for members and plan sponsors

ST. PAUL, MN – September 22, 2011 – Prime Therapeutics (Prime), a leading pharmacy benefit manager (PBM), today announced a new contracting program called CareCentered Contracting™, aimed at ensuring Prime members are taking effective prescription medications that truly improve their health.

Through CareCentered Contracting, pharmaceutical companies agree to either refund the cost of the drug for patients whose medication does not work as expected, such as an osteoporosis patient who suffers a fracture, or cover the cost of treating such an event. The health outcomes and medication adherence of patients are not typically factors in pricing negotiations. CareCentered Contracting includes these components in order to reduce uncertainty about the effectiveness of medications and possible side effects for members and increase accountability between pharmaceutical manufacturers and health plans.

"The health care system is increasingly focused on demonstrating greater value for the care provided," said Peter Wickersham, senior vice president of cost of care at Prime. "The same is true for pharmaceuticals. Not only do we want to make sure the drugs our members are taking are actually doing what they are supposed to do, we also want to increase the value of these drugs to health plans and members. That's why our CareCentered contracts go beyond just outcomes, to include the cost of care, medication adherence, patient education and other factors critical to improved health."

Traditionally, pharmaceutical contracts negotiated by PBMs were based solely on the volume of drugs purchased. As growing numbers of high-cost specialty products enter the market, drug manufacturers are being asked to substantiate the value their medications can provide when taken appropriately, such as keeping patients out of the hospital and slowing disease progression. As an integrated PBM, Prime is uniquely able to measure these health outcomes by coordinating pharmacy and medical data for its health plan owners.

The first two drugs with outcomes-based contracts were osteoporosis drug Actonel® from Warner Chilcott Company and diabetes drug Januvia® from Merck. With the launch of CareCentered Contracting, Prime is negotiating additional contracts in areas where rebate contracting does not currently apply.

"Outcomes-based contracts changed the game by focusing on patient outcomes, not just volume of drugs in determining costs," said Sue Scheid, Prime's vice president of trade relations. "With CareCentered Contracting we are again changing the dynamic by establishing contracts in categories like Multiple Sclerosis, and other specialty disease

states. We are in discussions with several manufacturers and anticipate additional contracts to be added to the program in the near term.”

Prime Therapeutics is a pharmacy benefit management company dedicated to providing innovative, clinically-based, cost-effective pharmacy solutions for clients and members. Providing pharmacy benefit services nationwide to nearly 17 million covered lives, its client base includes Blue Cross and Blue Shield Plans, employer and union groups, and third-party administrators. Headquartered in St. Paul, Minn., Prime Therapeutics is collectively owned by 12 Blue Cross and Blue Shield Plans, subsidiaries or affiliates of those Plans. Learn more at www.primetherapeutics.com.

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