

Prime Therapeutics (Prime) has formed an alliance with Walgreens that is a unique collaboration, making it even easier for people to get the medicine they need to feel better and live well.

This strategic relationship, and the alignment with our 20 Blue Cross and Blue Shield clients, will allow connection between the health plan and the pharmacy to bring the whole system together. It includes a long-term retail pharmacy network agreement and combines the companies' central specialty pharmacy and mail service businesses.

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1. What is being announced? What are the details of this agreement?

Prime is announcing a long-term alliance with Walgreens, one of the largest drugstore chains in the U.S. This strategic relationship aligns a retail pharmacy with a pharmacy benefit manager (PBM) and health plans. It includes two parts:

- A long-term retail pharmacy agreement that makes Walgreens the core participant in our national preferred network. This agreement takes effect Jan. 1, 2017.
- An agreement to combine Prime and Walgreens central specialty pharmacy and mail service businesses, a combined company that is expected to provide operating and purchasing efficiencies at par with industry leaders.

We have put a joint transition team in place and they are working on the details. Additional information will be shared when available.

2. Why has Prime joined forces with Walgreens?

Improving how we serve our clients and members is the driving force behind this deal. The alignment between health plan, PBM and retail pharmacy creates a new model for improving health. The operating and purchasing efficiencies of the combined central specialty and mail service company can mean cost of care opportunities for our members and clients. This alliance has the potential to position Prime as a top 3 PBM.

3. How does this announcement affect our network agreements with other pharmacies?

This is not an exclusive agreement. However, Walgreens will be the core participant in Prime's national preferred pharmacy network, beginning Jan. 1, 2017. Health plans have selected their pharmacy networks for 2017 (many clients selected Walgreens as their preferred pharmacy prior to this announcement). This announcement does not change those network selections or existing agreements.

4. What is the name of the combined central specialty and mail service company?

The combined company has not yet been named.

5. Where will the combined central specialty and mail service company be headquartered?

That decision has not yet been made.

6. Who will lead the combined central specialty and mail service company?

The combined company will be governed by a Board of Directors and guided by an Executive Steering Committee. An interim President and CEO will be chosen by Walgreens and Prime and a temporary leadership team – consisting of people from both Prime and Walgreens – will help guide the transition.

7. What Prime assets move to the combined central specialty and mail service company? What Walgreens assets move to the new organization?

Those decisions will be made by the transition team.

8. Will the combined central specialty and mail service company be publicly traded?

The combined organization will be owned by Prime and Walgreens. Shares will not be traded publicly.

9. Will PrimeMail and Prime Therapeutics Specialty Pharmacy continue to exist?

Those decisions will be made by the transition team.

10. Is Prime Therapeutics closing or going away?

No, the pharmacy benefit manager Prime Therapeutics isn't going anywhere. This alliance positions Prime for future growth and opportunities to expand our core pharmacy benefit management (PBM) services. Our Blue Plan owners and clients remain committed to the Blue + Prime value proposition. Prime will continue to provide PBM services that include but are not limited to formulary management, benefit design consultation and clinical solutions.

11. How does this alliance differentiate Prime from competitors?

This is a new model that aligns three pillars in health care: a leading PBM (Prime), health plans/payers (Blue Cross and Blue Shield Plan owners) and a national retail pharmacy (Walgreens). By aligning some of the most trusted and experienced names in health care, this new model can help improve outcomes, deliver cost of care opportunities, and allow for further efficiencies and care coordination. This unique relationship will provide integrated medical and pharmacy data for better cost control, superior member offerings and a focus on lowering drug costs.

12. When will the agreement go into effect?

The retail pricing agreement will go into effect Jan. 1, 2017. The agreement for the combined company is subject to regulatory review and approval. The date for closing will be set after regulatory review is complete and approval has been granted. In the meantime, a transition team is working on the details. Additional information will be shared when available.

13. How does this agreement impact the services Prime offers its clients?

Improving how we serve our clients and members is the driving force behind this strategic alliance. It strengthens the relationship between health plan, PBM and retail pharmacy. It is a new model for improving health. The combined central specialty and mail service company is expected to create operating and purchasing efficiencies which translates into cost of care opportunities. Long-term, depending on the member's chosen benefit plan, the alliance has the ability to yield improved cost savings on prescription drugs. The agreement, however, will impact each client differently depending on how extensively they adopt the preferred Walgreens only network and use the different products and services we develop.

14. How will this alliance impact Prime employees?

Many decisions have yet to be made. More will be determined in the coming months.

15. How will this alliance impact Prime members?

There are no immediate changes for members and they do not need to do anything differently. Members can always call Prime or their Blue Plan at the number on their member ID card with specific questions.

16. Where can I find more information on this announcement?

The official press release and other helpful resources for reporters are posted in the newsroom on PrimeTherapeutics.com.