

Wellpartner Access Solution™
Contract Pharmacy Services Administration for

Community Health Centers

Introduction

Wellpartner is nationally recognized for innovative pharmacy distribution solutions and contract pharmacy administration services.

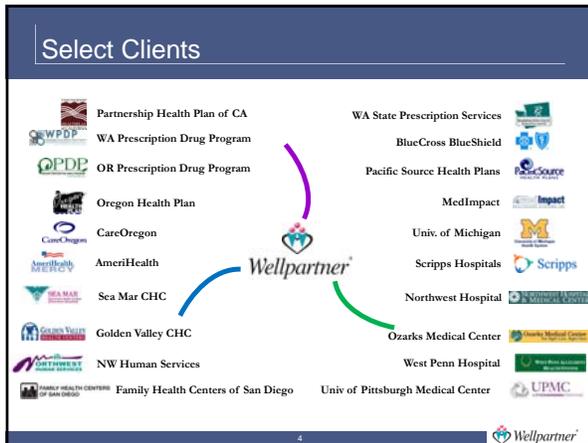
Since our founding in 2001 our commitment has been: cost savings for payers, access for patients and better health outcomes for everyone we serve.

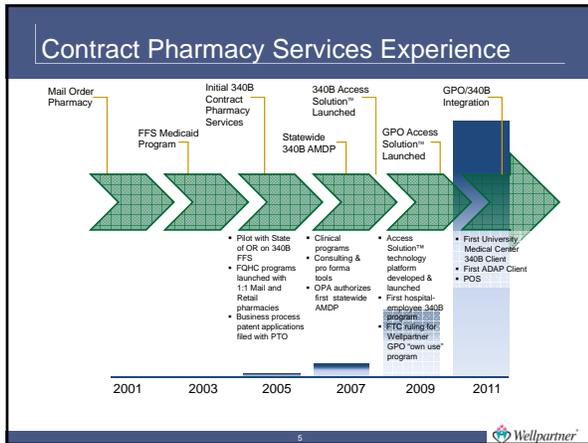
Wellpartner Services

- Expertise in Medicaid and public employee programs
- Transparent AWP discount and AAC pricing
- High-touch Specialty Rx services

- Innovative "Own Use" delivery
- Aggressive class-of-trade pricing
- Full integration with 340B program for qualified hospitals

- Recognized leader in 340B; largest most experienced administrator in the U.S.
- Proven expertise in creating and managing retail pharmacy networks
- 340B pricing leverage for SRx





- ### 340B Program – Requirements
- "Diversion"
 - 340B medication can only be dispensed to a "covered patient" of the "covered entity"
 - Prescription services only does not make someone a "covered patient"
 - "Double Dipping"
 - 340B medication cannot be adjudicated for an OBRA '90 Medicaid rebate
 - This includes all fee-for-service Medicaid and some managed Medicaid programs
 - "Auditable"
 - Covered entity and pharmacy must maintain very transparent records
 - Out-Patient Only
 - Hospitals must phase out GPO-based outpatient pharmacy purchases

Wellpartner 340B Access Solution™



Comprehensive 340B program that maximizes financial return, claims visibility and control

- Outpatient and Employee-Benefit program designs
- Self-funding program; no upfront costs
- Modular implementation; System-wide or by Department
- Custom-built pharmacy network
 - Convenient to patients and employees
 - Wholesale distributor independent
- Services can stand alone or integrate with PBM
- Extendable technology platform
 - Expand to include GPO "own use", PAP etc.

7 

How Contract Pharmacy Services Work



Program Sponsor

- "Acquires" prescription drug inventory to be dispensed to patients or beneficiaries.

Contract Pharmacies

- Agree to dispense inventory purchased by the Sponsor
- Receive a dispensing fee for each Rx

Contract Pharmacy Administrator

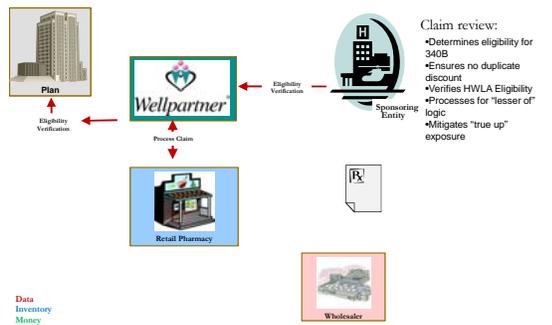
- Creates and manages a network of retail pharmacies to fill eligible prescriptions
- Tracks inventory dispensed and revenue generated

Pharmaceutical Wholesaler

- Establishes bill-to, ship-to account with Program Sponsor
- Supplies replenishment inventory to contract pharmacies
- Works in partnership with contract pharmacy administrator

8 

Reconciliation: Claims Carved In



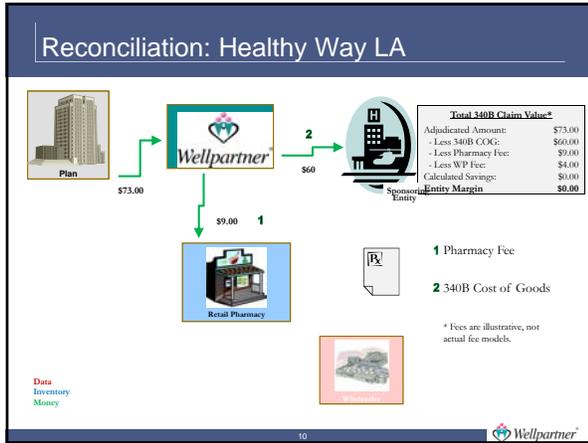
Plan (Eligibility Verification) → **Wellpartner** (Process Claim) → **Retail Pharmacy** (Dispensing)

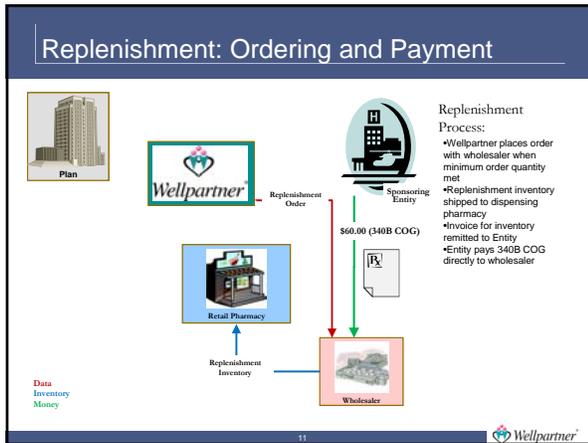
Wholesaler (Sponsoring Entry) → **Wellpartner** (Eligibility Verification)

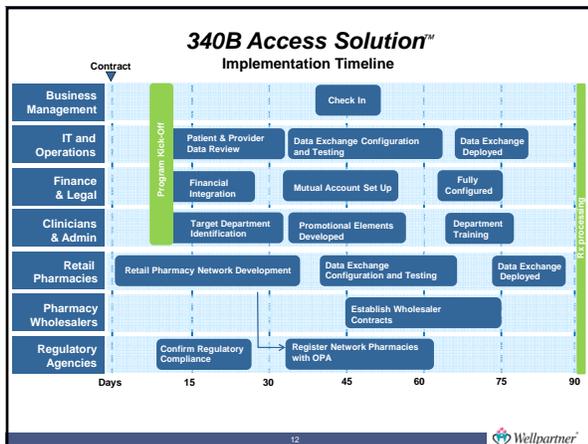
Claim review:

- Determines eligibility for 340B
- Ensures no duplicate discount
- Verifies HWLA Eligibility
- Processes for "lesser of" logic
- Mitigates "true up" exposure

Data Inventory Money 







About Pharmacy Selection

- **Successful program requires a well managed pharmacy network**
 - Partnership between Entity, Administrator, Pharmacies
 - Financial considerations for all parties
 - Pharmacy selection based market conditions and program needs
- **Pharmacy network custom built for each client**
 - Patient/Employee satisfaction heavily weighted
 - Zip code mapping of patient concentration to optimize coverage
- **Contract flexibility to accommodate variable pharmacy compensation**
 - Recognize historical business with covered entity

13 

Access Solution – Pricing Objectives

- Financially healthy 340B programs
- Aligned incentives of all participants
- Simplify pricing administration for Pharmacies
 - Fixed fee per transaction
 - Spread-capture applied in limited cases (e.g.: Specialty Rx)
- Accommodate means for sponsoring entities to underwrite uninsured through the program

14 

**Contract Pharmacy Services
Additional Opportunities**



Reconciliation: Revenue Recovery (3rd Party)

Total 340B Claim Value*	
Adjudicated Amount:	\$100.00
- Less 340B COG:	\$60.00
- Less Pharmacy Fee:	\$9.00
- Less WP Fee:	\$4.00
Calculated Savings:	\$25.00
Entity Margin:	\$25.00

1 Adjudicated Amount less Pharmacy Fee
 Net Adjudicated
 2 Amount less Wellpartner Fee

* Fees are illustrative, not actual fee models.

Fee Calculations – Contract Pharmacies

- Flat fee for each qualified claim carved-in
- Fee amount:
 - The average margin per claim an entity's book of business would have generated outside 340B program
 - Negotiated uplift to cover program administration
 - Negotiated enhanced dispensing fee for higher-touch SRx claims
 - Variable fee to match expected SRx margin

Fee Calculations - Wellpartner

- Fixed percentage of overall program savings generated during a given period
- Savings defined as:

$$\text{Gross Pharmacy Sales} - \text{340B Drug Cost}$$
- Fixed percentage dependent on entity type and Rx mix
- Minimum fee of \$4.00 per carved-in claim

Patients that can use the contract pharmacies

- Third Party Insurance
 - Medicare Part D
 - Managed Medicaid
 - All other Plans
- ADAP Patients
 - ADAP pays at a lesser rate for 340B
 - Still a significant revenue opportunity for FQHC's
- Uninsured patients
 - Can be configured to be margin neutral or to help assist the uninsured.



Case Studies



340B Program – Case study (targeted outpatients)

- **Medium-sized FQHC in Central Oregon**
- **Virtually all patients/prescriptions eligible for 340B**
 - County-wide contract pharmacy network (Nat'l chain)
 - Comprehensive provider & clinician training
 - On-going account management with Sponsor & pharmacies
- **2010 Program performance**
 - 25,000 claims carved-in
 - \$8 net revenue/claim
 - \$100,000 in community benefit (savings) for uninsured



Summary

- Contract pharmacy program that is easily deployed; no upfront costs
- Extensive 340B program expertise; recognized as a national leader in 340B program management
- Largest independent Contract Pharmacy provider serving the 340B community in the U.S.
- 340B program is designed to maximize the value of the program to stakeholders
- Modular approach provides flexibility to ensure it can meet the unique requirements of each client
- Platform can be adapted to support innovative expansion options, including PAP programs

22





Derek Stearns
dstearns@wellpartner.net
503 317-9840

23
