



**NAAG PRESIDENTIAL INITIATIVE SUMMIT
PRIVATE SECTOR SOLUTIONS TO AMERICA'S HEALTH CARE CHALLENGES
TOM MORIARTY, CHIEF POLICY & EXTERNAL AFFAIRS OFFICER, CVS HEALTH
THURSDAY, APRIL 27, 2017**

Good morning. Let me begin by thanking the National Association of Attorneys General and Connecticut Attorney General George Jepsen for convening this Summit.

Today's discussion couldn't have come at a better time. And I'm delighted to have this opportunity to offer our perspective on how pharmacy care can improve health outcomes and lower costs — two important goals that we all share.

In particular, I'd like to address three important and interrelated health care challenges — chronic disease, the cost of prescription drugs, and a fractured delivery system — and a number of ways the private sector is delivering real solutions.

The cost of chronic and complex diseases is undeniable. Today, 1 in 2 Americans has a chronic illness like obesity and heart disease — and nearly 85 percent of our health care dollars goes to caring for these Americans.

For nearly 90 percent of people with chronic and complex diseases, prescription drugs are the "first, logical choice for medical intervention." Unfortunately, up to 50 percent don't take their medications, and up to one-third don't even have their prescriptions filled. Often cost is a barrier.

The FDA comes into play here because of its influence on the approval pipeline. At the start of 2017, more than 4,000 generic drugs were pending approval at the FDA. By facilitating a more efficient approval process, the FDA can encourage competition and innovation, which has a downstream impact on patient access and cost.

Market dynamics are also at play. High launch prices for branded products and price increases for older drugs are undeniable. Over the past few years we've also seen more "me-too" drugs come to market and fewer breakthrough therapies. Many of these "me-too" drugs are supported with heavy direct to consumer advertising and other marketing support.

At the same time, more consumers are enrolling in health plans with higher deductibles and co-pays. Consumers in these plans can sometimes face high out-of-pocket costs for prescriptions — making it more likely those prescriptions are never filled.

The two dynamics I've just mentioned — chronic disease and rising drug prices — are magnified by a broader, systemic issue that stems from a fractured health care system.

Let's take hospital readmission as an example:

- 1 in 7 patients discharged from a hospital to the home or another site of care is readmitted to the hospital within 30 days.
- Two-thirds of these patients are readmitted because of a problem with their medication – either an adverse drug reaction or failure to take their medications as prescribed.
- Research shows that up to 75 percent of these hospital readmissions are preventable.

By reducing readmissions, pharmacist interventions save lives and generate system savings of up to 65 percent – that’s more than \$3,300 per patient.

There is even greater potential for pharmacy care to drive better patient outcomes and lower costs.

Let me offer some insights, beginning with improving medication adherence.

For many consumers, pharmacy represents the “front door of care,” making us a valuable strategic partner to drive higher adherence rates.

And studies have shown improved medication adherence could save up to nearly \$300 billion in unnecessary medical costs each year.

Our research has found that face-to-face personalized counseling and clinically-effective interventions are two to three times more effective than other interactions at increasing adherence and improving health outcomes. Clearly, pharmacists are an influential voice in helping patients take their medications, as directed.

Pharmacists are also uniquely qualified to recommend cost-effective alternatives to more expensive drugs – increasing medication adherence, improving health outcomes, and saving consumers money in the process.

For example, earlier this year CVS Health announced the availability of a more affordable epinephrine auto-injector for people with life-threatening allergies at a cash price of \$109.99, the lowest in the market today and less than the \$649 EpiPen.

We’re also introducing a new prescription savings program to help patients with high out-of-pocket costs afford their essential medications. With the Reduced Rx™ program, we’re partnering with Novo Nordisk to offer vital insulin drugs at a cost of \$25 per 10 ml vial, which reflects a potential savings of as much as \$100 for cash-paying patients.

We’re also walking the walk in our role as a purchaser of health care.

We’ve found at the pharmacy counter that as out-of-pocket costs increase, patients stop picking up their prescriptions. If they can’t afford to pick up their medications, they don’t take them.

So our employee health care plan, which covers 185,000 employees and dependents, is a high deductible plan that's designed to promote preventive care and increase medication adherence. It includes a preventive drug list, where our plan pays for the full cost of preventive generics and brand insulins -- that means no co-pay or co-insurance for members. The plan also pays 80% of the cost of preventive brand medications, with no deductible applied.

Our preventive drug list accounts for less than 1 percent of total plan costs and more than 54% of our employee prescription claims are zero co-pay. This is saving our employees and their families' money at the pharmacy counter.

Based on our experience, we believe this is a model more employers and health care plans should adopt to save their members money and improve health outcomes.

The pharmacy industry is also playing a meaningful role in addressing gaps in care with an expanding suite of integrated capabilities that enable pharmacists to practice at the top of their license.

We offer unmatched patient-facing touch points – from retail and mail to specialty, medical clinics, long-term care, and infusion – putting us in direct contact with health care consumers every day to improve access, affordability and health outcomes.

MinuteClinic, for example, is a convenient low-cost alternative site of care for many consumers. Today, more than 50% of the U.S. population lives within 10 miles of a MinuteClinic location, where we provide preventive services like vaccinations and flu shots, as well as clinical support to help those with chronic conditions better manage their health.

Studies have shown that Minute Clinic is up to 80% less expensive than other sites of care, such as the Emergency Room.

MinuteClinic is also partnering with payors, providers, PBMs and the government to address gaps in care by providing health risk assessments and biometric screenings, and sharing electronic records with health systems. Since connecting MinuteClinic to the Epic EHR, we have exchanged over 10 million electronic records with more than 900 health organizations in all 50 states.

These capabilities enabled us to launch a new initiative with the Department of Veterans Affairs Phoenix VA Health Care System and TriWest Healthcare Alliance. Now, nearly 120,000 veterans who are enrolled in the Phoenix VA can be referred to MinuteClinic, expanding their access to high quality and convenient health care services.

By leveraging all of MinuteClinic's assets, our patients and partners achieve better outcomes as well as cost savings.

These are just some examples of the ways we're working hard to address the challenges in the health care system, and to get patients the medication they need at the lowest possible cost.

There is even greater potential for public and private stakeholders to work together to make additional progress.

One very important step is to create more competition and lower health care costs by increasing the flow of generics and biosimilars to market. At CVS Health, 85 percent of the drugs we dispense each year are generics. In 2015, generic drugs saved Americans \$227 billion – and more than \$1 trillion in the last decade. As I mentioned previously, helping clear out the backlog of generic drug applications at the FDA and approving more biosimilars must be a top priority that we all advocate for.

We also need new policies that recognize a changing health care delivery system. Pharmacists can be increasingly empowered to provide patient care to boost medical adherence and help address other public health issues that drive up industry costs.

One example is the national epidemic of prescription drug abuse.

Just this morning, we released a CVS Health-Morning Consult survey which found that Americans see prescription drug abuse as a growing problem that is increasingly impacting their lives, with 75 percent of Americans believing the problem is tied to people who take medication prescribed for someone else, and nearly one in three citing unused medication in their home as another significant factor.

We have worked closely at every level of government – with policymakers, law enforcement and community advocates – to help address this problem.

This has included working to help change state regulations so that the opioid overdose-reversal medication Naloxone is available for patients without a prescription at all CVS Pharmacy locations across 41 states.

Our company's efforts have also safely collected more than 80 metric tons of unwanted medication, working with local authorities for safe disposal.

And our pharmacists have visited high school health classes all across the country, teaching more than 230,000 students about the dangers of drug abuse.

Finally, we need better regulatory and payment structures that provide an incentive for care in more cost-effective settings.

We don't have all the answers. No single solution will solve all of these marketplace challenges. But, every player in the health care system – including pharmacy – has a role to play.

Thank you for your time this morning,

