Background

As part of our overall effort to reduce costs for our company and our customers, BCBSNC is changing pharmacy benefits management vendors. Prime Therapeutics will administer pharmacy benefits for our commercial customers whose pharmacy benefits are handled through BCBSNC beginning April 1, 2012. The change to Prime Therapeutics will result in lower pharmacy costs for our group customers and will provide more flexibility regarding pharmacy services and programs.

Please refer to the questions and answers below for more information.

Questions and Answers for BCBSNC Employers

Who is Prime Therapeutics?
Prime Therapeutics (Prime) is a thought leader in the pharmacy benefit management (PBM) industry. Its mission is to provide the highest quality care and service for members while focusing on delivering the lowest cost of care and empowering clients to make informed decisions in health care management.

Prime is owned by 9 Blue organizations, representing 12 BCBS plans, and is the fourth largest PBM in the industry.

What is Prime's ownership structure?
Prime is a privately-held company owned jointly by 12 Blue Cross and Blue Shield (BCBS) health plans:

- Blue Cross and Blue Shield of Alabama
- Blue Cross and Blue Shield of Florida
- Blue Cross and Blue Shield of Illinois
- Blue Cross and Blue Shield of Kansas
- Blue Cross and Blue Shield of Minnesota
- Blue Cross and Blue Shield of Montana
- Blue Cross and Blue Shield of Nebraska
- Blue Cross and Blue Shield of New Mexico
- Blue Cross and Blue Shield of North Dakota
- Blue Cross and Blue Shield of Oklahoma
- Blue Cross and Blue Shield of Texas
- Blue Cross and Blue Shield of Wyoming

Through its private ownership structure, Prime is able to focus on BCBS stakeholder value, not stockholder value. Prime offers a proven, strategic partnership that supports its clients’ overall healthcare goals. BCBSNC intends to purchase an equity interest in Prime Therapeutics.
Why is BCBSNC making this change?
BCBSNC decided to explore changing pharmacy benefits managers (PBMs) for a number of reasons. Most importantly, we want to secure the most competitive pricing possible, which means we would be better able to control pharmacy claims expense.

Prime offers the economies of scale of a national provider with the flexibility, customization and quality service of an in-house solution. As a leading PBM owned by Blue Cross and Blue Shield plans, Prime is uniquely able to meet our high standards, while at the same time leveraging best practices. As a result, Prime consistently delivers the best pharmacy trend of the major PBM competitors, and outperforms them in customer satisfaction.

How much will I save?
One important reason that BCBSNC decided to contract with Prime Therapeutics was to secure better pharmacy discount pricing. Prime works with clients to identify factors driving their pharmacy trend and then implements various approaches to lower pharmacy costs. These include:

- **Low net-cost approach.** Prime uses a low net-cost approach that is applied to formulary development, benefit design, manufacturer contracts, and network reimbursement. Using this approach, Prime has helped health plan clients successfully decrease overall per member per month costs.
- **Maximum allowable cost (MAC) program (generic drug pricing).** Prime believes its MAC program to be the most clinically comprehensive and competitive in the industry.
- **Driving members to lower-cost drugs.** Driving utilization to lower-cost products is a key to managing costs. Prime has several programs to move utilization to lower-cost brand and generic products.

Actual member or group level savings will depend on a number of factors including specific utilization patterns.

Does this have any impact on my group now?
There is no impact to your group now. The move to Prime will be effective April 1, 2012, pending regulatory approval.

ASO group contract amendments will be issued for signature at least 60 days prior to the April 1, 2012 effective date.

When will members learn more about the impacts of this change?
Members will receive a welcome packet just prior to the effective date of April 1, 2012. The packet will include new ID cards, recent changes for the member guide and information on navigating the pharmacy section of the BCBSNC website. The new ID cards will simply replace Medco information with Prime information.

Why are you making this change April 1, rather than January 1?
The April 1, 2012 implementation date was chosen to ensure that appropriate quality and service associated with planned annual renewals is maintained. Implementing off-cycle also ensures minimal disruption to membership during transition.
Will there be any cost to the group for this transition?
There are no costs to BCBSNC members or groups associated with the change from Medco to Prime Therapeutics.

Are my benefits changing?
Your group benefits will not change as a result of the change from Medco to Prime.

Any change that might take place would be at a global level and would be a positive addition to your benefit, driving to the lowest net costs for you and your membership.

The formulary in place prior to the April 1, 2012 effective date will be the same formulary in place on April 1, 2012. There will be no formulary disruption as a result of the change to Prime Therapeutics.

Will we still have an open formulary?
An open formulary will still be available. There will be no change to the open formulary.

How will my deductibles, accumulators, out of pocket maximums transfer?
BCBSNC will work with Prime to ensure that all records are transferred to the Prime claims system appropriately. When the change from Medco to Prime Therapeutics becomes effective, the change will not affect deductibles, accumulators or out of pocket maximums.

Will I need to change pharmacies?
While Blue Cross and Blue Shield of North Carolina reviews its retail pharmacy network options regularly to ensure the best pricing for its clients and members, there are no plans to change the pharmacy network at this time. The process for filling your prescription at a retail pharmacy would not change. Bring your prescription and member identification (ID) card to a pharmacy in your pharmacy network. The pharmacist will send your prescription electronically to Prime to confirm your benefit plan and ensure the correct prescription price.

Will pharmacies be able to distinguish between grandfathered and nongrandfathered plans?
Yes, this information will be available to them as it is today.

What prescription mail service option is offered by Prime? How will mail service prescriptions transfer?
PrimeMail® is Prime’s prescription mail service.

PrimeMail makes transferring prescriptions, ordering new prescriptions and ordering refills safe, fast and easy. In addition to easy ordering, PrimeMail members have access to member service agents 24-hours a day, seven days a week. PrimeMail customers can also use the member website to order refills, track their prescription history and find drug information. With PrimeMail, prescription medications are confirmed for accuracy and quality by registered pharmacists and delivered to your door in safe, plain-labeled packaging.

When the transition occurs, if you have a prescription with Medco mail service, and there are open refills, that information will automatically be transferred to Prime and your refills will be delivered to you without interruption. You won’t have to wait for your important medications.
Will prior authorization files transfer?
Yes. During the transition, Prime will work with Medco to transfer historical prior authorization files (including prior authorizations for controlled substances) as part of the overall transfer of member records. Members will not have to reestablish prior authorization status for unexpired prior authorizations.

Will this affect BCBSNC’s specialty pharmacy program?
No, there will be no change to the specialty pharmacy network launched July 1, 2011.

What changes should I expect in terms of customer service?
From the member’s standpoint, there will be no changes to customer service. Members will continue to receive the same level of customer service as they do today.

From an employer group standpoint, Prime will provide additional client support. Prime will have in place, a client support team, to support our internal BCBSNC Sales team on large employer groups. The Prime team will include a pharmacist and account executives.

Are we still going to allow for discount card only and if so, are the rules for allowing this the same as today?
Yes, discount cards will be allowed and the rules will be the same.