



April 6, 2007

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HealthTrans Response to Blue Ribbon Commission for Health Care Reform

Submitted by:

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HealthTrans

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HEALTHTRANS™

A healthier approach to pharmacy benefits

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April 6, 2007

Blue Ribbon Commission for Health Care Reform
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HealthTrans™ ® is pleased to submit the following proposal to the Blue Ribbon Commission for Health Care Reform. Founded by Colorado residents and headquartered in Denver, HealthTrans is an expert in pharmacy care and has created a viable solution to the high cost of prescription drugs in the State.

As an organization focused on access to information, transparent pricing, and aligned interests, we have been successful in changing the typical business relationship between pharmacy benefit managers (PBMs) and plan sponsors. Further, along the path to our success, we have consistently looked for ways to give back to the community.

HealthTrans® provides pharmacy related community services including sponsoring flu shots and Pneumonia inoculations at the Denver Rescue Mission as well as providing pharmacy discount cards through the Denver-based COMPA food bank.

The RFP issued by the Blue Ribbon Commission for Healthcare Reform provides an excellent springboard for our latest public service concept, the HealthTrans Pharmacy Care Fund (HTPCF). As outlined in this proposal, the HTPCF program is primarily aimed at providing assistance to low-income uninsured and underinsured individuals who may not otherwise be able to afford their prescriptions.

By utilizing HealthTrans' expertise in pharmacy benefits, the Fund is designed to provide those in need with information on available resources, access to a pharmacy savings program, and subsidization of pharmaceutical care for the most vulnerable.

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With an estimated 770,000 uninsured Coloradans, we believe the HTPCF program offers an effective and self-sustaining solution for pharmacy care that will fit nicely into an overarching solution for health care reform. Should you have any questions or further requirements, please do not hesitate to call me directly at 720.493.8241, or via my cell phone at 720.560.8552.

Regards,



Lou Hutchison
President,
HealthTrans™ ®

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Disclaimer

1. HealthTrans™ ® reserves the right at its sole discretion to modify or revise its proposal, in whole or in part, any time the terms, specifications, or criteria of the RFP are altered, modified, or changed.
2. HealthTrans' proposal is based upon information and data in the RFP. If it is determined that said information is not correct or is incomplete, HealthTrans™ ® reserves the right to withdraw, modify, or revise its proposal.
3. HealthTrans™ ® is not and will not be under any obligation due to its submitting a proposal to the RFP, except as expressly stated in a binding agreement entered into with the Blue Ribbon Commission for Health Care Reform, either as part of this RFP or otherwise.
4. HealthTrans' response to this RFP shall remain valid for 60 days from the date the response is submitted. If the proposal is not accepted within that 60 day period, HealthTrans™ ® reserves the right to update, modify, revise, or withdraw its proposal.
5. HealthTrans' proposal consists of confidential and proprietary information, and shall at no time be deemed to be public record or public information. HealthTrans™ ® retains ownership of its proposal, and said proposal shall not become the property of, and may not be used by, the Blue Ribbon Commission for Health Care Reform, except in furtherance of the RFP process for which the proposal was submitted.

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Table of Contents

Questionnaire 5

A) Comprehensiveness..... 5

B) General..... 6

C) Access 13

D) Coverage 15

E) Affordability..... 17

F) Portability..... 18

G) Benefits..... 19

J) Consumer Choice and Empowerment 26

K) Wellness and Prevention..... 27

L) Sustainability 28

Comprehensive Proposal 33

Proposal Development..... 34

Deleted: 4/6/2007

Questionnaire**A) Comprehensiveness**

1. *What problem does this proposal address?*

Medication compliance is a key driver of good health and is a significant component in the impact to management of overall healthcare costs to the State. Unfortunately, many Coloradans do not have health insurance and/or prescription drug coverage, resulting in financial limitations in obtaining prescription drugs that eventually drive unnecessary utilization of public resources through emergency room visits and other acute needs.

As a proposed solution that reflects the spirit of the Blue Ribbon Commission on Health Care Reform, the HealthTrans Pharmacy Care Fund (HTPCF) provides Colorado's 770,000 uninsured residents access to pharmaceutical care that may be otherwise outside their reach. This program is focused on supporting individuals and families throughout the continuum of need. The Fund will educate the uninsured on existing resources, may provide funds to those who do not qualify for other programs and cannot afford their requisite medications, and offer a pharmacy savings program for those who are fortunate enough to be able to contribute toward the cost of their medications.

2. *What are the objectives of your proposal?*

HealthTrans™®, the 4th largest pharmacy benefit manager in the United States by script volume and the leading expert on management of prescription drug costs in the State of Colorado, is establishing the HealthTrans™® Pharmacy Care Fund as a non-profit entity that will:

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- Serve as a clearinghouse for information and education on existing resources such as government programs like Medicaid, SCHIP, and FQHC/340B or private resources such as pharmaceutical manufacturer patient assistance programs.
- Provide guidance for individuals who may be eligible for such programs but require assistance in identifying resources and applying for them.
- Provide a pharmacy savings program that offers discounts of up to 70% on prescription medications to augment existing programs or for those who do not qualify for them.
- Subsidize prescription costs on a sliding scale basis for a tier of uninsured Coloradans who do not qualify for other resources (or to augment those resources).
- Educate those who participate in the program on the importance of preventive care and medication compliance with the goal of reducing unnecessary acute medical care utilization.
- Synchronize with the comprehensive solution for health care reform identified by the Commission.

B) General

1. *Please describe your proposal in detail*

HealthTrans™ ® is a Colorado-based pharmacy benefit manager providing service to over 14 million individuals and processing over 90 million pharmacy claims annually for various payer groups such as managed care organizations, employers, third party administrators, specialty programs, and government agencies. As an expert in pharmacy care and cost-management and to improve the health care system, HealthTrans™ ® is establishing a non-profit organization, the HealthTrans Pharmacy Care Fund, specifically designed to provide a

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solid, sustainable solution to providing affordable and accessible pharmacy care to all Colorado residents.

The key components of the HealthTrans Pharmacy Care Fund (HTPCF) include:

- Education and assistance in accessing existing resources
- A discount prescription drug program
- Funds for those in need who may not qualify for existing programs

Education and Assistance in Accessing Existing Resources

With the primary goal of supporting the uninsured and underinsured, the HTPCF Resource Center will provide access to valuable healthcare assistance programs through a unique call center and Web portal - designed to educate, create awareness, and help enroll individuals in available programs such as government resources like Medicaid, SCHIP, and FQHC/340B or private initiatives such as pharmaceutical manufacturer patient assistance programs.

Pharmacy Savings Program

To augment existing programs or for those who do not qualify for them, the HTPCF will offer a Pharmacy Savings Program to Colorado's uninsured that will provide them with discount cards that offer access to needed medications at discounts that average about 55% lower than retail pharmacies' Usual and Customary (U&C) pricing for generics and 16% off U&C for brands. The cards can be used at approximately 770 Colorado pharmacies, including Walgreens, Target, King Soopers, Rite Aid, WalMart, and Kmart to name a few. In addition to prescription medications, we also enable cardholders to achieve increased savings by including several over-the counter products, including but not limited to Ecotrin, Nicoderm, NicodermCQ, Nicorette, and diabetic supplies.

Additional Source of Funds for Those in Need

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A portion of the revenue generated from the utilization of pharmaceutical cards distributed to this population, along with some outside contributions, will fund the call center and outreach services outlined above. Further, the funds will be utilized to subsidize a portion of the prescription costs (on a sliding scale basis) for uninsured or underinsured Coloradans who do not qualify for other resources.

Please note that the HealthTrans Pharmacy Care Fund is designed not to compete with existing programs, but rather to provide additional benefits as well as access to those programs.

HealthTrans™ ®' Credentials

As the largest pharmacy benefits manager in the State of Colorado and headquartered in Denver, we choose to support the people in the State where we work, pay taxes, and call home. Our credentials in the PBM industry demonstrate that we can deliver the solution outlined in this response:

- HealthTrans provides pharmacy benefit management to payer clients across the spectrum, including managed care organizations (MCOs), employers, third party administrators, specialty programs, and government agencies. Specialty programs include AIDS Drug Assistance Programs in the States of California and Washington. Other government programs under management include the California Parolees and Colorado Department of Youth Corrections. Colorado clients include two major MCOs, Kaiser Permanente and Rocky Mountain Health Plan.
- Business Insurance magazine ranks HealthTrans™ ® as the 4th largest pharmacy benefit manager in the United States.
- HSPA approved - HealthTrans™ ® is among ten pharmacy benefit managers (PBMs) who have been certified by the HR Policy Association's Pharmaceutical Purchasing Coalition. This certification means that HealthTrans™ ® meets their rigorous criteria for operating in a transparent environment. The Coalition is comprised of 56 large

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employers (such as General Motors and IBM) representing 5 million individuals with a drug spend of more than \$4.9 billion who are seeking to create transparency in the pharmacy benefits industry. HealthTrans™ ® has been a pioneer in driving change in the PBM industry from a rebate-driven, undisclosed revenue model to a 100% pass-through, administrative-fee based model.

- HealthTrans™ ® ranks No. 122 on the 2006 Inc. 500 list of fastest growing private companies in the U.S.
- Denver Business Journal recently ranked HealthTrans as the 3rd fastest growing privately held company in Colorado.

To further outline our commitment to this endeavor, HealthTrans™ ® would also like to offer the Blue Ribbon Commission for Health Care Reform our expertise, consulting assistance and evaluation skills to assist in developing a successful comprehensive program for the State of Colorado. Our senior executive team is made up of individuals with over 200 years of collective experience in all facets of the healthcare arena. No other Colorado-based PBM can provide the depth of experience and commitment of HealthTrans™ ®.

2. *Who will benefit from this proposal? Who will be negatively affected by this proposal?*

All Colorado residents will benefit from the HealthTrans™ proposal, either directly or indirectly. At the very least, public health costs for avoidable treatments that many uninsured residents receive in acute care settings (such as emergency rooms) could be mitigated through better medication compliance and health education; coupled with downstream benefits such as lowered social costs resulting from a more preventative approach, indirect benefits are not insignificant. Best of all, Coloradans who need help the

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most (such as the uninsured) will be directly assisted through the HTPCF Resource Center, the discount prescription card program, and/or HTPCF subsidization.

We do not anticipate negative implications from this proposal.

3. *How will your proposal impact distinct populations (e.g. low-income, rural, immigrant, ethnic minority, disabled)?*

Many factors associated with distinct populations (such as low-income, rural, immigrant, ethnic minority, or the disabled) impact how these groups receive health care, pay for these services, and navigate the social safety net when needed. Language barriers, cultural issues, geographic proximity to services, and physical limitations are just some examples. The HealthTrans Pharmacy Care Fund (HTPCF) program will compile data on available programs (especially those geared toward portions of the population with distinct needs) as well as the requirements and parameters for these programs and then disseminate this information via the HTPCF Resource Center. We offer senior sensitivity training to our staff, as well as both English- and Spanish-speaking customer service agents on all shifts. Additional language services are also available upon request. We also have the ability to handle calls for customers who are hearing or vision impaired.

The goal is to not only counsel candidates on all available options based on individual needs but also to assist in any way possible those that qualify in getting enrolled in the benefits for which they qualify. All of this while maintaining sensitivity to each individual's personal situation and privacy. By reducing the barrier to entry, creating awareness programs and enrollment assistance, individuals will better utilize these services.

Participants in the HTPCF Discount Prescription Card Program will have access to approximately 770 pharmacies across the State as well as a Mail Order Pharmacy.

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4. *Please provide any evidence regarding the success or failure of your approach.
Please attach.*
-

HealthTrans progressive approach to pharmacy care management has resulted in improved outcomes and lowered costs for over 14 million individuals. HealthTrans has existing savings programs that have provided millions of consumers with savings on prescription drugs that average 16% lower than retail pharmacies' usual and customary (U&C) pricing for brand drugs and 55% off U&C for generic medications. Further, savings realized by funded commercial plans under our management are significant. Please refer to the attached case study provided as **Appendix A** for an example.

This demonstrable success will form the baseline for the HTPCF program.

-
5. *How will the program(s) included in the proposal be governed and administered?*
-

The Fund will be governed and administered as a non-profit organization set up as a 501 (c) (3) – pending IRS approval. Staff will consist of an executive director and some administrative personnel and volunteers. The director will report to a board of directors including the president and CEO of HealthTrans™ ® and other prominent business leaders with a passion for providing healthcare to the uninsured and enhancing the State's health care system.

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6. *To the best of your knowledge, will any federal or state laws or regulations need to be changed to implement this proposal (e.g. federal Medicaid waiver, worker's compensation, auto insurance, ERISA)? If known, what changes will be necessary?*
-

The HTPCF proposal is not anticipated to require changes to any federal or state laws or regulations.

7. *How will your program be implemented? How will your proposal transition from the current system to the proposal program? Over what time period?*
-

Because HealthTrans™ ® is an experienced pharmacy benefit manager, most of the program's parameters and infrastructure are already in place. HealthTrans™ ® will utilize its existing call centers and web portal capabilities to rollout the HTPCF Resource Center – providing a clearinghouse for health care information and educational resources (especially related to pharmacy care). The second component – providing special discounted pharmacy cards - is available today utilizing current HealthTrans™ ® resources, retail pharmacy network and products. The subsidization for pharmacy cost assistance will be generated by revenues above those that are required to operate the resource. The timeline for that segment of the program is variable, depending on funding success, although it is anticipated to commence no later than year two of the program.

Comment [d1]: Do we intend to limit advice to the pharmacy segment of the health care system?

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C) Access

1. Does this proposal expand access? If so, please explain.

Yes, the HTPCF will make healthcare resources more accessible for both patients and healthcare providers. To our knowledge, there is no consolidated resource already in existence for obtaining assistance information and enrollment help related to pharmacy care in the State of Colorado. The HTPCF Resource Center will offer readily available information on various existing programs that raise the likelihood of Coloradans obtaining appropriate pharmacy care, including:

Programs	Qualifications	Benefits
Medicaid Children 0 – 5 years	Income less than 133% FPL	Covers uninsured children ages 0 – 5 years
Medicaid Children 6 – 19 years	Income less than 100% FPL	Covers uninsured children ages 6 – 19 years
Medicaid Pregnant Women	Income less than 200% FPL	Covers uninsured pregnant women; newborn is automatically enrolled
Family Medicaid Non-working parents	Income less than 60% FPL	Covers low income families with non-working parents
Family Medicaid Working Parents	Income less than 67% FPL	Covers low income families with working parents
CHP+	Income less than 200% FPL	Covers uninsured children under the age of 18 and pregnant women at low cost
Colorado ADAP		Provides prescription drug assistance to AIDS patients
Breast and Cervical Cancer Program		Grants presumptive eligibility and full Medicaid benefits to women diagnosed

Comment [MLO2]: Pretty sure these are the same

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		with breast and cervical cancer
Pharmaceutical Manufacturer Patient Assistance Programs		Benefits vary.

Making information readily available through web access, in-facility education, call centers and other communications efforts will help reduce barriers to entry with respect to health care services and resources. Making accessibility as simple as a phone call or as private as an online portal, not only “personalizes” the service, but also connects them with someone who is truly there to help navigate confusing territory.

Comment [d3]: Not sure if we intend to do this?

Many programs are in existence to assist Coloradans, to varying degrees. By promoting and facilitating utilization of current programs, offering a discount prescription card and subsidizing a certain segment of the population who do not qualify for currently available resources, the Fund will provide significantly expanded access to much needed care.

2. *How will the program affect safety net providers?*

In 2005, the United States led the world in healthcare expenditures, spending \$1.9 trillion, or 16 cents of every dollar, on healthcare. That amounts to almost \$6,000 for every man, woman and child in the United States. However, we consistently rank toward the bottom of developed countries in key health care metrics. For example, the United States ranks 46th in life expectancy according the World Factbook published by the Central Intelligence Agency. The discrepancy between financial outlay and health outcomes suggests that we could be more efficient.

Facts show that with more affordable access to prescription drugs, more patients will be able to comply with medication therapy, resulting in reduced costs for acute care that heavily

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impact the mandates associated with safety net providers . As widely recognized, an ounce of prevention is worth a pound of cure. Some salient examples include:

- Several studies have found that use of statin therapy to treat people with high cholesterol reduces hospital admissions and invasive cardiac surgeries. One study showed that it reduced hospital admissions by one third over five years of treatment. It also reduced the number of days that patients had to spend in the hospital when they were admitted, and reduced the need for bypass surgery and angioplasty.
- A study sponsored by the Agency for Health Care Policy and Research concluded that increased use of a blood-thinning drug would prevent 40,000 strokes a year, saving \$600 million annually.

Providing access to preventive or disease state management therapies associated with pharmacy care should reduce the number of urgent care visits that result in hospital admissions or other more expensive acute care situations that may be avoidable. Thus, those resources can be leveraged in a more appropriate manner. This should result in “stretching” of limited funds currently available to serve more Coloradans with better outcomes.

D) Coverage

1. Does your proposal “expand health care coverage?” (Senate Bill 06-208) How?

Yes. The goal for SB 06-208 is to expand health care coverage as well as decrease health care costs for Colorado residents. Our proposal includes a clearinghouse that will direct uninsured residents to existing programs in which they may be eligible (in both the private and public sector). Examples of those programs include pharmacy manufacturer patient assistance programs, FQHC 340(b), Medicaid, Colorado ADAP, CHP+, or SCHIP.

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Additionally, the proposal utilizes a pharmacy discount card program that saves participants an average of 16% lower than retail pharmacies' usual and customary (U&C) pricing for brand drugs and 55% off U&C for generic medications at approximately 770 Colorado pharmacies. Further, the Fund is structure to offer subsidization to those who do not qualify for current programs. As such, Coloradans will have access to lower priced drugs, assistance in connecting with another organization that may offer or subsidize healthcare services, as well as a new source of funds that expands both access and coverage.

2. *How will outreach and enrollment be conducted?*

The Fund will utilize traditional and non-traditional means of promotion to create awareness. Traditional means such as public service announcements (through television and radio), newspaper articles in the community section along with press releases and editorials, and outdoor advertising, such as on bus benches, to promote awareness of the program touching the key demographic markets. Non-traditional means of advertisement will include a grassroots campaign to distribute information at locations such as health fairs, churches, state fairs, and additional public forums.

An example of an opportunity to promote the Fund is the 9News Health Fair. This is a program developed through another non-profit organization providing individuals with access to low cost screenings and healthcare advice. The Fair has helped over 1.7 million people since it began in 1980.

Additionally, sponsor advertisements at the point-of-care (such as pharmacies, hospitals, physician offices, government buildings and publications, Meals on Wheels, the Denver Rescue Mission, INS and the welfare office) will provide further outreach. Advertising could be placed at insurance agencies, daycares, the YMCA, and in school districts. These above-mentioned locations would also provide the opportunity to place easily accessible kiosks to provider a wider reach for the program.

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In order to ensure that those in need are willing to seek the help provided, the Fund will also work to eliminate the stigma of receiving assistance. The goal of the Fund is to help all uninsured and underinsured Coloradans; this includes the working poor, those not classified as poor but are in need as well as assist the indigent. To accomplish this, the marketing will need to be focused on the positive aspects of how everyone can use help at sometime in their lives.

Enrollment will be provided by phone, e-mail, web portal, kiosks, through the mail, or at the point of service. We find the most successful enrollment medium is usually via phone through both a local and toll-free customer service line (for those outside of the metro area).

3. *If applicable, how does your proposal define “resident?”*

HealthTrans™ ® and the Fund will support any residency requirements stipulated by the Commission and/or comply with any applicable state or federal statutes on the subject.

E) Affordability

1. *If applicable, what will enrollee and/or employer premium-sharing requirements be?*

The pharmacy card, access to the resource center, and potential subsidization by the Fund do not require any premium-sharing requirements as they are provided free of charge.

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2. *How will copayments and other cost-sharing be structured?*

In our model, the consumer is responsible for prescription costs in the Pharmacy Savings Program, albeit at significantly discounted rates. For any patients receiving potential subsidization from the Fund, we look forward to working with the Commission to establish creative approaches such as copayment structures that can stretch limited resources. Further, HealthTrans™ ® has the capability to provide a coordination of benefits solution to synchronize with other programs identified in the comprehensive solution for health care reform or with existing programs.

F) Portability

1. *Please describe any provisions for assuring that individuals maintain access to coverage even as life circumstances (e.g. employment, public program eligibility) and health status change.*

A key component of this program is that it is completely portable and will provide a benefit throughout changes in health status, employment, public program eligibility, etc. While individuals' life circumstance may impact eligibility for existing programs or HTPCF subsidization, they will not lose the ability to access the resource center or the pharmacy savings program.

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G) Benefits

1. *Please describe how and why you believe the benefits under your proposal are adequate, have appropriate limitations and address distinct populations.*

The HTPCF program provides robust benefits that have nuances that reflect the breadth of Coloradans it has been designed to serve. The benefits described in this proposal are primarily focused on the segment of the population who can benefit most from assistance – although everyone in the State can participate at some level. We intend to structure assistance accordingly:

- Any Coloradan can access the HTPCF Resource Center – although we will gear promotion efforts toward those who are likely candidates for available programs that promote appropriate pharmacy care.
- Coloradans at the end of the economic spectrum who qualify for existing programs such as Medicaid will be educated and even assisted with enrollment.
- For a tier of individuals who do not qualify for other programs, subsidization may be available based on a sliding scale, which is a real benefit to the working poor and others.
- To augment or in lieu of other programs, a Pharmacy Savings Program will also be available.

Although we look forward to working with the Commission to establish appropriate limitations and a structure that properly addresses distinct populations, the Fund currently utilizes the guidelines set by these government programs as a source to determine eligibility, need and potential medication subsidies. It is estimated that of Colorado's uninsured, 34% have an income of less than 100% of the Federal Poverty Level, which is \$20,650 for a family of four in 2007. Additionally, 30% of Colorado's uninsured fall into the range of

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100%-199% of the FPL. The highest percentage (36%) falls into the income bracket of 200% of the FPL or higher.

-
2. *Please identify an existing Colorado benefit package that is similar to the one(s) you are proposing (e.g. Small Group Standard Plan, Medicaid, etc.) and describe any differences between the existing benefit package and your benefit package.*
-

To our knowledge, a similar existing Colorado program does not exist. Please note that the HealthTrans Pharmacy Care Fund is designed not to compete with existing programs, but rather to provide additional benefits as well as access to those programs.

H) Quality

-
1. *How will quality be defined, measured, and improved?*
-

The HealthTrans™ ® claims processing system provides measurement and reporting tools that will document each aspect of the information captured during the pharmacy claims process. These reporting tools can provide clinical, financial and utilization data that will assist the State and the Fund determine the effectiveness of the program as well as determine any other cost savings features that may be appropriate (e.g. Therapeutic interchange, generic promotion, compliance with therapeutic protocols, etc.).

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2. *How, if at all, will quality of care be improved (e.g. using methods such as applying evidence to medicine, using information technology, improving provider training, aligning provider payment with outcomes, and improving cultural competency including ethnicity, sexual orientation, gender identity, education, and rural areas, etc.?)*
-

As a leading pharmacy benefit manager, HealthTrans is highly experienced at the application of evidence based medicine, information technology and cultural competency structured to improve care outcomes.

Evidence Based Medicine

Evidence based medicine is a cornerstone of HealthTrans formulary development philosophy related to pharmacy care. For example, Clinical TheranomicsSM is HealthTrans' methodical and iterative program that utilizes both health professionals and business analysts to evaluate the clinical and economic value of drugs. Our formulary options are designed specifically to deliver the overall lowest net drug cost while encouraging therapeutically sound prescribing and dispensing practices. The resulting value-based formulary approach seeks to optimize rebates, not maximize them, resulting in a lower overall net drug spend. This type of formulary expertise can be leveraged to support the HTPCF program.

Information Technology

As an organization steeped in information technology solutions related to health care, we take full advantage of systematic solutions to promoting a high quality of care. For example, the following concurrent DUR checks – designed to protect patients, manage costs, and limit medication abuse - are available in the HealthTrans claim adjudication system:

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- Refill too late
- Refill too soon
- Drug to known disease
- Drug to drug interaction
- Minimum/maximum dosage
- Duplicate therapy
- Duplicate ingredient
- Drug to gender
- Drug to lactation
- Drug to pregnancy
- Drug to prior adverse/allergy drug reaction
- Drug to inferred disease
- Controlled substance
- Prerequisite therapy protocol maintenance
- Exclusive therapy protocol maintenance
- Acute to maintenance therapy protocol maintenance
- Drug to geriatric
- Drug to pediatric

Each of these checks can be configured to cause a claim to deny, issue a warning message to the pharmacy, or log the result in the event an encounter is detected. Each of the checks can also be enabled or disabled at any level in the HealthTrans rule hierarchy. This means that individual checks can be applied to all claims or to a specific subset of claims identified by a set of products, set of patients, set of pharmacies, or physicians.

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Cultural Competency

HealthTrans is dedicated to providing special customer services to Coloradans who participate in the HTPCF program.

- We offer senior sensitivity training to our staff, as well as both English- and Spanish-speaking customer service agents on all shifts. Additional language services are also available upon request.
- We also have the ability to handle calls for customers who are hearing or vision impaired.
- Rural Coloradans can leverage our Web portal information or receive medications via mail service.

The goal is to widen access of care for distinct populations with specific needs. We look forward to working with the Commission to ensure that our cultural plan reflects your intent and focus on the subject.

I) Efficiency

1. *Does your proposal decrease or contain health care costs? How?*

By promoting medication compliance, appropriate utilization of existing health care assistance programs, and providing wider access and education on pharmacy care, the HTPCF program is projected to have a positive impact on health cost trends in the State. The strain on acute care delivery should be mitigated. Also, social costs associated with untreated disease states (e.g. mental illness) are anticipated to be reduced.

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2. *To what extent does your proposal use incentives for providers, consumers, plans or others to reward behavior that minimizes costs and maximizes access and quality in the health care services? Please explain.*
-

The HTPCF is considering a variety of incentive features for providers, consumers, and others in an effort toward rewarding behavior that minimizes costs as well as maximizes access and quality in pharmacy care services.

For example, depending on available funds, consumers could possibly receive a stipend for participating in activities that promote good health and appropriate use of limited resources. Activities may include going to a medical checkup or being compliant with required medications. We look forward to working with the Commission to establish an appropriate set of criteria.

Because providers such as hospitals are highly impacted by segments of the population who cannot pay for care, they will be especially incented be good stakeholders in the program. By providing certain consumers with access to resources that will help them pay for services, the burden on providers will likely be reduced. In exchange, it is anticipated that providers will help the program by allowing point-of-care communications and even providing things like meeting space for educational and outreach initiatives

Care Sponsors – defined as any entity (or individual) that participates in providing education, awareness, enrollment or administering care to those enrolled in the program may also be incented financially or otherwise. Examples include Denver Health, Pharmacies, Hospitals, physicians, etc. We may place kiosks at sponsor locations to provide easy access for Coloradans to access resources and may provide financial support from the HTPCF to support specific care sponsor programs that benefit patients.

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3. *Does this proposal address transparency of costs and quality? If so, please explain.*

HealthTrans was founded by Mr. Jack McClurg and Mr. Lou Hutchison with the goal of providing complete transparency with respect to pharmacy benefit management. We operate a full-disclosure business model that provides clients with complete visibility into, and control of, all aspects of their program.

In fact, HealthTrans is among ten pharmacy benefit managers (PBMs) who have been certified or recertified by the HR Policy Association's Pharmaceutical Purchasing Coalition. This certification means that HealthTrans meets their rigorous criteria for operating in a transparent environment. The Coalition is comprised of 56 large employers representing 5 million individuals with a drug spend of more than \$4.9 billion in 2005 seeking to create transparency in the pharmacy benefits industry.

HealthTrans has been a pioneer in driving change in the PBM industry from a rebate-driven, undisclosed revenue model to a 100% pass-through, administrative-fee based model. This philosophy means that we can focus on the highest quality of care at the lowest possible costs without the incentive to push utilization that often only serves the pharmacy benefit manager's bottom line.

In the spirit of transparency, Mr. McClurg and Mr. Hutchison have designed the HTPCF program to offer access to information on care and costs wherever possible – including pricing information on our Web portal, clear communications on income requirements for subsidization eligibility, and more.

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4. *How would your proposal impact administrative costs?*

It is anticipated that our proposal will mitigate administrative costs such as subrogation by providing access to needed resources for Coloradans who may not be able to pay for health care services otherwise.

J) Consumer Choice and Empowerment

1. *Does your proposal address consumer choice? If so, how?*

Yes, the HealthTrans Pharmacy Care Fund (HTPCF) addresses consumer choice from a variety of perspectives.

- 1) There are no restrictions on medications, patients are free to choose between brands and generics based on personal preference and their ability to pay;
- 2) The pharmacy network, while currently composed of 770 contracted pharmacies and 53,000 nationwide, will be "an any willing provider network", meaning that any pharmacy willing to participate under the program's structure will be welcome;
- 3) Consumers will also have access to a Mail Order Pharmacy, and can even receive 90 day supplies from many retail network pharmacies.

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2. *How, if at all, would your proposal help consumers to be more informed about and better equipped to engage in health care decisions?*
-

With the primary goal of supporting the uninsured and underinsured, the HTPCF Resource Center provides access to valuable healthcare assistance programs through a unique call center and Web portal - designed to educate, create awareness, and help enroll individuals in available programs such as government resources like Medicaid, SCHIP, and FQHC/340B or private initiatives such as pharmaceutical manufacturer patient assistance programs. Further, educational components covering disease state management will be available to provide consumers with necessary information to help make better health care decisions.

K) Wellness and Prevention

1. *How does your proposal address wellness and prevention?*
-

Wellness and prevention are key components of the HTPCF program.

Facts show that with more affordable access to prescription drugs, more patients will be able to comply with medication therapy, resulting in reduced costs for acute care that heavily impact the mandates associated with safety net providers. As widely recognized, an ounce of prevention is worth a pound of cure. Some salient examples include:

- Several studies have found that use of statin therapy to treat people with high cholesterol reduces hospital admissions and invasive cardiac surgeries. One study showed that it reduced hospital admissions by one third over five years of treatment. It also reduced the number of days that patients had to spend in the hospital when they were admitted, and reduced the need for bypass surgery and angioplasty.

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- A study sponsored by the Agency for Health Care Policy and Research concluded that increased use of a blood-thinning drug would prevent 40,000 strokes a year, saving \$600 million annually.

Providing access wellness information through the resource center as well required medications through existing programs, a discounted card, or subsidization, the HTPCF program should reduce the number of urgent care visits that result in hospital admissions or other more expensive acute care situations that may be avoidable. Thus, those resources can be leveraged in a more appropriate manner. This should result in “stretching” of limited funds to serve more Coloradans with better outcomes.

L) Sustainability

1. *How is your proposal sustainable over the long-term?*

The HealthTrans Pharmacy Care Fund is designed to be self-sustaining, utilizing donated revenue generated from the HealthTrans Pharmacy Savings Program. Government grants and appropriations as well as outside donations will be used to further lower the patient’s cost for medications and extend the value provided, based upon financial need. This self-sustaining approach prevents the need for a greater tax burden to be placed on the public. Estimates from the Colorado Coalition for the Medically Underserved state that a subsidization of healthcare could cost the state \$212 million per year. With the ability to use revenues from the Prescription Savings Program to provide the funding for The HealthTrans Pharmacy Care Fund operation and assist with pharmaceutical coverage for the needy, state dollars could be used more effectively.

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2. *(Optional) How much do you estimate this proposal will cost? How much do you estimate this proposal will save? Please explain.*

Because the HTPCF program will be funded by both external sources (e.g., federal, state and private sector funding) and revenues the Fund collects, it is very difficult to project actual program costs and savings. Financial models based on different assumption sets have been created and are an integral part of the Fund's business plan. A detailed business plan that includes both cost and savings estimates will be provided during the technical review process.

3. *Who will pay for any new costs under your proposal?*

The HealthTrans Pharmacy Care Fund is designed to be self-sustaining, utilizing donated revenue generated from the HealthTrans Pharmacy Savings Program. Government grants and appropriations as well as outside donations will be used to further lower the patient's cost for medications and extend the value provided, based upon financial **need**.

Comment [dc4]: Do we want to talk about an HT donation for start up expenses?

4. *How will distribution of costs for individuals, employees, employers, government, or others be affected by this proposal? Will each experience increase or decrease costs? Please explain.*

It is anticipated that the cost benefits associated with the HTPFC program will be realized relatively equally by all of the stakeholders outlined above, either directly or indirectly.

Individuals without health insurance that covers pharmacy costs will benefit from the resources made available through the program. These individuals may be using valuable limited funds to pay for requisite medications or going without needed medications —

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resulting in downstream effects like the inability to work or costly disease states that could have been avoided or more appropriately managed.

Today, employees and employers indirectly pay for requisite care for those not covered under employer plans or who do not qualify for commercially available individual insurance through premiums that reflect insurance carrier contributions to programs such as Cover Colorado. Employees and employers also subsidize this care via taxes to support care for the uninsured who cannot pay for services. However, the projected net savings to overall health care costs in the State expected out of the HTPCF program should stem these contributions so that premium increases are mitigated and tax increases are less likely.

While utilization of certain government programs will be promoted by the Fund, the result is likely to be cost shifting from support of expensive services like ER visits to the programs designed as appropriate social safety nets. Between more efficient utilization of government resources, lowered social costs resulting from a more preventative approach, and improved quality of life & health for all Coloradans, the HTPCF strongly adheres to the goal of SB 06-208.

5. *Are there new mandates that put specific requirements on payers in your proposal? Are any existing mandates on payers eliminated under your proposal? Please explain.*

There are no new mandates that put specific requirements or eliminate existing mandates on payers in our proposal

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6. *(Optional) How will your proposal impact cost-shifting? Please explain.*

It is anticipated that the cost benefits associated with the HTPFC program will be realized relatively equally by all of the primary stakeholders in Colorado health care, either directly or indirectly.

Individuals without health insurance that covers pharmacy costs will benefit from the resources made available through the program. These individuals may be using valuable limited funds to pay for requisite medications or going without needed medications — resulting in downstream effects like the inability to work or costly disease states that could have been avoided or more appropriately managed.

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7. *Are new public funds required for your proposal?*

The HTPCF program stands alone without requiring new public funds. However, we do intend to solicit government funding that may already exist so that we may expand the number of Coloradans who benefit from this proposal.

8. *(Optional) If your proposal requires new public funds, what will be the source of these new funds?*

Not applicable.

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Comprehensive Proposal

In a single page, describe how your proposal is either comprehensive or would fit into a comprehensive proposal.

One of the primary objectives of the HTPCF program is to synchronize with the comprehensive solution for health care reform identified by the Commission. We realize that the pharmacy component is only a part of a total health care reform solution. Thus, we are committed to leveraging our expertise, our experience in the marketplace, and our flexibility to design a program based on the Commission's specific objectives.

For example, health care costs can be best managed when viewed on an integrated basis. HealthTrans has extensive experience in integrating medical and pharmacy data to provide analytical and reporting tools the Commission can utilize in analyzing the success of the program from year to year. We even offer a holistic health management program that is designed to be integrated across the health care spectrum.

We are thankful and proud that the State of Colorado has commissioned this proposal. HealthTrans and its founders are continuously seeking ways to improve healthcare in the State. As evidenced by the fact that development of the HealthTrans Pharmacy Care Fund is already underway, HealthTrans is committed to playing a role in the Commission's vision for health care reform. We stand ready to provide our expertise in operational, clinical, technical, and financial areas related to health care and working with the Commission to refine a comprehensive solution.

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Proposal Development

(Optional) Describe how your proposal was developed.

The HealthTrans Pharmacy Care Fund (HTPCF) was founded by Mr. Jack McClurg and Mr. Lou Hutchison with the primary goal of providing pharmaceutical coverage to Colorado's uninsured and underinsured. Since this initiative was tightly aligned with the goals of SB 06-208, Mr. McClurg and Mr. Hutchison decided to leverage the collective expertise of their Denver-based pharmacy benefit management company, HealthTrans, to develop this HealthTrans™ ® proposal.

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