Meeting the Health Care Challenges of Tomorrow

Jon Roberts
Executive Vice President & President, CVS Caremark
Agenda

PBM: Needed Now More Than Ever

Performance Highlights

How We Address Payors’ #1 Priority: Reducing Cost

Integrated Where It Matters

Innovating for the Future
Challenged by Evolving Market Dynamics, Payors Look for More From a PBM

<table>
<thead>
<tr>
<th>Rising Drug Costs</th>
<th>Increasing Consumerism</th>
<th>Movement to Value-Based Care</th>
<th>Evolving Role of Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug price inflation and high launch prices continue to drive trend and spend</td>
<td>Higher cost share for consumers</td>
<td>Incentives for quality driving change</td>
<td>Growing enrollment in government programs</td>
</tr>
<tr>
<td>Size and scale remain key for negotiating strength</td>
<td>Complex drug regimens are engagement challenges</td>
<td>Focus on quantifiable improvement of outcomes</td>
<td>Challenging regulatory environment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Increased focus on clinical outcomes</td>
</tr>
</tbody>
</table>
The Most Extensive Suite of Leading Assets…

enabling us to deliver superior outcomes at a lower cost
Our Integrated Model Positions Us as the PBM of Choice

<table>
<thead>
<tr>
<th>Purchasing Scale</th>
<th>Actionable Clinical Information</th>
<th>Integrated Where It Matters</th>
<th>Consumer Touchpoints</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CVS Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="Circle" /></td>
<td><img src="image" alt="Pie Chart" /></td>
<td><img src="image" alt="Pie Chart" /></td>
<td><img src="image" alt="Pie Chart" /></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Integrated PBM / Health Plan</th>
<th>Standalone PBM</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Circle" /></td>
<td></td>
</tr>
<tr>
<td><img src="image" alt="Pie Chart" /></td>
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</tbody>
</table>
Agenda

PBM: Needed Now More Than Ever

Performance Highlights

How We Address Payors’ #1 Priority: Reducing Cost

Integrated Where It Matters

Innovating for the Future
Continued Strong PBM Performance

Net Revenue
($, billions)

- 2013: $76
- 2014: $88
- 2015: $100
- 2016E: $120
- 2017E: $132

14.7% CAGR

Operating Profit
($, billions)

- 2013: $3.1
- 2014: $3.5
- 2015: $4.0
- 2016E: $4.6
- 2017E: $4.9

12.1% CAGR

Refer to endnotes for additional information.
2017: Another Outstanding Selling Season

LEADING THE MARKET IN SALES

CVS Health won >50% of revenue from clients changing PBMs

CVS Health achieved ~97% client retention

Refer to endnotes for additional information.
2017: Another Outstanding Selling Season

Net new business of $4.3 billion

Sales (billions)

- Employer: $7.8 Billion
  - Lenovo
  - Capgemini
  - Pearson Education

- Government & Union: $5.1 Billion
  - Westchester.gov.com
  - LIPA
  - Bucks and Montgomery County Schools Health Care Consortium

- Health Plan: $1.4 Billion
  - Physicians Health Plan
  - Gateway Health

Refer to endnotes for additional information.
New Business Provides Platform to Grow Enterprise Dispensing

The longer we serve a client, the more we grow enterprise dispensing

Last 3 Years

<table>
<thead>
<tr>
<th>New business</th>
<th>$31B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rxs for enterprise</td>
<td>42M</td>
</tr>
</tbody>
</table>

Enterprise Rx Volume
(Rx dispensed, millions)

<table>
<thead>
<tr>
<th>Class of 2015</th>
<th>29.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre PBM</td>
<td>8.4</td>
</tr>
<tr>
<td>Projected 2017</td>
<td>+20.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class of 2016</th>
<th>29.9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre PBM</td>
<td>15.7</td>
</tr>
<tr>
<td>Projected 2017</td>
<td>+14.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Class of 2017</th>
<th>26.7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre PBM</td>
<td>19.4</td>
</tr>
<tr>
<td>Projected 2017</td>
<td>+7.3</td>
</tr>
</tbody>
</table>

Refer to endnotes for additional information.
Our Record of Success in Building Prescription Volume With Health Plans

### New Health Plan Client

<table>
<thead>
<tr>
<th></th>
<th>Medicaid</th>
<th>Medicare D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre PBM</td>
<td>3.3</td>
<td>7.8</td>
<td>11.1</td>
</tr>
<tr>
<td>Post PBM</td>
<td>+3.4</td>
<td>+3.5</td>
<td>+6.9</td>
</tr>
</tbody>
</table>

### Multi-Year Health Plan Client

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Rx Volume</td>
<td>4.4</td>
<td>4.6</td>
<td>5.3</td>
</tr>
</tbody>
</table>

(Rx dispensed, millions)

Refer to endnotes for additional information.
Leading in Medicare by Delivering Service and Quality

### Largest PDPs by Enrollment

<table>
<thead>
<tr>
<th>PDP</th>
<th>Enrollment (lives, millions)</th>
<th>Star Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVS Health SilverScript</td>
<td>5.6</td>
<td>4</td>
</tr>
<tr>
<td>Humana Insurance Company</td>
<td>4.7</td>
<td>3</td>
</tr>
<tr>
<td>United Healthcare Plan #1</td>
<td>3.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Express Scripts Medicare</td>
<td>2.6</td>
<td>4</td>
</tr>
<tr>
<td>United Healthcare Plan #2</td>
<td>1.3</td>
<td>3</td>
</tr>
<tr>
<td>Aetna Plan #1</td>
<td>1.2</td>
<td>3.5</td>
</tr>
<tr>
<td>Cigna-Health Spring Rx</td>
<td>1.0</td>
<td>3</td>
</tr>
<tr>
<td>Aetna Plan #2 (First Health)</td>
<td>0.9</td>
<td>3.5</td>
</tr>
</tbody>
</table>

### Star Rating

- 5.6
- 4.7
- 3.0
- 2.6
- 1.3
- 1.2
- 1.0
- 0.9

### Medicare Lives Served by PBMs

<table>
<thead>
<tr>
<th>PBM</th>
<th>Enrollment (lives, millions)</th>
<th>% of Lives in 4 or 5 Star Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Healthcare</td>
<td>12.3</td>
<td>46%</td>
</tr>
<tr>
<td>CVS Caremark</td>
<td>12.0</td>
<td>80%</td>
</tr>
<tr>
<td>Humana</td>
<td>7.8</td>
<td>4%</td>
</tr>
<tr>
<td>Express Scripts</td>
<td>5.3</td>
<td>77%</td>
</tr>
<tr>
<td>Prime</td>
<td>1.2</td>
<td>75%</td>
</tr>
<tr>
<td>MedImpact</td>
<td>0.9</td>
<td>70%</td>
</tr>
<tr>
<td>Other</td>
<td>0.7</td>
<td>63%</td>
</tr>
<tr>
<td>Envision</td>
<td>0.7</td>
<td>8%</td>
</tr>
<tr>
<td>Argus</td>
<td>0.5</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Captive vs. Non-Captive

- Captive
- Non-Captive

Refer to endnotes for additional information.
Helping Our Health Plan Clients Grow Their Medicare Business

4.8% CAGR 2013-2016

CMS-REPORTED TOTAL MARKET GROWTH

7.6% CAGR 2013-2016

GROWTH OF PLANS ADMINISTERED BY 💚CVSHealth

Refer to endnotes for additional information.
Specialty Growth Continues to Outpace the Market

CVS Specialty Dispensed Revenue

($) billions


14 20 27 32 37

29% CVS Specialty CAGR

19% Industry CAGR

Refer to endnotes for additional information.
Delivering High Levels of Client and Member Service Continuously – Top 2 Box Satisfaction Scores

96% 2016 Client Satisfaction

94% 2016 Member Satisfaction

Client and member online surveys

Tracking performance to drive continuous improvement

Client and member call analytics

9.1 million members across 275 clients successfully implemented 1/1/2016

Refer to endnotes for additional information.
Agenda

PBMs: Needed Now More Than Ever

Performance Highlights

How We Address Payors’ #1 Priority: Reducing Cost

Integrated Where It Matters

Innovating for the Future
Despite Market Forces, We Helped Our Clients Cut Trend

TREND CONTRIBUTORS JAN-SEP 2016

- UNMANAGED TREND: 11.8%
- BRAND INFLATION: 9.0%
- GENERIC INFLATION: 0.5%
- UTILIZATION: 2.3%
- HEPATITIS C: -2.1%
- PBM MANAGEMENT: -6.4%
- JAN-SEP 2016 TRENDS: 3.3%

Intelligent Purchasing
Surveillance & Management
Cost Management

Refer to endnotes for additional information.
Brand Price Inflation Drives Trend

Average Wholesale Price (AWP) Inflation

<table>
<thead>
<tr>
<th>Year</th>
<th>Brand</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12.5%</td>
<td>2.7%</td>
</tr>
<tr>
<td>2013</td>
<td>13.4%</td>
<td>2.6%</td>
</tr>
<tr>
<td>2014</td>
<td>14.4%</td>
<td>3.8%</td>
</tr>
<tr>
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<td>14.9%</td>
<td>2.9%</td>
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<td>Jan-Sep 2016</td>
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Brand Price Inflation Drives Trend

Average Wholesale Price (AWP) Inflation

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<th>Brand</th>
<th>Generic</th>
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</thead>
<tbody>
<tr>
<td>2012</td>
<td>12.5%</td>
<td>2.7%</td>
</tr>
<tr>
<td>2013</td>
<td>2.6%</td>
<td>2.6%</td>
</tr>
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<td>2014</td>
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<td>2.9%</td>
</tr>
<tr>
<td>2016 Jan-Sep</td>
<td>12.8%</td>
<td>2.2%</td>
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</tbody>
</table>

Brand Inflation Added: $21.1B
Generic Inflation Added: $1.9B

Refer to endnotes for additional information.
Higher Launch Prices Contribute to Rising Specialty Spend

Annual Price
($, thousands)

Refer to endnotes for additional information.
By 2020, specialty drugs are expected to account for 55% of drug spend
Winning With Payors: Our Differentiated Three-Pronged Approach to Reducing Costs

- Intelligent purchasing: Thoughtful and strategic purchasing
- Real-time surveillance and dynamic management: Identify trend drivers and rapidly provide solutions
- Versatile cost management strategies: Provide flexibility to meet client priorities

Differentiated approach to helping deliver lowest net cost
Intelligent Purchasing: Foundational to Helping Deliver Lowest Net Cost

Strategic Assessment
- Pipeline
- Market
- Competition

Actions
- Right opportunities
- Negotiate from strength

Unmatched Negotiation Capabilities
- Low-cost generics through Red Oak Sourcing venture
  - #1 generic sourcing entity in the U.S.
- Brand inflation addressed by price protection
  - Across more than 90% of our contracts
  - $9 Billion client savings driven by managed formularies

- $9 Billion

Client savings driven by managed formularies

Brand inflation addressed by price protection
- Across more than 90% of our contracts

Unmatched Negotiation Capabilities

Right opportunities
- Negotiate from strength

Low-cost generics through Red Oak Sourcing venture
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Intelligent Purchasing: Foundational to Helping Deliver Lowest Net Cost

Client savings driven by managed formularies

$9 Billion

Brand inflation addressed by price protection
- Across more than 90% of our contracts

Unmatched Negotiation Capabilities

Right opportunities
- Negotiate from strength

Low-cost generics through Red Oak Sourcing venture
- #1 generic sourcing entity in the U.S.
Intelligent Purchasing Dramatically Reduces Impact of Utilization and Drug Price Inflation

Refer to endnotes for additional information.
Real-Time Surveillance & Dynamic Management: to Stay Ahead of Market Volatility

Interactive RxInsights®
Real-Time Surveillance & Dynamic Management: to Stay Ahead of Market Volatility

- **Price Increases**: Aims to mitigate impact of manufacturer price increase
- **Utilization Increases**: Identify increases at category, class and drug levels
- **Drug Pipeline**: Ensure thorough new-to-market assessment
- **Fraud, Waste & Abuse**: Audit activity at pharmacy, prescriber and member levels
Case Study: Dynamic Management Solution Cut Lidocaine Spend Dramatically in Weeks

Spend Per Member Per Month
($)

- **January**: 1.15
- **February**: 1.46
- **March**: 1.50
- **April**: 1.64
- **May**: 1.88
- **June**: 0.21
- **July**: 0.01
- **August**: 0.01
- **September**: 0.00

**Trend Identified**
**Developed solutions**
**Client evaluation of options**
**Solution Implemented**
Core Safety and Monitoring Programs Save Clients $100 Million

How the PBM Fights Prescription Drug Abuse

- Claims review to identify suspect behavior – such as use of multiple pharmacies or prescribers
- System generates risk score, which is reviewed by pharmacist
- Intervene directly with prescriber and member when appropriate
- Collaborate with law enforcement

$100 Million Savings

- $74M Unnecessary Pharmacy Spend
- $26M Medical Costs Avoided

Refer to endnotes for additional information.
Versatile Cost Management Strategies Address Client Priorities Across All Lines of Business

- **Network Optimization**
  - incremental savings
  - up to 4% savings

- **Targeted Strategies**
  - to identify specific trend drivers
  - up to 13% savings

- **Foundational Approaches**
  - promote utilization of lower-cost therapy
  - up to 8% savings

Refer to endnotes for additional information.
Continuing to Lead the Market in Formulary Innovation

Our managed formulary options help drive lower PMPM costs

- 2012 Formulary Removals
- 2015 New-To-Market Evaluations
- 2016 Specialty Class Review
- 2017 Biosimilar Preference
  - Hyperinflation Management
  - Indication-Based Formulary

Client-Managed

- Standard: $89.74
- Advanced Control: $87.44
- Value: $80.51

Refer to endnotes for additional information.
## Product Adoption and Runway

<table>
<thead>
<tr>
<th>Maintenance Choice</th>
<th>Current Lives</th>
<th>Total Lives Opportunity</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25 million</td>
<td>46 million</td>
<td>Up to 4%</td>
</tr>
<tr>
<td>Total Network Strategies</td>
<td>37 million</td>
<td>86 million</td>
<td>Up to 4%</td>
</tr>
<tr>
<td>Formulary Strategies</td>
<td>27 million</td>
<td>55 million</td>
<td>Up to 8%</td>
</tr>
<tr>
<td>Exclusive Specialty</td>
<td>41 million</td>
<td>60 million</td>
<td>Up to 10%</td>
</tr>
<tr>
<td>Specialty Medical Management</td>
<td>14 million</td>
<td>51 million</td>
<td>Up to 13%</td>
</tr>
</tbody>
</table>

Refer to endnotes for additional information.
In Rapidly Evolving Market, Cost Management Demands More From a PBM

- Intelligent purchasing
- Real-time surveillance and dynamic management
- Versatile cost management strategies

DIFFERENTIATED APPROACH TO HELPING DELIVER LOWEST NET COST
Agenda

PBM: Needed Now More Than Ever

Performance Highlights

How We Address Payors’ #1 Priority: Reducing Cost

Integrated Where It Matters

Innovating for the Future
The Complex Challenges of Population Health

3 out of 4 SENIORS HAVE TWO OR MORE CHRONIC CONDITIONS

Managing specialty conditions

Managing diabetes and high blood pressure

Managing her own and her family’s health

5% OF POPULATION ACCOUNTS FOR MORE THAN ONE-THIRD OF ALL HEALTH CARE COSTS

$300 Billion ANNUAL COST OF NON-ADHERENCE

Refer to endnotes for additional information.
Integrated Where It Matters: Health Engagement Engine Transforms Data Into Actionable Interventions

- Pharmacy claims from plan members
- CVS Health Research Institute Insights
- Pharmacy customer data
- Medical claims from health plan
- Registered web user data
- Insights from clinical collaborations
- Medical visit records at MinuteClinic
- Data from EHR

Utilizing member insights to deliver personalized interventions
Meet Sarah

- 43 years old, multiple sclerosis
- Pre-diabetic
- Relies on support from her CareTeam, struggling to manage her MS
- Is not optimally adherent to her cholesterol medication

Refer to endnotes for additional information.
Our Unique Model and Capabilities Deliver Better Clinical Results

Wellness and Preventative Care
- 34% Higher vaccination rate with HealthTag

Adherence Support
- 9.9% Adherence increase with Pharmacy Advisor

Addressing Gaps in Care
- 7.5% Reduction in gaps in care with pharmacist counseling

Specialty Patient Support
- 23% Fewer hospitalizations with embedded rare disease nurse

Transitions in Care
- 48% Reduction in hospital readmissions

Refer to endnotes for additional information.
Agenda

PBM: Needed Now More Than Ever

Performance Highlights

How We Address Payors’ #1 Priority: Reducing Cost

Integrated Where It Matters

Innovating for the Future
We Continue to Innovate to Anticipate and Address Unmet Needs for Clients and Members
Value-Based Contracting With Pharma Manufacturers

Principles Of Value-Based Contracting

- Further aligns incentives on outcomes and cost
- Price linked explicitly to the defined value metrics

Indication-Based Rebates
- A differentiated rebate structure based on indication or diagnosis
- Builds upon preferred drug strategy

Indication-Based Pricing
- Payors and manufacturers agree on different prices for different indications
- Potential to impact plan design/copay and physician reimbursement

Outcomes-Based Contracting
- Manufacturers pay retrospective rebates based on clinical outcomes

Improves negotiating strength given the growing number of indications for many specialty drugs
Value-Based Retail Networks Help Deliver Savings and Improved Performance

Network Composition
- Value-based networks up to ~50,000 pharmacies
- Stringent performance criteria

Network Design
- Provide a high level of member access
- Pay-for-performance component

Performance Metrics
- Adherence in specific disease states; closing gaps in care
- Formulary compliance

Client savings up to 3%

Refer to endnotes for additional information.
Staggering Cost of Diabetes

By the Numbers

1 in 3
Members will be diagnosed with diabetes in their lifetime

$10K
Higher annual medical costs for people with Type 2 diabetes

A Challenging Care Plan

✓ Medication therapies
✓ Monitoring of blood glucose levels multiple times per day
✓ Ongoing provider follow-ups and exams
✓ Regular A1c checks
✓ Lifestyle modifications; diet and exercise

Refer to endnotes for additional information.
Transform Care™ Programs Improve Clinical Outcomes and Reduce Costs

**Stratify**
Employ advanced analytics to segment the population by disease complexity

**Target**
- Personalized outreach based on robust member targeting
- Delivered exclusively through CVS-Only Diabetes Network

**IMPROVING OUTCOMES**
- Enhanced A1c control with connected glucometer
- Live diabetes coaching
- 1:1 pharmacist adherence counseling
- MinuteClinic diabetes care visit
- Medication management solutions

**CONTROLLING COST**
- Single-digit trend guarantee
- Diabetes network
- Formulary alignment

[Logo: CVSHealth]
CVS Health Transform Diabetes Care™ in Action

Paul
Newly prescribed antidiabetic medication


Paul’s Care Journey to Effective Diabetes Control

Transform Diabetes Management

Savings for client with 100,000 lives: up to $36 million per year

Refer to endnotes for additional information.
Expanding Member Options—Maintenance Choice 3.0

The next generation of prescription convenience—Only for CVS Caremark Members
Helping Each Member Along Their Path to Better Health

BILL
65 years old
✓ COPD
✓ Does not live near CVS

RICK
51 years old
✓ Diabetes
✓ High blood pressure

SUSAN
37 years old
✓ High cholesterol
✓ 3 children; manages her family’s prescriptions as well

LOIS
58 years old
✓ Multiple Sclerosis
✓ Connects digitally
✓ Needs Rx and aspirin fast

Convenience and accessibility; putting care within easy reach

Refer to endnotes for additional information.
Today’s Key Takeaways
Driving More Affordable, Accessible and Effective Care

- **Driving Outcomes and Savings**: Evolving market demands more from a PBM; next-generation pharmacy management essential for payors, members and providers.

- **Providing the Front Door and the Last Mile**: Delivering better outcomes by supporting members throughout therapy, whenever and wherever they utilize prescriptions.

- **Best Partner for PBMs and Health Plans**: Better coordination with providers and health systems; expanded member engagement helps to improve outcomes and lower costs.

- **Integrated Pharmacy Care**: Truly integrated assets help us optimize the member’s experience at all of our touchpoints and make every interaction more effective.

- **Positioned for L-T Enterprise Growth**: New business provides platform to build enterprise share; service and quality drive Medicare growth.

Meeting the Health Care Challenges of Tomorrow
Slide 7
1. 2016E & 2017E values represent the midpoint of the guidance ranges.

Slide 8
1. Revenue from clients changing PBMs: CVS Health internal data analysis.
2. Client retention rate: 1 less (estimated 2017 lost revenues from any known terminations plus annualization of any mid-year 2016 terminations, divided by estimated 2017 PBM revenues) expressed as a percentage. Both terminations and PBM revenues exclude the Medicare Part D SilverScript individual PDP business.

Slide 9

Slide 10
1. Enterprise Rxs represents all Rx volume dispensed through a CVS Health enterprise channel (Mail, Specialty, Retail, Long-Term Care). All dispensed CVS retail and mail prescriptions include the adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal 30-day prescription.

Slide 11
1. Enterprise Rxs represents all Rx volume dispensed through a CVS Health enterprise channel (Mail, Specialty, Retail, Long-Term Care). All dispensed CVS retail and mail prescriptions include the adjustment to convert 90-day prescriptions to the equivalent of three 30-day prescriptions. This adjustment reflects the fact that these prescriptions include approximately three times the amount of product days supplied compared to a normal 30-day prescription.
Endnotes

Slide 12
1. Largest PDPs by enrollment: Reflects the estimated Captive/non-Captive lives by PBM for 2016 plan year. Membership based on October 2016 Medicare Part D CMS enrollment and estimation of current contracts under PBM management. PBM – health plan client relationship is sourced from public announcements by PBM and health plan organizations; only relationships that are publicly announced are included in this analysis.
2. Medicare lives served by PBM: Reflects the Captive/non-Captive lives by PBM for 2016 plan year. Membership based on October 2016 Medicare Part D CMS enrollment published by CMS and grouped by CMS contract number managed by related PBM.
3. STARS ratings: Stars performance is derived using Part D Stars Ratings for contracts under PBM management during the 2017 Stars measurement period (2015 plan year) and the CMS reported enrollment at the time of 2017 Star Ratings release (September 2016 enrollment).

Slide 13
1. Source: Growth of Plans Administered by CVS Health is based on non-SilverScript PBM clients for the continuous period 2013 – 2016.
2. Source: CMS Growth Rate based on covered lives reported in the CMS Monthly Report Summary.

Slide 14

Slide 15
2. Member satisfaction source: 2016 Member Experience survey.
3. 275 clients includes new and reinstallation of existing clients with significant plan design changes.
Endnotes

Slide 17
1. Source: CVS Health internal data analysis, utilization trend based on commercial cohort (Health Plans and Employers).
2. Trend is reported net of rebates.

Slide 18, 19
1. Source: CVS Health internal data analysis, client cohort excludes SilverScript PDP and EGWP clients.

Slide 20
1. Drug launch price reflects the Average Wholesale Price (AWP). Values are annual with the exception of short-term treatments (Incivek, Sovaldi, Viekira & Harvoni) where the value listed is for the duration of the treatment.

Slide 21
1. Number of Americans turning 65 source: PEW Research Center.
2. Source: Projections by Pipeline Services, data 2016 through 2018, as of November 1, 2016. This slide contains references to brand-name prescription drugs that are trademarks or registered trademarks of pharmaceutical manufacturers not affiliated with CVS Health.
3. Utilization trend based on an internal case study of a large national client.
4. 2020 specialty spend projections based on National Health Expenditure data.

Slide 24
1. Source: CVS Health internal data analysis, Commercial cohort (Health Plans and Employers).

Slide 28
1. Source: Safety and Monitoring internal case study; reporting period 1/1/2015 – 12/31/2015.
2. Medical savings: estimate based on medical literature describing the prevention of additional medical costs such as physicians visits, emergency room visits and unnecessary laboratory fees.
Endnotes

Slide 29
1. Savings results will vary based on a variety of factors including demographics, plan design and other programs implemented by the client.

Slide 30
1. Source: CVS Health internal data analysis, 2016. All cohorts used for analysis are age-adjusted to commercial means. The Client-Managed cohort includes commercial employers and health plans who determine their own formulary structure. CVS Health managed formulary cohorts (Standard, Advanced Control, and Value) include employers and health plans. Calculated cost includes both client and member share, and includes discounts from rebates.

Slide 31
2. Total lives opportunity includes current lives plus runway.
3. Exclusive Specialty Savings: Specialty spend under the pharmacy benefit.
4. Specialty Medical Management: Total lives Opportunity based on Health Plan lives in PBM book of business; savings apply to specialty spend under the medical benefit.
5. Savings results will vary based on a variety of factors including demographics, plan design and other programs implemented by the client.

Slide 34
1. Source: CVS Health internal data analysis of 2015 Blue Health Intelligence Commercial Specialty Drug Database.

Slides 36/44/46
1. While the member stories and profiles depicted are fictional, the information is representative of clinical profiles and health care experiences encountered on a regular basis.
Endnotes

Slide 37
3. Addressing Gaps in Care: CVS Health internal data analysis, 2013 data.
5. Hospital Readmissions: CVS Health internal data analysis, 2014 data.
6. Savings results will vary based on a variety of factors including demographics, plan design and other programs implemented by the client.

Slide 41
1. Client Savings: CVS Health internal data analysis.
2. Savings results will vary based on a variety of factors including demographics, plan design and other programs implemented by the client.

Slide 42
1. Source: Gilmer et al., Diabetes Care, 2005; Shetty J Manag Care Pharm, 2005.

Slide 44
1. Estimated client savings based on internal study on the Diabetes Program, looking at improvement opportunities for a 100K life diabetic population relative to A1c, Blood Pressure and Cholesterol metrics, along with their American Diabetes Association clinical targets.