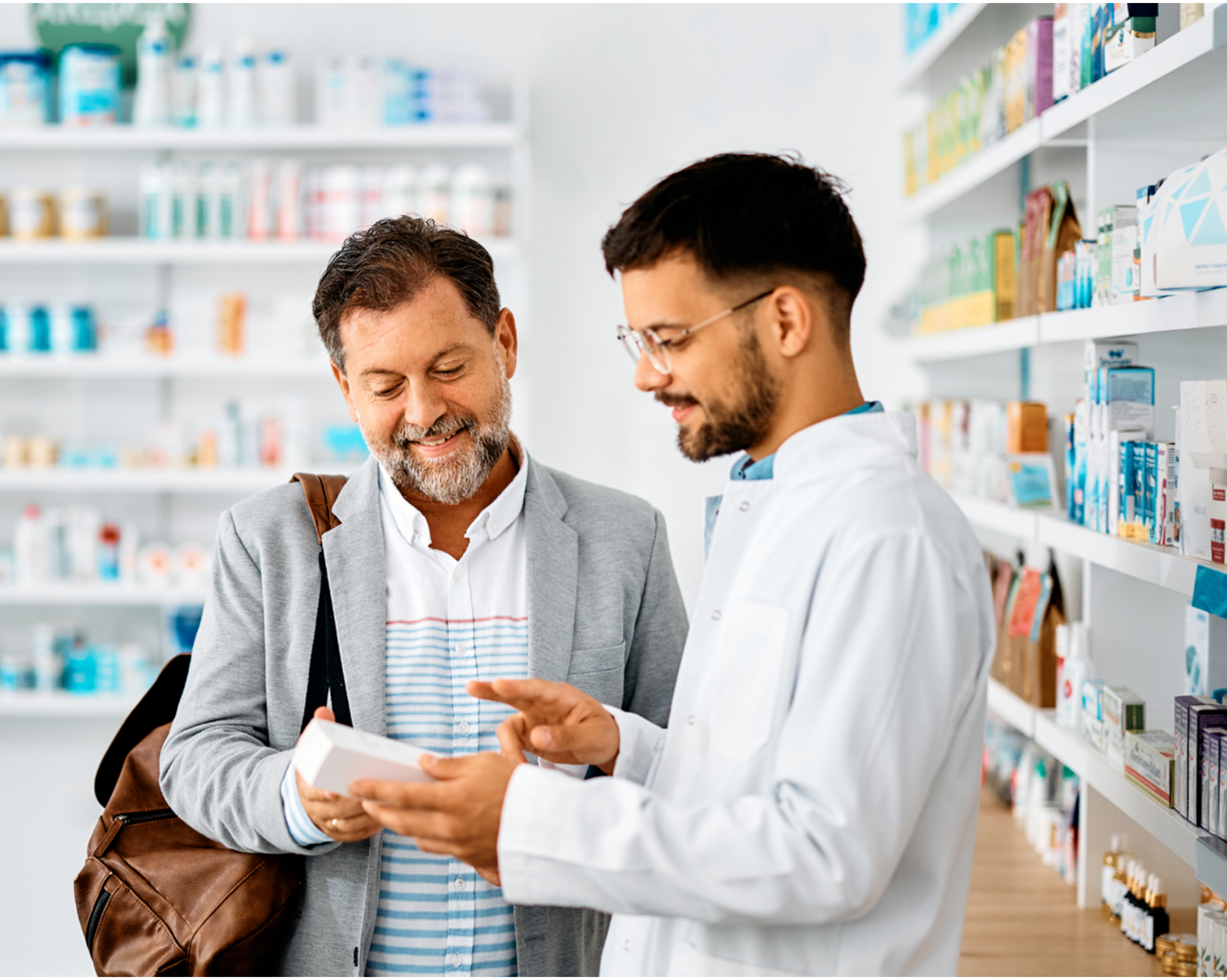
CarelonRx Connects

Integration isn't optional anymore: Aligning incentives to lower total cost of care



carelon Rx

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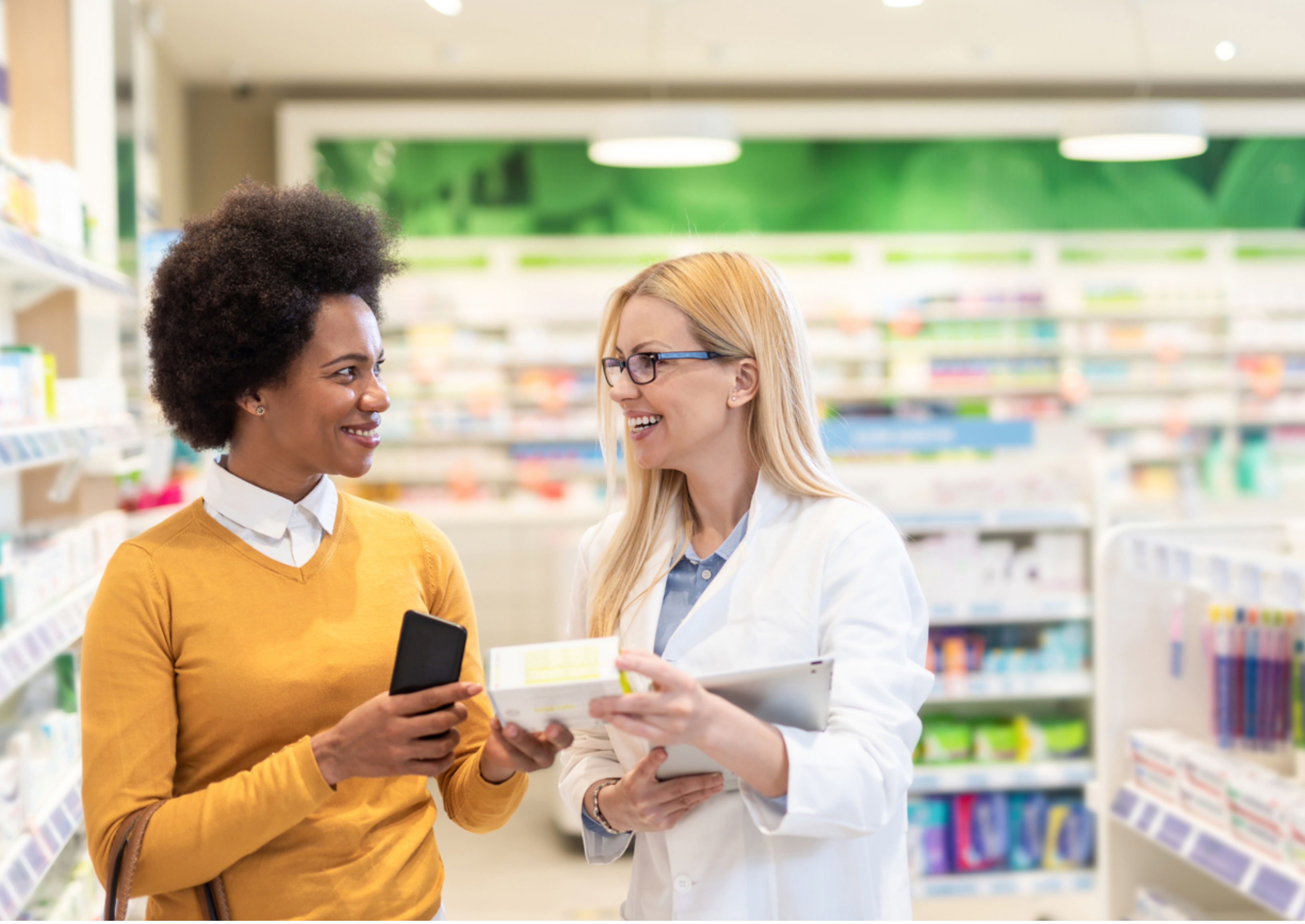
Our CarelonRx Connects webinar series was created to help you navigate the rapidly evolving policy landscape. The key takeaways in this e-book will empower you to understand real and potential impacts on the marketplace, the workforce, and individual lives. Are you putting the right programs in place to support each member's whole-health journey? In an industry where change is the only constant, continuous learning and adaptation are vital.



Executive summary

Healthcare is at a pivotal moment. Rising specialty drug costs, expanding GLP-1 utilization, rapid pharmaceutical innovation, and increasing regulatory scrutiny are reshaping the pharmacy benefit landscape.

Traditional pharmacy benefit manager (PBM) models built around rebates and disconnected benefit structures are no longer sufficient. Employers need a more integrated approach — one that aligns medical and pharmacy strategies, connects data across the care continuum, and focuses on total cost of care rather than isolated pricing components.

"I'm a strong advocate for pharmacy and medical integration. I've seen firsthand how bringing care teams and benefits together drives better outcomes."

John Watson, PharmD,
Chief Growth Officer, CarelonRx

Key takeaway

Integration shifts the conversation from managing pharmacy costs in isolation to improving overall health outcomes while creating more predictable healthcare spending.

The PBM landscape

From policy to pricing: the evolving forces challenging and transforming the PBM ecosystem

The pharmacy benefit marketplace is experiencing significant transformation. Regulatory changes, expanding specialty drug utilization, and breakthrough therapies are reshaping how employers evaluate value and performance. At the same time, stakeholders are demanding greater transparency and more predictable financial outcomes. As these forces converge, organizations are shifting their focus from individual pricing components toward a broader view of affordability, outcomes, and overall healthcare value.

Transforming for what's next

Forces reshaping PBMs

- AI-enabled operations and personalization are becoming essential for efficiency and scale.
- Rising employer and patient cost pressure is increasing demand for affordability and transparency.
- Pharmaceutical market complexity is growing with specialty drugs, GLP-1s, and biosimilars.
- Federal and state scrutiny is accelerating PBM reform.

Advancing the PBM model

Affordability | Simplicity | Experience | Transparency

Integrated model
Health-plan led PBM model

Connected support
Coordinated member advocacy and engagement

Price transparency
Transparent pricing aligned to lowest net cost

Data-driven clarity
Actionable insights that reduce friction

Clinical integration
Integrated medical and pharmacy solutions

Cost optimization
Affordability strategies across drug categories

Pricing predictability
Clear, predictable pricing options for members and employers

Why integration?

It is essential to avoid fragmented care, rising costs, and missed opportunities to optimize medications.

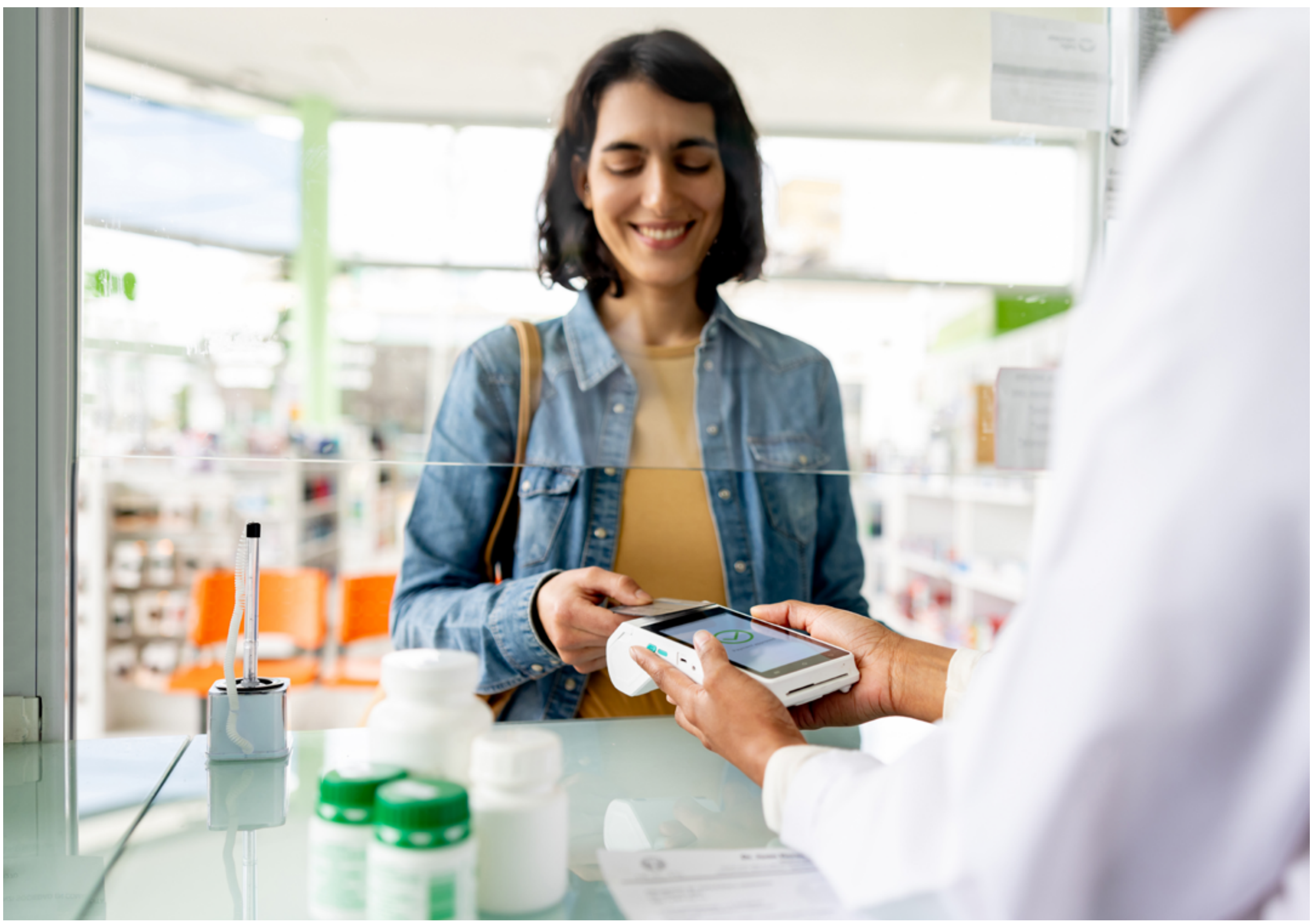
Healthcare has always been interconnected, but benefits have traditionally been managed in separate silos. Medical, pharmacy, and behavioral health needs often overlap, particularly among members managing chronic conditions. When data and decision-making remain fragmented, opportunities to improve care and reduce costs can be missed. Integration helps bridge these gaps by creating a more complete view of the member and enabling more coordinated interventions.

Prescription use escalates rapidly with chronic burden: nationally, adults with 3–4 chronic conditions fill 24 prescriptions per year on average, and those with 5+ chronic conditions fill 51[1]

90%
of healthcare spending is tied to chronic and mental health conditions[1]

76%
of adults live with at least one chronic condition[2]

51%
live with multiple chronic conditions[2]



1. Source: Buttorff C, Ruder T, Bauman M. Multiple Chronic Conditions in the United States. RAND Corporation, 2017 (AHRQ Medical Expenditure Panel Survey, 2014 data).
2. Source: Shrestha SS, et al. Trends in Multiple Chronic Conditions Among US Adults, By Life Stage, Behavioral Risk Factor Surveillance System, 2013–2023. Preventing Chronic Disease. CDC, 2025.

When medications aren't optimized, costs add up

ER visits	Hospitalizations	Hospitalization admissions	Readmissions	Readmissions
>1.5M	~500k	~8-14%	~15-25%	~45-70
annually[1]	annually[1]	medication-related[2]	medication-related[3]	preventable[2]

These findings show that an overall healthcare system needs to combine the right medications to produce the right results.

CarelonRx solution:

Optimizing medications to improve outcomes and reduce avoidable costs.

- Personalized medication review: Drug therapy optimization is the ongoing process of ensuring each patient receives the most appropriate medication regimen based on their needs, conditions, and treatment goals.
- Right medications, right results: Ensuring the right drug, right dose, right duration helps patients take medications correctly, supports desired clinical outcomes, and minimizes harm, waste, and avoidable costs.

1. Source: CDC. Medication Safety: Fast Facts; CDC National Center for Health Statistics. Adverse Drug Events in Adults: United States, 2017–2019.
2. Source: Prevalence of Drug-Related Hospital Admissions: A Systematic Review and Meta-analysis. BMC Medicine, 2023.
3. Source: Medication Discrepancies and Their Contribution to Hospital Readmissions. Journal of General Internal Medicine; AHRQ PSNet review summaries.

Connected data → Clinical insight → Member engagement → Better outcomes → Lower total cost

Integration in action

Bringing integration to life through connected insights, measurable value, and unified management

The value of integration becomes clear when connected insights translate into measurable results. By combining medical and pharmacy data, organizations can identify emerging risks earlier, support more informed clinical decisions, and engage members before issues escalate. These capabilities create opportunities to improve outcomes while reducing avoidable utilization and unnecessary costs. The result is a more proactive and efficient healthcare experience for both members and employers.

Connected care results[1]

- $75 million less monthly medical costs
- $38 PMPM lower monthly medical spending
- 31% fewer inpatient admissions
- 16% fewer emergency room visits

Connected care delivers impact

- 84% member engagement across our advocacy models[2]
- 35% reduction of pharmacy PAs by utilizing medical data to validate diagnosis[1]
- 46.5% increase in digital member engagement[2]
- $98 PMPM lower total cost in integrated value-based arrangements[3]

1. *CarelonRx Value of Integration Study*, commercial book of business (FI+ASO), 2024.
2. Internal CarelonRx Analysis, 2025.
3. CarelonRx Advocacy book of business, 2024.

GLP-1 management

Few therapeutic categories better illustrate the importance of integration than GLP-1 medications. These therapies are transforming treatment approaches for diabetes and obesity while also becoming one of the fastest-growing drivers of pharmacy spend. Employers need greater visibility into utilization patterns, adherence, and clinical appropriateness to manage these costs effectively. Integrated medical and pharmacy data provides the foundation for making smarter decisions and supporting better outcomes.

Connected care in action: GLP-1s

When you bring medical and pharmacy together, GLP-1 management works better

Challenges

- Use of diabetic GLP-1s for weight loss
- High-cost drug category
- Unknown long-term safety and efficacy
- Poor adherence and potential long-term overuse without sustained lifestyle changes

Integration

- Leverage medical data to verify diabetes diagnosis for authorization
- Predictive future and outcomes reporting
- Weight Management Solution

Impact

- Ensured appropriate utilization
- Reduced costs
- Improved visibility for benefit planning
- 83% medication adherence when engaging in our Weight Management Solution

Medical care

53.2%*

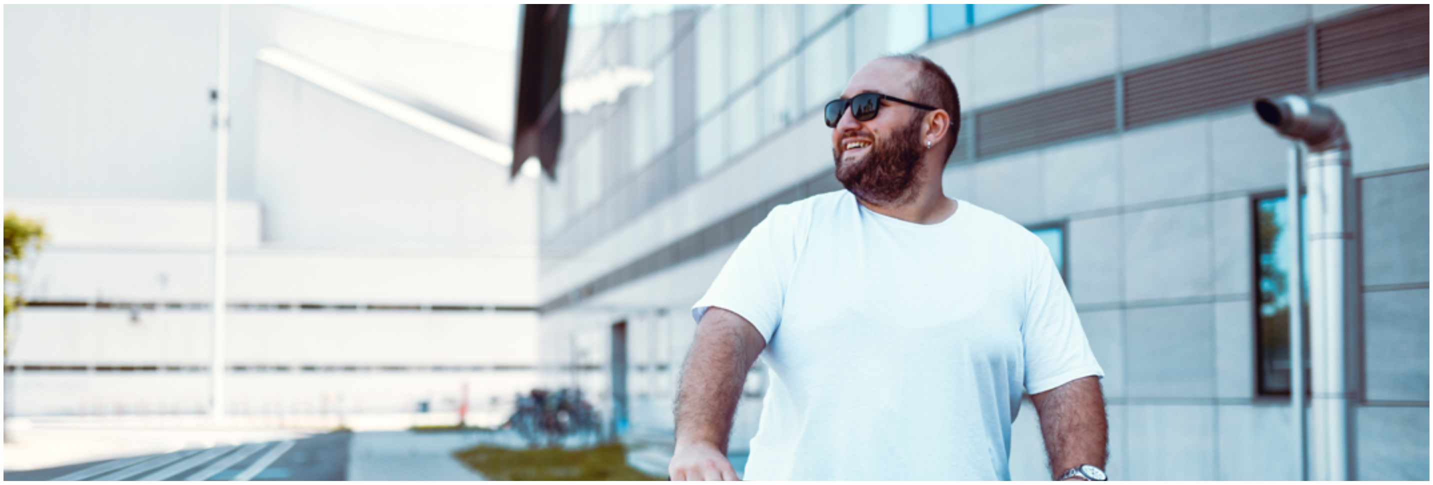
Connected care

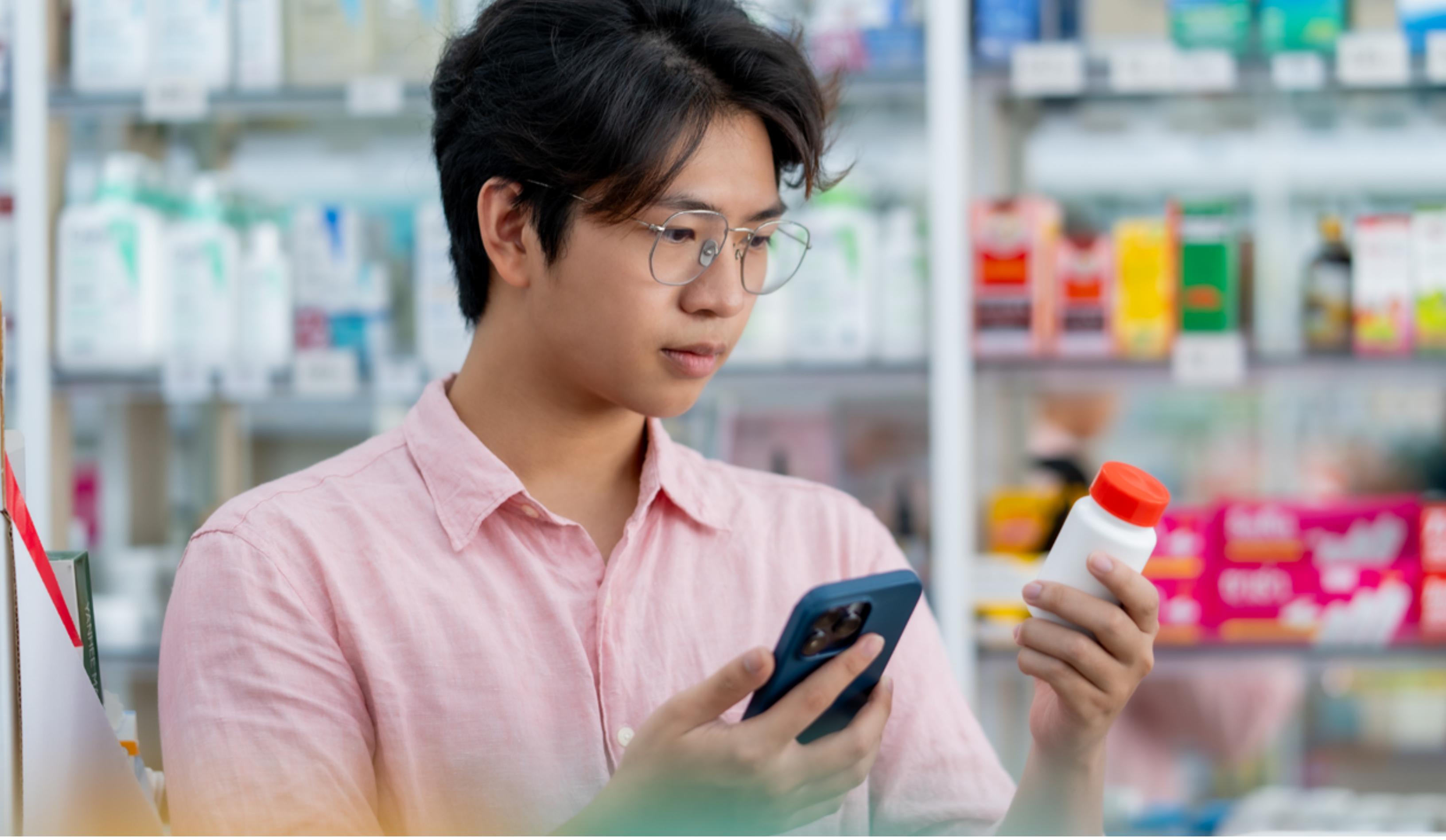
*Average reduction for inappropriate GLP-1 use.

Pharmacy care

"These drugs can deliver incredible results — but only when the right support is in place."

John Watson, PharmD,
Chief Growth Officer, CarelonRx





Specialty drug management, a unified approach

67%

of specialty utilizers have 2 or more chronic conditions[1]

1 out of 4

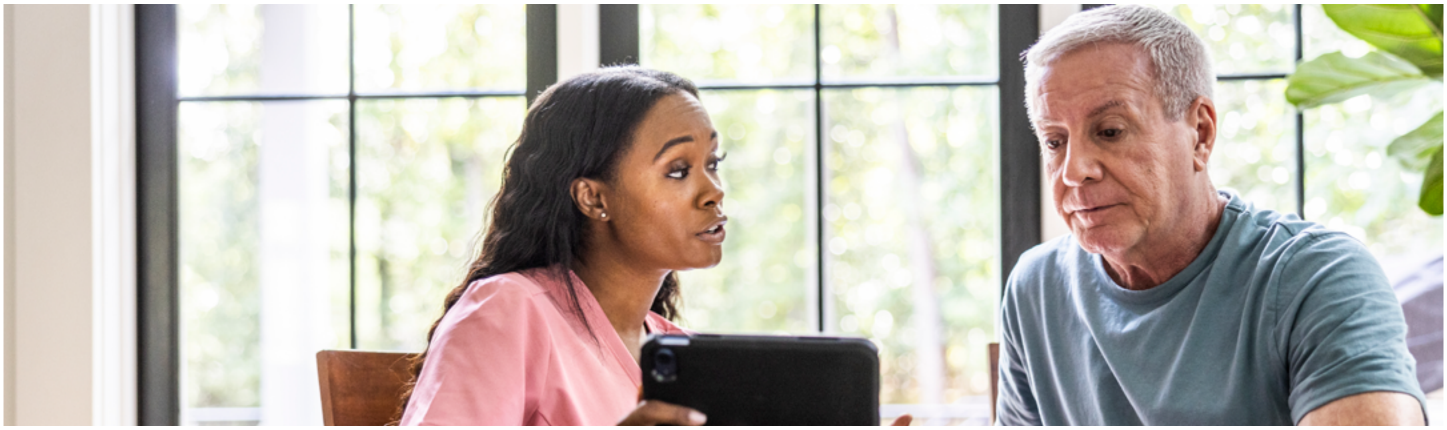
specialty utilizers have a behavioral health condition[1]

As specialty medications continue to account for a growing share of healthcare spending, effective management requires more than traditional utilization controls. These therapies often support members with complex medical needs who require coordinated care across multiple providers and treatment settings. Integrated clinical oversight helps ensure appropriate use while improving member experience and access to care. By connecting data and expertise, organizations can better balance affordability with clinical quality.

Connecting pharmacy and medical specialty care to reduce fragmentation and support whole-person care:

1. **Improved patient outcomes**
2. **Enhanced communication**
3. **Cost management**
4. **Patient satisfaction**

1. Internal data Commercial membership (FI + ASO), Oct 2023 - Sept 2024, pulled Dec 2024



Advocacy in action

Even the most sophisticated healthcare strategies depend on member engagement to be successful. Data and analytics can identify opportunities for intervention, but meaningful outcomes occur when members receive the support they need to act. Integrated programs connect members to the right resources at the right time through a simplified and personalized experience. This approach helps remove barriers, improve engagement, and strengthen health outcomes.

Engaging the right members at the right time

85% **of members we reach become engaged**[1]

Leading to better health outcomes and increased member satisfaction.

2x **engagement rate of high-cost claimants**[2]

Managing complex health needs through coordinated care and personalized support.

27% **higher Sydney® Health registration**[3]

Enhancing member's ability to manage their health plan and engage with us.

Driving results through engagement

3+ **education topics per interaction**[1]

Empowering members with knowledge can lead to better decision-making regarding their health.

9% **more adult wellness visits**[2]

Catching health issues early leads to better outcomes and reduces costs.

20% **more likely to have recommended cancer screenings**[2]

Cancers are caught earlier when they are less costly to treat and have better outcomes.

9% **higher telehealth utilization**[2]

Personalized access to care leads to timely medical and behavioral health interventions.

Impact and outcomes

12% **stronger Net Promoter Score**[1]

Satisfied members are more likely to engage with and utilize health services effectively.

10% **lower emergency room (ER) spending**
and
11% **fewer avoidable ER visits**[2]

Members are better managing their health rather than relying on ER care.

9% **lower readmission rate for members with chronic conditions**[2]

Effective management and follow-up care reduce the need for hospital readmissions.

1 Advocacy book of business, July 2023 through June 2024.
2 Anthem internal study, July 2021 through June 2023, compared to book of business.
3 Anthem internal data, September 2024, compared to non-Advocacy book of business.

Moving forward together

Continuing to evolve our solutions, strengthen partnerships, and create new value for our clients and their members

The future of pharmacy benefit management will be defined by accountability, transparency, and measurable outcomes. Employers are increasingly looking beyond traditional contracting approaches and seeking models that align incentives across the healthcare ecosystem. Success is no longer determined solely by discounts or rebates, but by the ability to manage total pharmacy spend while improving member health. Integrated models provide a path toward achieving both objectives.

At CarelonRx, our accountable NetRx Value, CarelonRx's predictable net cost PMPM pricing model, allows us to guarantee our client's net drug spend.

- Health plan + PBM more effectively manages total cost of care vs. carve out solutions
- Clinical services are focused on improving whole health while managing pharmacy trend
- Auditable reporting + operational rigor provide client confidence and support our commitment to transparency

NetRx Value approach:

- Lower net cost
- Predictable pharmacy spend
- Aligned incentives
- Simplified accountability
- Outcome-focused performance

Designed to guarantee more predictable pharmacy spend

Single net cost PMPM guarantee tied to total spending

Fees at risk optional shared savings with a cap

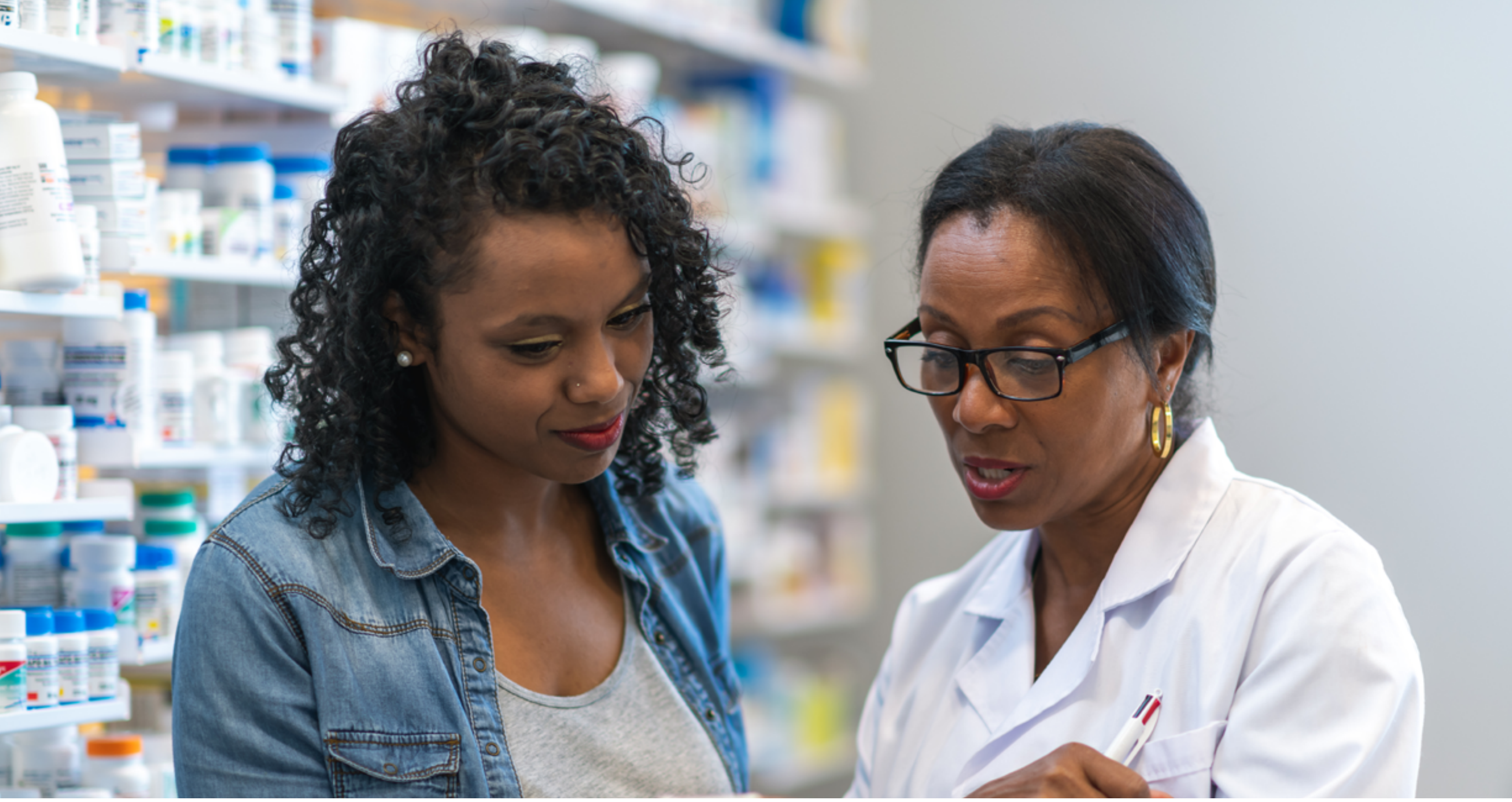
Predictable, contract-defined calculations with clear reporting

The NetRx Value guarantee advantage

Primary focus	Lowest net cost
Guarantee	PMPM, de-linked from drug price
Financial outcomes	Saving predictability
Clinical outcomes	Whole-health aligned
Formulary strategy	Net cost driven

"Value should be defined by net cost and not list price. This is what matters most to employers."

John Watson, PharmD,
Chief Growth Officer, CarelonRx



Conclusion

Healthcare organizations face growing pressure to improve outcomes while maintaining affordability in an increasingly complex environment. Meeting these expectations requires a more connected approach that brings together medical, pharmacy, and advocacy strategies. Integration enables better decisions, more effective interventions, and stronger alignment across stakeholders.

As the industry continues to evolve, integration is no longer simply a competitive advantage — it is becoming a business imperative.

About CarelonRx

As a fully scaled pharmacy benefits partner, we unlock significant value for our plan sponsors and members. Not tied to traditional PBM models, we are committed to a future of pharmacy care that takes a total-person health approach. We are passionate about benefits that improve the whole health of members while lowering total costs.

CarelonRx resources

1. CarelonRx Connects website: carelonrxconnects.com
2. CarelonRx Clinical reports: carelonrx.com/clinical-reports
3. Sign up for our CarelonRx Newsletter: carelonrx.com/subscribe
4. Q2 Drug & Biologics pipeline
5. Value of integration whitepaper

"The future of pharmacy benefits isn't simply about rebates and discounts. It's about creating measurable impact through affordability, simplicity, transparency, and outcomes."

John Watson, PharmD,
Chief Growth Officer, CarelonRx

Visit the **CarelonRx Connects** webinar series landing page to view past webinar recordings and register for our series.