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covermymeds®

**2017 North American
Prior Authorizations Solutions
Visionary Innovation Leadership Award**

F R O S T & S U L L I V A N

BEST
2017 **PRACTICES**
AWARD

**NORTH AMERICA
PRIOR AUTHORIZATIONS SOLUTIONS
VISIONARY INNOVATION LEADERSHIP AWARD**

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Background and Company Performance

Industry Challenges

Prior authorization (PA) is a common paper, fax, and phone-based workflow for providers and their staff to obtain coverage approval from a patient's benefit provider when prescribing a specific medication. PAs are put in place for expensive medications or brand name medications with a cheaper, generic formulation available. PA requirements and procedures are complex and continuously changing, resulting in significant time investments from providers and staff members to meet these needs. According to CoverMyMeds research, providers rate the burden of PA as an eight on a scale of one to ten, largely due to the complex, frustrating process. Health care provider roles with more clinical responsibility rate the burden of PA higher than roles that are more focused on administrative tasks. Furthermore, as the PA requirements differ between insurance providers and are continuously evolving, providers frequently do not know which medications require a PA request, resulting in the prescription being rejected at the pharmacy. Pharmacy rejections often lead to delayed treatment or a disruption in current therapy while the patient waits for their medication to be approved. Additionally, the PA forms vary from payer to payer and between medications, resulting in provider confusion regarding which form to use for submission. As a result, providers do not submit for PA at the point of prescribing, which results in 60 to 70% of PA requests being initiated in the pharmacy after the pharmacist attempts to fill the script and coverage is declined. Even when a PA is submitted before the prescription is sent to or received by the pharmacy, health plans often require additional information, again delaying prescription fulfillment. Studies have shown that 40% of patients abandon therapy when the prescription is delayed due to PA, increasing the patient's risk for future health problems or hospitalization.

According to a study published in the *Journal of the American Board of Family Medicine*, the time-cost placed on full-time physicians for PA related activities is substantial, costing between \$2,161 and \$3,430 annually¹. This study does not account for the time-cost spent on PA activities by nursing and clerical staff members, which according to a study published in *Health Affairs*, accounts for 13.1 hours and 5.6 hours, respectively². This study further estimates that the overall cost of all practice interactions with health plans, including PA procedures, is between \$23 billion and \$31 billion, annually. Providers need more efficient methods of identifying prescriptions requiring PA and submitting proper information to achieve PA approval to decrease time-to-treatment, streamline PA workflows, and bolster patient satisfaction and medication compliance.

¹ Morley, C. P., D. J. Badolato, J. Hickner, and J. W. Epling. "The Impact of Prior Authorization Requirements on Primary Care Physicians' Offices: Report of Two Parallel Network Studies." *The Journal of the American Board of Family Medicine* 26.1 (2013): 93-95. Web.

² Casalino, L. P., S. Nicholson, D. N. Gans, T. Hammons, D. Morra, T. Karrison, and W. Levinson. "What Does It Cost Physician Practices To Interact With Health Insurance Plans?" *Health Affairs* 28.4 (2009): n. pag. Web.

Focus on the Future and Best Practices Implementation of CoverMyMeds

Founded in 2008 with offices in Columbus and Cleveland, Ohio, CoverMyMeds is setting the new standard for PA in the United States. The company's advanced technology platform offers solutions for four stakeholders of the PA—providers, pharmacies, payers, and pharmaceutical companies—to facilitate high utilization across the market. As a result, CoverMyMeds ensures that its platform streamlines the PA process, reducing PA determination time from days to merely minutes.

Filling the Gaps across the Care Continuum

CoverMyMeds' unique approach to this fragmented, manual process empowered the company to address issues across the continuum of care, thereby reducing silos in the PA workflow. As 60 to 70% of PA requests are initiated at the pharmacy, CoverMyMeds began tailoring its platform to aid PA submissions originating at the pharmacy level to provide the greatest value, fastest. CoverMyMeds' platform integrates directly with the pharmacy dispensing systems (PDS) allowing pharmacists to initiate the PA process within their existing software and workflow. The PA request is triggered when the pharmacist places the reimbursement claim to dispense the medication; by populating the patient, medication and coverage information, the system initiates the PA within the PDS and electronically sends it to the provider to gather additional required information and gain provider approval. CoverMyMeds initially designed a provider portal, empowering providers and their staff to view and complete PA requests sent from the pharmacy. Today, CoverMyMeds offers a web portal and integrated EHR solutions, both of which allow providers to complete pharmacy-initiated PA requests and proactively initiate a request when they are alerted that PA will be required at the point of prescribing.

Through the CoverMyMeds platform, providers and payers engage in a real-time, four-part process to complete the request. This four-part process follows the NCPDP SCRIPT Standard and is comprised of the following:

Part 1: The provider submits basic patient and medication information to the payer electronically

Part 2: The payer electronically provides questions specific to the patient, medication and plan criteria

Part 3: The provider completes the patient, medication and payer-specific questions and submits the PA request

Part 4: The payer provides an electronic determination to the provider in real time, when available.

The final determination is routed through CoverMyMeds to the provider and pharmacist to close the loop and initiate the prescription fill when the PA is approved. For providers not currently signed-up with CoverMyMeds, PA requests are sent via fax with a unique, secure code to log-in to covermymeds.com to view the PA.

CoverMyMeds platform is HIPPA-compliant and easy to use, expediting the PA process. If any participant throughout the chain is not signed up with CoverMyMeds, other members in the chain are not prevented from using the CoverMyMeds' platform to communicate, and their use encourages adoption from participants still using the fax or phone channel. According to research conducted by CoverMyMeds, 76% of providers use more than one channel (electronic, phone and fax) to process PA requests. Until the market is fully electronic, CoverMyMeds remains a flexible platform that can transmit data via fax when necessary to ensure the PA request is processed and patients get the medication they need to be healthy.

Strategic Design Ensuring High Utilization

After designing an advanced platform spanning across payer, provider, and pharmacy systems, CoverMyMeds focused on expanding its platform to integrate the PA process within the e-prescribing process of the electronic health records (EHR) to increase automation and decision support for the provider upon prescription origination. The EHR automation can auto-initiate the request based on the fact that PA is required, pick the ePA path for that transaction, and pre-populate the form with patient demographic information from the EHR as well as the provider and medication information. CoverMyMeds works with the EHR to codify the required clinical questions sent back by the payer to justify the cost or safety of medication and allows the system to automate pulling the information from the EHR in real-time. CoverMyMeds is able to provide these criteria questions, which are specific to each payer, as a result of their direct integrations with payers responsible for 80% of U.S. prescription volume.

Leveraging Customer Relationships to Enhance Technology Offerings

CoverMyMeds commits to focusing innovation on all four stakeholders across the PA market—the provider, payer, pharmacy, and pharmaceutical business—ensuring its solutions value each stakeholder segment equally to provide high value and communication to all. CoverMyMeds is focused on innovating solutions to enable better clinical decisions that help patients gain appropriate access to the medications they need to be healthy. As an example, through their payer, pharmacy and provider network, CoverMyMeds was able to develop a system to compare a prescribed medication requiring PA with the CMS list of high-risk medications for a Medicare patient. This logic provides as decision support to providers, empowering them to switch prescriptions before the patients received a medication that could pose a health risk. Additionally, while working with payers, CoverMyMeds identified that many had back-end systems unable to process PA requests in real-time. As a result, the company created a system that would support the internal payer staff and host their PA criteria and forms online, enabling more efficient communication between the payers, providers and pharmacies to achieve real-time approvals or work through denials in real-time. Finally, CoverMyMeds is leveraging its platform as well as this back-end system to empower payers to automatically approve PA requests when the information provided by the provider is correct and aligned with the payer's requirements, further streamlining the PA process. A health plan who began leveraging this automated approval capability has achieved a 35 to 40% auto-determination rate, significantly decreasing administrative time for their staff and decreasing time to therapy for their member patients.

Commitment to Customer Satisfaction

CoverMyMeds has a goal that its platform works 100% of the time for 100% of its users. As a result, the company works closely with customers during onboarding and throughout their use of the system, ensuring high customer satisfaction and that it can continually update its solution based on needs. CoverMyMeds works with providers to determine the best channel—EHR integration or via the online portal—to fit their specific workflow and available systems. This close relationship empowers CoverMyMeds to recognize different industry standards being adopted by physicians, providers, or pharmacies and to create technology offerings that will embrace or drive the new standards. As a result, CoverMyMeds is continually first-to-market, providing solutions in-line with new standards as well as ensures increasing customer utilization, system automation, and overall satisfaction. Furthermore, CoverMyMeds has an extensive support staff of PA experts to help guide its customers with any questions they may have. As a result of this large support staff, CoverMyMeds has a seven-second average response time to support requests. CoverMyMeds also conducts periodic customer surveys, ensuring it tailors innovation with customers' needs and emerging industry standards.

Advanced Growth Performance

CoverMyMeds experienced rapid growth due to its advanced technology platform and focus on all four stakeholders within the PA process. As a result, as each stakeholder segment increases adoption of CoverMyMeds' platform, it aids uptake across other segments as they are all interconnected. For example, if a pharmacy submits a PA request via CoverMyMeds from its PDS, the fax request allows the provider to view the order on CoverMyMeds' online portal and sign-up to allow future requests to be sent directly through the portal or their integrated EHR task list. As a result of this model, CoverMyMeds averages 1,300 to 1,400 new provider sign-ups per day. Furthermore, the platform is free of charge to providers and their staff, bolstering provider adoption, thereby, increasing the platform's viability for the other industry stakeholders. As more providers and their staff enroll, payers realize the benefit of administrative savings as their manual intake is reduced and real-time determinations replace the time-consuming review process. Further, both payers and pharmaceutical manufacturers benefit as patients receive faster access to therapy which contributes to positive outcomes and a decrease in avoidable medical spending. Additionally, as individual providers within a health system sign up, often the health system will facilitate an enterprise-wide rollout after understanding the value achieved and analyzing CoverMyMeds' data security. CoverMyMeds also partners with EHR technology vendors, allowing collaborative technology integration as well as empowering CoverMyMeds to aid utilization within the vendor's customer base. CoverMyMeds' initial growth among pharmacists and providers was bolstered after the company participated in the NCPDP ePA pilot and secured an early partnership with a large payer organization, who became the first to allow physicians to electronically submit ePA transactions. CoverMyMeds experienced rapid growth after this pilot, onboarding several pharmacy benefit managers (PBMs) and health plan organizations. As a result of this full-scale strategic approach, CoverMyMeds is used in more than 62,000 pharmacies, is electronically connected to payers representing more than 80% of U.S. prescription volume, has more than 700,000 providers and their staff signed up using its platform, as well as integration with over 500 electronic health record systems.

Poised for Future Growth

CoverMyMeds partnered with RelayHealth, a network that provides clinical connectivity across the health care network in 2010 to bring electronic prior authorization to pharmacies using the RelayHealth network. As result of the partnership's success, RelayHealth and CoverMyMeds extended its partnership in 2015 for an additional seven years. While in partnership, CoverMyMeds and McKesson—the parent company of RelayHealth—recognized strategic alignment and entered an agreement to be acquired by McKesson in 2017. CoverMyMeds will remain an independent entity but will provide a streamlined PA process to McKesson's extensive customer base and empower collaborative future innovation. As an example of continued innovation and collaboration with RelayHealth, CoverMyMeds partnered with RelayHealth to develop a new solution called RxBenefit Clarity™, which provides real-time benefit transparency and decision support at the point of prescribing. RxBenefit Clarity™ leverages a network of more than 50,000 pharmacies to access real-time prescription benefit data, powering the only solution to offer providers insight into prescription coverage information that was historically only available to pharmacies. RxBenefit Clarity™ also improves and seamlessly integrates with CoverMyMeds ePA solution, allowing providers to prospectively request prior authorization when necessary to fill a prescription. CoverMyMeds also recently announced the expansion of its specialty solution to connect specialty pharmacies, providers and payers to more efficiently coordinate treatment with specialty therapies and help improve ongoing care management. Additionally, CoverMyMeds continues to focus on increasing utilization within its existing customers to empower them to use their extensive platform on 100% of prescriptions requiring a PA.

Conclusion

Of the 265 million prescriptions rejected annually in the United States, 70% require prior authorization (PA) from an insurance provider before a pharmacy can fill the prescription. The PA request process is fragmented and complicated as communication between payers, providers, and pharmacies are siloed, resulting in up to 40% of patients abandoning drug treatments. CoverMyMeds' advanced platform offers solutions across the continuum of care, setting the new standard for the PA workflows. The company's platform empowers each segment within the PA process to quickly, securely, and compliantly communicate with each other, enabling PA requests to be submitted and approved more quickly than ever before.

With its advanced technology capabilities and commitment to customer satisfaction, CoverMyMeds earns Frost & Sullivan's 2017 North America Visionary Innovation Leadership Award in the prior authorization solutions market.

Significance of Visionary Innovation Leadership

A Visionary Innovation Leadership position enables a market participant to deliver highly competitive products and solutions that transform the way individuals and businesses perform their daily activities. Such products and solutions set new, long-lasting trends in how technologies are deployed and consumed by businesses and end users. Most important, they deliver unique and differentiated benefits that can greatly improve business performance as well as individuals' work and personal lives. These improvements are measured by customer demand, brand strength, and competitive positioning.



Understanding Visionary Innovation Leadership

Visionary Innovation is the ability to innovate today in the light of perceived changes and opportunities that will arise from Mega Trends in the future. It is the ability to scout and detect unmet (and as yet undefined) needs and proactively address them with disruptive solutions that cater to new and unique customers, lifestyles, technologies, and markets. At the heart of visionary innovation is a deep understanding of the implications and global ramifications of

Mega Trends, leading to correct identification and ultimate capture of niche and white-space market opportunities in the future.

Key Benchmarking Criteria

For the Visionary Innovation Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Focus on the Future and Best Practices Implementation—according to the criteria identified below.

Focus on the Future

- Criterion 1: Focus on Unmet Needs
- Criterion 2: Visionary Scenarios through Mega Trends
- Criterion 3: Growth Pipeline
- Criterion 4: Blue Ocean Strategy
- Criterion 5: Growth Performance

Best Practices Implementation

- Criterion 1: Vision Alignment
- Criterion 2: Process Design
- Criterion 3: Operational Efficiency
- Criterion 4: Technological Sophistication
- Criterion 5: Company Culture

Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan Awards follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 Monitor, target, and screen	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> • Conduct in-depth industry research • Identify emerging sectors • Scan multiple geographies 	Pipeline of candidates who potentially meet all best-practice criteria
2 Perform 360-degree research	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> • Interview thought leaders and industry practitioners • Assess candidates’ fit with best-practice criteria • Rank all candidates 	Matrix positioning of all candidates’ performance relative to one another
3 Invite thought leadership in best practices	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> • Confirm best-practice criteria • Examine eligibility of all candidates • Identify any information gaps 	Detailed profiles of all ranked candidates
4 Initiate research director review	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> • Brainstorm ranking options • Invite multiple perspectives on candidates’ performance • Update candidate profiles 	Final prioritization of all eligible candidates and companion best-practice positioning paper

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
5 Assemble panel of industry experts	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> Share findings Strengthen cases for candidate eligibility Prioritize candidates 	Refined list of prioritized Award candidates
6 Conduct global industry review	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> Hold global team meeting to review all candidates Pressure-test fit with criteria Confirm inclusion of all eligible candidates 	Final list of eligible Award candidates, representing success stories worldwide
7 Perform quality check	Develop official Award consideration materials	<ul style="list-style-type: none"> Perform final performance benchmarking activities Write nominations Perform quality review 	High-quality, accurate, and creative presentation of nominees' successes
8 Reconnect with panel of industry experts	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> Review analysis with panel Build consensus Select recipient 	Decision on which company performs best against all best-practice criteria
9 Communicate recognition	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> Present Award to the CEO Inspire the organization for continued success Celebrate the recipient's performance 	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 Take strategic action	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> Coordinate media outreach Design a marketing plan Assess Award's role in future strategic planning 	Widespread awareness of recipient's Award status among investors, media personnel, and employees

The Intersection between 360-Degree Research and Best Practices Awards

Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform



for benchmarking industry players and for identifying those performing at best-in-class levels.

About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.