Reinventing Prescription Benefits

New transparent PBM model lowers patient costs, fairly pays pharmacies more, and increases choice

THE Cigna GROUP

We can do more

Prescription benefits can work better – for everyone

Why now?

We're building on our **decades-long legacy of innovation** and **driving affordability** to do more.

Stakeholders have questions about the transparency, costs, and complexity of pharmacy benefits.

The market has continued to evolve rapidly in recent years, and our combined capabilities position us to **proactively take more bold action**.

Leading the way

Through Express Scripts, our pharmacy benefits manager, we're introducing a new simple pharmacy benefit model that enables choice, transparency, and cost savings at the pharmacy counter – helping to **renew trust** while **addressing market demand.**

This is not an incremental change, **this is a fundamental shift** in how pharmacy benefits work.

Consistently leading the way to reimagine pharmacy benefits

Patient Assurance Program (2019)

First in the industry to cap the cost of insulin at $25 for 30-day supplies

Price Assure (2022)

Patients pay the lowest price available for generic drugs, factoring in GoodRx discounts; expanded to select non-specialty brand drugs in 2025

ClearCareRx (2023)

Fully transparent client pricing model with 100% pass through of rebates and pharmacy costs

IndependentRx (2023)

Expands rural health access via independent pharmacies – offering greater reimbursements and care services; created industry's first Independent Pharmacy Advisory Committee

ClearNetwork (2023)

A straightforward pharmacy contracting option for clients seeking simplicity for all medications covered under the benefit

Improving Biosimilar Access (2023-2025)

Seven Humira biosimilars added to our formulary (2023-2024) and introduced $0 out-of-pocket access to interchangeable biosimilars for Humira (2024) and Stelara (2025)

By the Numbers

- More than **95%** of rebates are passed through to clients today
- **$15.02** average patient out-of-pocket cost for a 30-day prescription (through employer-sponsored coverage)
- **20%** contracted independent pharmacy growth since 2019
- **35%** of our network is independent pharmacies

Fundamentally changing the PBM model

Aligning incentives across the entire ecosystem

PATIENTS:
Lower drug costs with upfront discounts and improved experience

BUSINESSES, UNIONS, AND OTHER HEALTH PLANS:
Clear transparency into the client cost and our compensation; and simple administration fees

PHARMACIES:
Reimbursement based on drug costs, dynamic dispensing fees, additional payment opportunities

Transitioning to the new PBM model

How stakeholder experiences will change beginning in 2027

	PBM INDUSTRY TODAY	VS	OUR NEW MODEL

Patients	• Pay based on their benefit design
	  ▪ Potential exposure to pharma list prices when paying in the deductible phase
	• Limited visibility into value PBM provides
			• Pay the lowest price available
			  ▪ Minimize exposure to pharma list prices
			  ▪ Receive drug company discounts at point-of-sale
			• Greater transparency with annual Patient Savings Reports inclusive of all discounts

Businesses and Health Plans	• Drug costs based on spread or pass-through pricing • Some payments tied to pharma list prices • Contracts with less visibility and control; hard to compare • Audit rights		• Drug costs based on negotiated discounts and actual costs • Fee based, delinked from pharma list prices • Annual clear and easily interpretable reports • Full transparency into client costs & our compensation
Pharmacies	• Contracts with less visibility; some completed with no direct interaction with PBM • Paid based on contracted amounts rather than acquisition costs		• Pharmacy has more control and certainty about their business • Improved interaction with PBM on contracts • Paid based on actual cost and dynamic dispensing fee

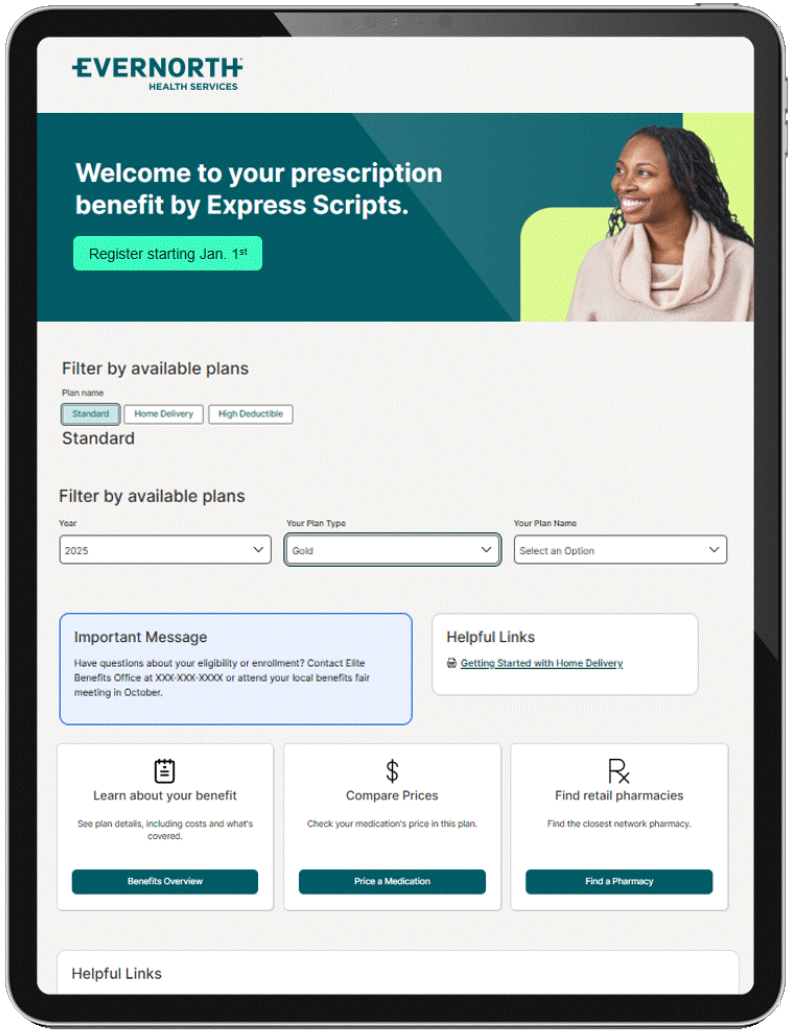
Finally putting patients at the center of the prescription benefit model

Patients automatically pay the lowest possible cost when they fill their prescription – whether our negotiated price, the cash discount price, or their copay

The amount paid **applies to the deductible** for medications covered by the plan

Thousands of real-time clinical and safety checks and expert care coordination to help patients take their medications correctly and get healthier

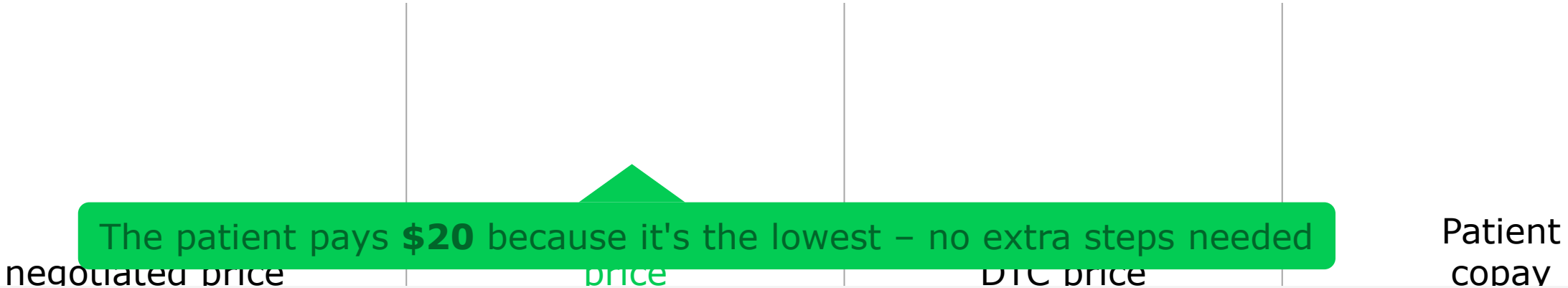
Individualized, connected digital solutions within a single tool, including pharmacy options, associated costs, and proactive recommendations



Harnessing technology to lower patient brand-name drug costs by an average of 30%

Any negotiated discounts will be automatically applied at the pharmacy counter

In the new model, if a medicine has these price options:



- **In most cases, our negotiated cost will be the lowest price**, but there are times when the cash discount cost is lower – particularly for patients with high-deductible health plans
  - For those patients, it **could lower the cost of brand-name drugs by an average of 30%**
- For drugs covered by their health plan, the **amount paid will apply to the deductible**
  - If a patient is prescribed a brand-name drug not covered by their plan, they can pay our negotiated rate rather than pharma's list price, but it will not accumulate to the deductible

Resetting the market definition of what it means to be transparent

New Express Scripts model delivers more value to businesses and health plans without increasing costs:

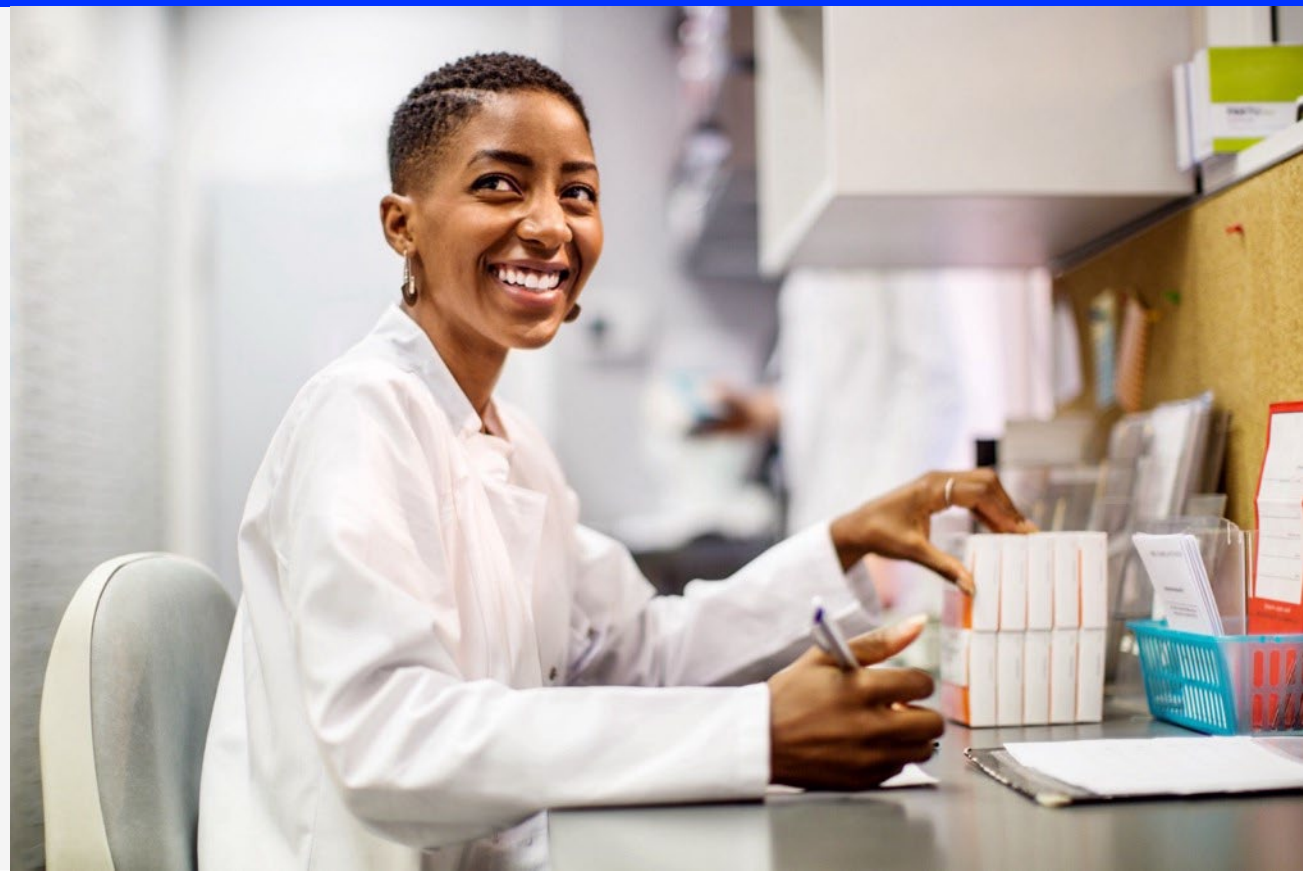
- Transparent, **rebate-free** model
- Simple and **easily auditable administration fee**
  - 50% of fee will be put at risk based on PBM performance to align incentives and keep costs low
- Complete **transparency into drug acquisition costs** and our compensation
  - Enables better forecasting and budgeting
- **Enhanced reporting and audits**, with third-party validation
- **Improved member satisfaction**, better adherence, and improved health outcomes – all of which will ultimately lower costs

Paying community pharmacies more

New pharmacy reimbursement model

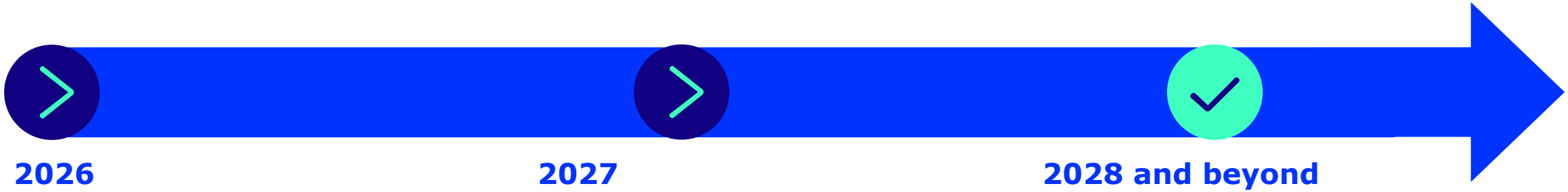
- Pays pharmacies based on their **costs of drugs and a dynamic dispensing fee**
  - Fee will be based on pharmacy type and critical access based on location
  - Rural pharmacies will receive higher fees
- **Rewards pharmacies** for meeting certain clinical metrics
- **Additional payments** for the broad range of care services pharmacists provide

Cost + **Fee** + **Performance**



New PBM model timeline

Change of this size and scale cannot happen overnight



2026

Begin transitioning pharmacies to new reimbursement model

- Begin re-contracting with 65,000 pharmacies and moving to new reimbursement model starting 1/1/26
- Begin negotiations with hundreds of drug companies for thousands of different brand drugs
- Socializing new model with existing clients and brokers
- Prospective business bids will include new model
- New transparency & savings reports for patients and clients

2027

Cigna Healthcare fully insured clients move to new model

- Cigna Healthcare to adopt new model for fully insured clients – covering ~2M patients – on 1/1/27
- Certain Express Scripts clients begin transitioning to new model; begin process of re-contracting with more than 3,200 clients
- Pharmacy re-contracting ongoing
- Drug company negotiations ongoing

2028 and beyond

New model becomes standard for Express Scripts clients

- Express Scripts clients begin moving to new model on 1/1/28
- Pharmacy re-contracting complete and transitioned to new reimbursement model
- Drug company negotiations complete and aligned with new model
- Goal to have 50% client uptake by end of 2028

Thank you