“Once you are a member of National CooperativeRx, you start to realize the value of everything they do. They become an extension of your HR department, keeping watch over the details of your drug benefit and the big industry picture.”

- D. Holly Lifke, SPHR, CIC, AIC
Vice President Human Resources
Society Insurance
Dear Members & Stakeholders,

2011 marks our eighth year of helping employers, trusts and other organizations achieve higher value pharmacy benefit plans. You all should be proud of what we have been able to accomplish by working together.

Outsiders might look at us and wonder what our diverse group has in common. Our members include small companies, large companies, government plans, for-profit companies, labor trusts and coalitions. We understand what binds all of you together – the desire to have better service and better quality for your pharmacy dollars. You want your employees to be healthy, informed and engaged in making smart health care decisions. You want to understand where dollars are going, and how to keep more of them and spend the remaining in a frugal manner. These are the deliverables we have focused on during our entire existence.

We are honored you have decided to put your trust in your coalition and in each other when choosing the partners that will help you achieve your benefit goals. And we are proud of, and take seriously, our member-owned, not-for-profit cooperative way of doing business. None of this would have been possible without you and the objectives you have laid out for us.

Thank you for being a part of something innovative, strategic and consistently growing! On behalf of our Board of Directors and the entire team at WisconsinRx/National CooperativeRx, we look forward to continuing to serve you for many years to come … with objective advice, proven clinical programs, best in class contract terms, aggressive pricing, and enhanced services.

Sincerely,

Greg Horstman, CEO
Financial Highlights
Cooperative ownership brings both financial and non-financial benefits. Our legal agreement with CVS Caremark stipulates that members see every part of the financial arrangement, and gives us the ability to audit one hundred percent of claims. Another important benefit is “patronage capital,” which is a dividend payment to members when income (which solely results from 35% cooperative membership fees and 65% from administrative fees received from CVS Caremark) exceeds expenses. Because we’re member-owned, this money is your money.

Audit Results
The coalition conducts independent audits of both its cooperative business and its PBM. The PBM audit reviews 100% of claims assuring that all mail, retail, rebate and other financial guarantees are met. The cooperative audit, performed by Smith and Gesteland, shows that we are meeting or exceeding all financial and fiduciary responsibilities and that we are performing well on due diligence and process evaluations.

Bending the Trend
The coalition’s unique approach to mitigate costs through proactive recommendations, staunch advocacy on pharmacy management and the vetting and funding of impactful clinical solutions for member groups has had a very positive result on our trend as compared to the industry norms. In fact, our aggregate 5 year (2005 - 2010) average annual coalition trend was a flat 0.33%.

Rebates
In 2010, we distributed $9,452,265 in quarterly rebates, plus an additional $828,930 as a result of the 95% rebate true-up component of our contract.

Clinical Highlights
We do not believe in a one-size fits all approach to clinical programs. Some of our plans want turnkey clinical solutions based on plans’ best practices, while others want a fully-customizable package of programs. Some plans are looking for low-cost, low-disruption tools while others seek more aggressive programs with a bigger return on investment. We bring consultative expertise to help members with these important decisions, and offer a comprehensive suite of effective clinical programs at no or low cost to plans. The results speak for themselves.

Generic Drug Dispensing Rates
Our members’ generic drug dispensing rates have risen steadily since the coalition was created eight years ago. Our “Best in Class” members – twenty of our member plans that have been the most proactive in following our recommendations to curb costs – achieved generic drug dispensing rates of up to 86.7 percent.
2010 Highlights

• In 2010, we negotiated a deal with our PBM partner, CVS Caremark, to extend our contract with improved financial terms. By doing so, we expedited a lengthy RFP process that would not have achieved those same improvements.

• The results of our contract renegotiation speak for themselves – 100 percent of our members signed on for the extension. In addition, it has had a significant positive impact on new membership growth.

• We are growing not just in number but geographically as well. We now have a significant footprint in Wisconsin, Alaska, Washington and Illinois, with business growing in all states from Florida to the Pacific Northwest.

• We have purchased hundreds of thousands of dollars of clinical programs on behalf of our members, including the Generic Co-Pay Incentive (ROI of 8:1) and Drug Savings Review (ROI of 6:1). We continue to evaluate new and innovative programs to bring the most effective programs to our members, usually at no cost. This is a direct result of our contract terms with CVS Caremark that supports bending the trend through proper prescription utilization.

• We have enhanced our member-education tools through face to face and over the phone meetings, clinical mailings and quarterly webinars. We launched a weekly newsletter, The Script, and redesigned our website to ensure that helpful information is always accessible. We also provided several continuing education courses for our agent and TPA stakeholders.

• We fulfilled the Seventh Cooperative Principle, “Concern for Community” by creating and publicizing medication safety materials available to our members and the public at large. We participated in several health fairs where we distributed “TakeAway” mailers to help people properly dispose of unused medications. We also sponsored a Pharmacy Month contest in which thousands participated to promote medication safety.

2011 and beyond – What’s Ahead

• Our contract renegotiation will result in automatic improved pricing in future years.

• We will add value to pharmacy benefits through new clinical initiatives. At the start of the year, coalition members gained access to Pharmacy Advisor™, a new CVS Caremark tool targeting high-cost chronic diseases, starting with diabetes. In addition, all members now have access to enhanced discounts through the ExtraCare® program.

• We will bring new education opportunities to our members and the public at large in 2011. We will continue to host quarterly webinars and will feature on our website and in our newsletter periodic “Focus On” features to bring in-depth information to our members about subjects important pharmacy benefits.

• National CooperativeRx will add staff to help sustain the growth momentum and assure that we always meet our member needs and wants.

• In 2011, we will further our twin goals of increasing the value our members are receiving by being part of our coalition, and growing the coalition so we can achieve an ever greater value for our members.