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9 UNITED STATES DISTRICT COURT,
10 CENTRAL DISTRICT OF CALIFORNIA
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12

13 AIDS HEALTHCARE FOUNDATION,
a California non-profit public-benefit
14 corporation,

15 Plaintiff,

16 v.

17 PRIME THERAPEUTICS LLC, a
Delaware limited-liability company,
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19 Defendant.
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Case No.

COMPLAINT

DEMAND FOR JURY TRIAL

INTRODUCTION

1. “No antitrust violation is more abominated than the agreement to fix prices.” *Freeman v. San Diego Ass’n of Realtors*, 322 F.3d 1133, 1144 (9th Cir. 2003). Hence “no showing of so-called competitive abuses or evils which those agreements were designed to eliminate or alleviate may be interposed as a defense.” *United States v. Socony-Vacuum Oil Co.*, 310 U.S. 150, 218 (1940). Price-fixing is a per se violation of not only federal law but also California’s Cartwright Act. *Mailand v. Burckle*, 20 Cal.3d 367, 377; 572 P.2d 1142, 1147; 143 Cal. Rptr. 1, 6 (1978). Nonetheless, Defendant Prime Therapeutics LLC (“Prime”) has openly engaged, with a direct business competitor, in fixing prices for prescription-drug payments to pharmacies, including the multiple pharmacies of Plaintiff AIDS Healthcare Foundation (“AHF”). By lowering those payments to match the rates of the competitor, and to stay matched over time, Prime has seized a large sum of money for itself – and has cheated AHF out of money earned. Therefore, AHF brings this civil action (1) to stop Prime from continuing to violate “the most settled principle of antitrust law” by horizontally fixing prices (John J. Miles, *Health Care and Antitrust Law*, § 3:2 (Apr. 2021 Update)), and (2) to obtain compensation from Prime for the damages that AHF has suffered because of this unlawful scheme.

PARTIES

2. Plaintiff AHF is a California non-profit public-benefit corporation incorporated in 1987 and headquartered in Los Angeles, California. AHF provides cutting-edge medical care, including pharmacy services, to people affected by Human Immunodeficiency Virus (“HIV”) or living with Acquired Immune Deficiency Syndrome (“AIDS”), regardless of ability to pay. AHF provides this care to people in Los Angeles, throughout California, and across the country. AHF is the largest private-sector provider of HIV/AIDS medical care to people in the United States. AHF owns and operates nine pharmacies in the County

1 of Los Angeles, California; a total of 15 pharmacies throughout California, and a total
2 of 63 pharmacies across the United States.

3 3. AHF is informed and believes and, based thereon, alleges as follows:
4 Defendant Prime is a Delaware limited-liability company formed in 1998 and
5 headquartered in Eagan, Minnesota. Prime is a pharmacy benefits manager ("PBM").¹
6 Prime is jointly owned by 19 Blue Cross and/or Blue Shield health-insurance plans, or
7 their subsidiaries or affiliates. Through relationships with those entities, as well as with
8 employers and government programs, Prime manages pharmacy benefits for
9 approximately 33 million people across the country, including in California, and
10 interacts with numerous pharmacies, including California pharmacies. (See, e.g., Prime,
11 *Prime Therapeutics – Privacy Notice for California Customers* (Jan. 1, 2021), available
12 online at [https://www.primetherapeutics.com/en/privacy-policy-california-](https://www.primetherapeutics.com/en/privacy-policy-california-residents.html)
13 [residents.html](https://www.primetherapeutics.com/en/privacy-policy-california-residents.html) (last visited May 25, 2021; print-out attached as Exhibit 1); Prime, *CCPA*
14 *Personal Information Request Form* (giving California residents notice of rights under
15 California privacy law), available online at
16 [https://www.primetherapeutics.com/en/privacy-policy-california-residents/ccpa-](https://www.primetherapeutics.com/en/privacy-policy-california-residents/ccpa-form.html)
17 [form.html](https://www.primetherapeutics.com/en/privacy-policy-california-residents/ccpa-form.html) (last visited May 25, 2021; print-out attached as Exhibit 2); Prime, *Prime*
18 *Therapeutics Provider Manual for Pharmacy Providers* (2001) at 6 ("Notice to
19 California Pharmacies," available at
20 [https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Phar-](https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Pharmacists/PharmacyProviderResources/ProviderManual/document-primeprovidermanual-Apr2021.pdf)
21 [macists/PharmacyProviderResources/ProviderManual/document-primeprovidermanual-](https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Pharmacists/PharmacyProviderResources/ProviderManual/document-primeprovidermanual-Apr2021.pdf)
22 [Apr2021.pdf](https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Pharmacists/PharmacyProviderResources/ProviderManual/document-primeprovidermanual-Apr2021.pdf) (last visited May 25, 2021; print-out attached as Exhibit 3).)

23
24 ¹ "Pharmacy benefit managers (PBMs) are a little-known but important part of the
25 process by which many Americans get their prescription drugs. Generally speaking,
26 PBMs serve as intermediaries between prescription-drug plans and the pharmacies that
27 beneficiaries use. When a beneficiary of a prescription-drug plan goes to a pharmacy to
28 fill a prescription, the pharmacy checks with a PBM to determine that person's coverage
and copayment information. After the beneficiary leaves with his or her prescription,
the PBM reimburses the pharmacy for the prescription, less the amount of the
beneficiary's copayment. The prescription-drug plan, in turn, reimburses the PBM."
Rutledge v. Pharm. Care Mgmt. Ass'n, 141 S. Ct. 474, 478 (2020).

SUBJECT-MATTER JURISDICTION

4. This Court has federal-question jurisdiction over this civil action's subject matter, because it arises, in part, under the laws of the United States. 28 U.S.C. § 1331. This Court also has federal-question jurisdiction over this civil action's subject matter, because this Court is invested with jurisdiction to prevent and to restrain violations of the federal Sherman Act (15 U.S.C. §§ 4, 25), and because AHF's business has been injured, because of Prime, by reason of something forbidden by the federal antitrust laws (15 U.S.C. § 15).

5. This Court also has diversity-of-citizenship jurisdiction over this civil action's subject matter, because the amount of money in controversy exceeds \$75,000, exclusive of interest and costs, and AHF and Prime are citizens of different U.S. states. 28 U.S.C. § 1332.

6. This Court also has supplemental jurisdiction over that part of this civil action's subject matter that arises under California law, because that part is so related to the claims under federal law as to form part of the same case or controversy under Article III of the U.S. Constitution. 28 U.S.C. § 1367.

VENUE

7. This judicial district, the Central District of California, is the proper venue for this civil action, because (a) Prime resides, is found, and conducts business within this judicial district; (b) Prime is subject to personal jurisdiction within this judicial district with respect to this civil action; and/or (c) a substantial part of the events or omissions giving rise to the claim occurred here. 28 U.S.C. § 1391; 15 U.S.C. §§ 15, 22; cf. Cal. Bus. & Prof. Code § 16750.

8. Among the four judicial districts in California, this judicial district is the proper venue for this civil action, because Prime's contacts with the judicial district are sufficient to subject Prime to personal jurisdiction herein. 28 U.S.C. § 1391.

STATEMENT OF FACTS

1
2 9. On or around December 19, 2019, Prime issued a press release
3 announcing “a new three-year collaboration” with Express Scripts, Inc. (“ESI”),
4 supposedly “designed to deliver more affordable care for clients and their members by
5 enhancing pharmacy networks and pharmaceutical manufacturer value.” (Prime,
6 *Express Scripts and Prime Therapeutics Collaborate to Deliver More Affordable Care*
7 *to More Than 100 Million Americans* (Dec. 19, 2019), available online at
8 [https://www.primetherapeutics.com/en/news/pressreleases/2019/release-prime-](https://www.primetherapeutics.com/en/news/pressreleases/2019/release-prime-express-scripts-collaboration.html)
9 [express-scripts-collaboration.html](https://www.primetherapeutics.com/en/news/pressreleases/2019/release-prime-express-scripts-collaboration.html) (last visited May 25, 2021; print-out attached as
10 Exhibit 4).)

11 10. AHF is informed and believes, based on the February 25, 2021,
12 U.S. Securities and Exchange Commission 10-K report of Cigna Corp. (“Cigna”),
13 that Cigna is a Delaware corporation with publicly traded stock; and that Cigna has
14 a subsidiary, Express Scripts Holding Company, which includes ESI and
15 Express Scripts PBM (“ESPBM”), a PBM. In the 10-K, Cigna expressly described
16 Prime as a competitor PBM of ESPBM, and Prime and ESPBM are, indeed, directly
17 competing PBMs.

18 11. In the 10-K, Cigna has acknowledged the Prime-ESI collaboration as
19 follows: “In 2019, Express Scripts and Prime Therapeutics LLC (‘Prime’) entered into
20 an agreement effective on April 1, 2020 which is delivering improved choice and
21 affordability for Prime’s clients and their patients by enhancing retail pharmacy
22 networks and pharmaceutical manufacturer value.”

23 12. The Prime-ESI collaboration concerns agreements between Prime and
24 pharmacies, by which Prime processes pharmacies’ requests for reimbursements for
25 filling prescriptions of and/or providing health care to customers whose PBM is Prime.

26 13. Prime processes numerous AHF requests for reimbursements for filling
27 prescriptions of and/or providing health care to customers whose PBM is Prime. In
28 2020, Prime processed nearly 100,000 prescription-reimbursement requests from AHF.

1 14. On or around January 2, 2020, Prime sent out a mass mailing stating, in
2 part, that “Prime’s health plans will begin to transition to ESI’s commercial and
3 Medicaid pharmacy networks starting April 1, 2020. [...]Prime will continue to
4 operate our claims processing platform, as well as manage and deliver a wide range of
5 services to our clients and their members, including pharmacy network management,
6 formulary management and clinical programs.” (See print-out attached as Exhibit 5.)

7 15. In the United States, “the pharmacy industry utilizes two unique
8 identifiers to identify entities responsible for administering claims in retail pharmacy
9 transactions, the Bank Identification Number/Issue Identification Number (BIN/IIN)
10 [also sometimes referred to as just “BIN”] and the Processor Control Number (PCN).
11 These identifiers are programmed into the pharmacy’s software and identify the route
12 for processing the transaction from the pharmacy to the entity responsible for
13 administering the claim, which could be the health plan or the pharmacy benefit
14 manager. [...]The BIN/IIN is a 6-digit number [...] for use by retail pharmacies to
15 route prescription drug claims to the entity responsible for processing the transaction,
16 usually the pharmacy benefit manager. The PCN is an identifier of up to 10 characters
17 that is assigned by pharmacy benefit claim processors if there is a need to further
18 define benefits and routing. [...]The BIN/IIN and PCN identifiers are included in
19 information from pharmacy benefit managers and/or health plans that are distributed to
20 pharmacies to provide details on who will be processing the transaction, where to route
21 the transaction and what rules are expected to be applied during transaction
22 processing.” *Administrative Simplification: Adoption of a Standard for a Unique*
23 *Health Plan Identifier [Etc.]*, 77 Fed. Reg. 54664, 54677-78 (Sept. 5, 2012). AHF
24 usually obtains BIN and PCN identifiers from health-insurance cards or paperwork
25 supplied by patients.

26 16. AHF’s pharmacies utilize BIN and PCN identifiers as indicated above, for
27 transaction processing. In addition, AHF’s pharmacies sometimes use third-level
28 identifiers, known as “Group Numbers,” associated with specific employer-provided

1 health-insurance plans. Again, AHF usually obtains Group Numbers from patients'
2 health-insurance cards or paperwork.

3 17. Prime has established codes, called "NRIDs," that are associated with
4 particular reimbursement rates to pharmacies for providing pharmacy services. Prior
5 to April 2020, when pharmacies including AHF supplied BIN, PCN, and/or Group
6 Number identifiers to Prime, in the course of seeking reimbursement for services
7 provided to patients whose PBM was Prime, Prime used those identifiers to select
8 specific associated NRIDs. Prime reimbursement amounts were determined based – in
9 whole – on what the associated NRIDs were.

10 18. Prior to April 2020, Prime's prices at which pharmacies were reimbursed
11 for various services rendered differed from, and were often higher than, ESPBM's
12 prices at which pharmacies were reimbursed for the same services rendered.

13 19. In or around April 2020, Prime released a crosswalk table informing
14 pharmacies submitting requests for reimbursements in approximately 15 different
15 categories – associated with commercial, exchange, and U.S. state health-insurance
16 plans – that Prime was no longer going to have its own reimbursement rates associated
17 with NRIDs. Instead, Prime was going to start associating its NRIDs with certain
18 schedules in ESI contracts, which schedules contain ESPBM reimbursement rates.
19 Although the table is labeled "confidential," Prime has published the table online at
20 www.primetherapeutics.com, where the table is freely available to anyone who has
21 Internet access and a working web browser. (See
22 [https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Phar](https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Pharmacists/processingresources/Reimbursement/document-network-identifiers-april.pdf)
23 [macists/processingresources/Reimbursement/document-network-identifiers-april.pdf](https://www.primetherapeutics.com/content/dam/corporate/Documents/Resources/Pharmacists/processingresources/Reimbursement/document-network-identifiers-april.pdf)
24 (last visited May 25, 2021; print-out attached as Exhibit 6).) Prime followed through
25 on the notice and has been making pharmacies seeking reimbursements from Prime
26 take reimbursement at ESPBM's rates, not Prime's rates. In other words, Prime fixed
27 its prices to ESPBM's prices, on an ongoing basis.
28

1 20. Since April 2020, in those 15 categories, for providing health care in the
2 nature of pharmacy services to patients whose PBM is Prime, AHF has been receiving
3 reimbursements from Prime that are at ESPBM's rates. AHF has receiving smaller
4 payments from Prime than AHF was receiving before, for the same services rendered.

5 21. On or around November 13, 2020, Prime sent out another mass mailing
6 stating, in part, that "ESI's Medicare network options are now available to Prime's
7 Benefit Sponsors, and they have the choice to determine which pharmacy network(s)
8 they will use to administer benefit plans." (See print-out attached as Exhibit 7.) The
9 choices would be implemented "starting January 1, 2021. ...While ESI networks are
10 contracted and managed by ESI, Prime will remain the claims processor for our
11 Benefit Sponsors." (AHF is informed and believes that all Prime Benefit Sponsors
12 chose ESI's Medicare network options.) The mailing included two more crosswalk
13 tables. The first one indicated that approximately 80 Medicare health-insurance plans,
14 whose PBMs are Prime, would have NRIDs become associated with certain schedules
15 in ESI contracts, which schedules, again, contain ESPBM reimbursement rates. The
16 second table identified 13 categories, all associated with Medicare health-insurance
17 plans, that also would have NRIDs become associated with certain schedules in ESI
18 contracts. Prime followed through on the notice and has been making pharmacies
19 seeking reimbursements from Prime take reimbursement at ESPBM's rates, not
20 Prime's rates. In other words, Prime further fixed its prices to ESPBM's prices, on an
21 ongoing basis.

22 22. Since January 2021, in those many categories, for providing health care in
23 the nature of pharmacy services to patients whose PBM is Prime, AHF has been
24 receiving reimbursements from Prime that are at ESPBM's rates. AHF has received
25 smaller payments from Prime than AHF was receiving before, for the same services
26 rendered.

27 23. The Prime-ESI collaboration is about price-fixing, not combining
28 complementary assets or capabilities of Prime and ESI. The Prime-ESI collaboration

1 is not facilitating the offering of any new product or service. Prime and ESI still
 2 operate as separate, competing PBMs in most respects: enrollment and member
 3 services for plan beneficiaries; drug formulary development; formulary and rebate
 4 negotiations with manufacturers of drugs; custom network options; and value-
 5 based care strategies and contracting. Indeed, in a January 7, 2020, media
 6 interview, Jarrod Henshaw, then Prime's Senior Vice President and Chief Supply
 7 Chain and Industry Relations Officer, stressed that Prime would not automatically
 8 adopt ESPBM's drug formularies or pharmacy networks. (See Adam J. Fein,
 9 "Express Scripts + Prime Therapeutics: Our Four Takeaways From This Market
 10 Changing Deal," *Drug Channels* (Jan. 7, 2020), available online at
 11 <https://www.drugchannels.net/2020/01/express-scripts-prime-therapeutics-our.html>
 12 (last visited May 25, 2021; print-out attached as Exhibit 8).)

13 CAUSES OF ACTION

14 FIRST CAUSE OF ACTION

15 FEDERAL HORIZONTAL PRICE-FIXING

16 (15 U.S.C. §§ 1, 15, 26)

17 24. AHF incorporates by this reference, as if set forth fully herein, all the
 18 preceding allegations in the preceding paragraphs.

19 25. Prime and ESPBM, both PBMs, are direct business competitors, engaged
 20 in interstate commerce.

21 26. Prime and ESI knowingly and voluntarily entered into the Prime-ESI
 22 collaboration.

23 27. Before the Prime-ESI collaboration, Prime and ESPBM independently set
 24 and paid different prices to pharmacies for rendering the same services. The Prime-ESI
 25 collaboration functions to fix, to set, to lower, to raise, to maintain, and/or to stabilize
 26 the previously different prices that Prime and ESPBM set and pay to pharmacies for
 27 rendering the same services.

28 28. The Prime-ESI collaboration affects interstate commerce.

THIRD CAUSE OF ACTION

CALIFORNIA UNFAIR COMPETITION

(CAL. BUS. & PROF. CODE §§ 17200, 17203)

38. AHF incorporates by this reference, as if set forth fully herein, all the preceding allegations in the preceding paragraphs.

39. The Prime-ESI collaboration is a business act or practice.

40. The Prime-ESI collaboration is unlawful and/or unfair, violative of federal antitrust law and California antitrust law.

PRAYER FOR RELIEF

Wherefore, AHF prays for relief as follows:

1. On the First Cause of Action for Federal Horizontal Price-Fixing:

a. For three times the damages that AHF has sustained by reason of Prime's violations of the federal antitrust laws;

b. For costs of suit, including reasonable attorneys' fees;

c. For simple interest on actual damages from the date that AHF serves this Complaint on Prime;

d. For an injunction against threatened or future loss or damage to AHF by reason of Prime's violations of the federal antitrust laws.

2. On the Second Cause of Action for California Horizontal Price-Fixing:

a. For three times the damages that AHF has sustained by reason of Prime's violations of California's antitrust laws;

b. For costs of suit, including reasonable attorneys' fees;

c. For 10 percent annual interest on actual damages from the date that AHF serves this Complaint on Prime;

d. For an injunction against threatened or future loss or damage to AHF by reason of Prime's violations of the California antitrust laws.

3. On the Third Cause of Action for California Unfair Competition:

1 a. For an injunction to prevent the use of the Prime-ESI collaboration,
2 or any similar act or practice, to commit unfair competition.

3 b. For restitution to AHF of money that Prime acquired from AHF by
4 means of the unfair competition.

5 For all causes of action, for other and further relief that the Court deems just and
6 proper.

7 **DEMAND FOR JURY TRIAL**

8 AHF demands a trial by jury of the first and second causes of action herein.
9

10
11 DATED: June 18, 2021

By: Jonathan M. Eisenberg
Tom Meyers
Jonathan M. Eisenberg
Liza M. Brereton
Courtney N. Conner
Attorneys for Plaintiff
AIDS HEALTHCARE FOUNDATION

EXHIBIT 1



ABOUT ▼ OUR BUSINESS ▼ RESOURCES ▼ NEWSROOM CAREERS CONTACT MEMBER SIGN-IN

Prime Therapeutics – Privacy Notice for California Residents

Last updated: January 1, 2021

Prime Therapeutics LLC (“Prime,” “we,” or “us”) understands the importance of your privacy and takes our responsibility to protect your information seriously. To that end, this privacy notice (the “Notice”) provides information regarding the categories of information we collect from California residents, how we use and share that information, and certain rights and obligations relating to that information, as required by the California Consumer Privacy Act of 2018 (the “CCPA”). This Notice applies to the personal information we collect from California residents that use our websites—primetherapeutics.com and myprime.com—including applicants for job openings with Prime.

Please note that this Notice is a supplement to our Privacy Policy, which can be viewed [here](#). We encourage you to review our Privacy Policy.

Personal Information We Collect and How We Collect It

As defined by the CCPA, “personal information” includes any information that identifies, relates to, describes, references, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular California resident or device. Personal Information does not include HIPAA-protected health and patient information that Prime Therapeutics may receive as a business associate, as that information is excluded from the requirements of the CCPA. It also does not include publicly available information from government records or information that has been de-identified or aggregated.

In the past 12 months, we have collected the following categories of personal information from California residents through our websites and from job applicants.

Category	Examples	Do We Collect?
Legally protected classification characteristics	Race, color, national origin, citizenship, marital status, sex, age (40 years or older), gender, military status, medical condition, pregnancy, physical or mental disability	Yes, but only for job applicants.
Personal information categories in California's Consumer Records statute	Name, social security number, physical characteristics, address, telephone number, education, employment, employment history, signature	Yes, but only for job applicants.
Identifiers	Name, alias, postal address, unique personal identifiers, IP address, other online identifier, email address, social security number,	Yes; SSNs are only collected from job applicants
Internet or similar network activity	Information relating to your interaction with our website or applications, browsing history, search history	Yes
Commercial information	Purchasing or consuming histories, records of personal property, products and services purchased	No
Geolocation information	Information regarding physical location, movement, and movement patterns	No
Biometric information	Physiological, biological, or behavioral characteristics, such as DNA sequence, finger prints, iris or retina scans, voice recordings, keystroke rhythm or gait, face or palm patterns, vein patterns, and sleep, health, or exercise data that contain identifying information	No
Sensory information	Audio, electronic, visual, thermal, or similar information	No
Professional or employment-related information	Prior employment history, performance information, resume or similar information	Yes, but only for job applicants
Non-public education information	Education records directly related to a student that are maintained by an educational institution pursuant to the Family Educational Rights and Privacy Act,	Yes, but only for job applicants
Inferences from other personal information	Inferences drawn from the categories listed above to create a profile about an individual that reflects the individual's preferences, characteristics, psychological trends, predispositions, behavior, attitudes, intelligence, abilities, or aptitudes	No

We collect the information above directly from job applicants when they choose to provide it to us in connection with the application for a job and when if they create an online careers account with us. We collect the information above directly from website users when they choose to provide it to us by filling out forms on our website and registering to receive emails or information from us. We also collect certain categories of information from website users indirectly—including identifiers (such as IP addresses), information describing your internet connection, information about the equipment you use to access our website, and website usage data—when they visit, use, and navigate across our website. We do so by using the following technologies:

- Cookies (or browser cookies). A cookie is a small file placed on the hard drive of your computer. You may refuse to accept browser cookies through your browser settings. If you select this setting you may be unable to access certain parts of our website. Unless you have adjusted your browser setting so that it will refuse cookies, our system will issue cookies when you direct your browser to our website. We may also use a similar technology, which permits us to track browsing activity across our collective websites.
- Flash Cookies. Certain features of our website may use local stored objects (or Flash cookies) to collect and store information about your preferences and navigation to, from and on our website. Flash cookies are not managed by the same browser settings as are used for browser cookies.

How We Use Your Personal Information

We use the personal information that you provide us, or that we collect about you, for the following business or commercial purposes:

- To present our website and its contents to you.
- To consider you for current or future employment opportunities and to process your employment application.
- To provide you with information, products or services that you request from us or that we are contracted to provide through your applicable health plan or employer group.
- To fulfill any other purpose for which you provide it, such as subscribing you to an e-mail newsletter.
- To provide you with notices about your account and status.
- To carry out our obligations and enforce our rights arising from any contracts entered into between you and us, including for billing and collection.
- To notify you about changes to our website or any products or services we offer or provide through it.
- To notify you about any of the benefits or services you may be eligible to receive offered through us by your health plan.
- To allow you to participate in interactive features on our website, if any.
- To contact you regarding any of our services you have accessed, whether through our website or otherwise.
- To comply with applicable laws, regulations, and legal process.
- In any other way we may describe when you provide the information.
- To keep a record of our transactions and communications.
- As otherwise necessary or useful for us to conduct our business, provided the use is permitted by law. Specific examples include: Analyzing our audience and use patterns from the websites; storing information about your preferences and allowing us to direct or customize specific content to you; recognizing you when you return to our websites.
- For the protection of our operations or those of any of our affiliates, or to protect our rights, privacy, safety or property, or that of our affiliates, you, or other parties.
- For any other purposes with your consent.

Disclosure and Sale of Personal Information

Prime does not share the personal information of website users with third parties, with the exception of certain third parties that provide website and analytics services. Prime shares personal information relating to job applicants as set forth in this Notice or our Privacy Policy. Third parties with whom we may share your information include:

- Governmental agencies, as may be required by law;
- Consumer reporting agencies, as necessary to conduct pre-employment background screening; and
- HRIS vendor and, for job applicants, pre-employment assessment vendors/administrators, including drug and alcohol testing vendors.

During the past 12 months, Prime has disclosed the following categories of personal information relating to job applicants for a business purpose: identifiers, professional and employment-related information, non-public education information, legally protected classification characteristics, and personal information categories as identified in California's Consumer Records statute. All of these categories have been shared with our HRIS vendor and pre-employment assessment vendors/administrators. Only identifiers, and personal information categories from California's Consumer Records statutes have been shared with consumer reporting agencies. No information has been shared with governmental agencies.

Prime has not sold any categories of personal information to third parties in the past 12 months and does not sell personal information of minors under 16 years of age.

Please note that we may also use, disclose, or transfer your information in connection with the sale, merger, dissolution, restructuring, divestiture, or acquisition of our company or its assets. We may also disclose your personal information in response to a court order, subpoena, search warrant, law, or regulation.

Your Rights Under the CCPA

The CCPA provides California residents with the rights discussed below. For convenience, and as required by the CCPA, we explain how you can exercise those rights, to the extent they are applicable.

1. **Right to Request Access Information.** You have the right to request that we disclose certain information about our collection and use of your personal information during the past 12 months. Specifically, you may request that we disclose:

- o The categories of personal information we collected about you;
- o The categories of sources for the personal information we collected about you;
- o The business and commercial purposes for collecting your personal information;
- o The categories of third parties with whom we shared your personal information;
- o The specific pieces of personal information we collected about you; and
- o If we disclosed your personal information for a business purpose, the categories of personal information received by each category of third party.

1. **Right to Data Portability.** You have the right to request that we provide copies of the specific pieces of personal information we collected about you. If a verifiable consumer request is made, and subject to any exceptions or limitations under the CCPA, we will take steps to deliver the personal information to you either by mail or electronically. If we provide the information to you electronically, it will be in a portable and readily useable format, to the extent technically feasible.

2. **Right to Request Deletion.** You have the right to request that we delete personal information we collected from you, subject to any exceptions or limitations under the CCPA.

To exercise the rights described above, you—or someone authorized to act on your behalf—must submit a verifiable consumer request to us by filling out and submitting a request form [here](#). Alternatively, you may call us at 888.849.7840 or submit a request via email to Privacy@primetherapeutics.com. Please be prepared to provide the information required in the request form, including your name, phone number, email address, physical address, and the nature of your relationship to Prime. If you are an authorized agent submitting a request on behalf of a consumer, we may request confirmation of your authorization, including a signed permission from the consumer. This information is necessary to reasonably verify that you are the individual regarding whom we collected the personal information or an authorized representative, and to ensure that we can understand and respond to your request. We reserve the right to request additional information as necessary to verify and act upon your request. You may only submit requests for access or data portability twice within any 12-month period. As indicated above, please be aware that the CCPA provides certain limitations and exception to the foregoing rights, which may result in us denying or limiting our response to your request.

The CCPA requires us to respond to a verifiable consumer request within 45 days, but permits us to extend that period by an additional 45 days, provided we notify you of the reason for the extension in writing. We will endeavor to acknowledge our receipt of a consumer request within 10 days and, if applicable, provide information regarding how we will process the request. In general, we will not charge a fee to respond to a verifiable request, unless it is excessive, repetitive, or unfounded.

Our Commitment Not to Discriminate

If a California resident exercises the rights discussed above, consistent with the CCPA, we will not discriminate against that resident by denying goods or services, charging different prices or rates for goods or services, providing different levels or quality of goods or services, or suggesting that the resident will receive a different price, rate, or quality of goods or services.

Changes to this Notice

Please note that we may change this Notice from time to time. We will post changes here and update the “Last Updated” date at the top of this document. Continued use of this website after any changes is deemed to be acceptance of those changes. Please check this Notice periodically for updates.

Our Contact Information

To contact us regarding this Notice, your rights under the CCPA, or to exercise those rights, please contact us using the information below.

Prime Therapeutics LLC
Attn: Privacy Officer
P.O. Box 64812
St. Paul, MN 55164-0802
Telephone: 888.849.7840
Email: Privacy@primetherapeutics.com

Submit a CCPA rights request on an [electronic form](#).

Contact us

We're here to help. You can get in touch with us by using our [contact form](#).

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Pharmacy
Benefit
Management
Expires 01/01/2022



PHARMACY BENEFIT
INFORMATION

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EXHIBIT 2


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CCPA Personal Information Request Form

The California Consumer Privacy Act (CCPA) gives California residents certain rights regarding their personal information, which are summarized in our [Privacy Notice for California Residents](#). If you are a California resident, or are submitting this request on behalf of a California resident, you can exercise CCPA rights by using this web form to submit your request to us. You can also exercise CCPA rights by calling us, toll-free, at telephone: 888.849.7840 or by submitting an email containing to Privacy@PrimeTherapeutics.com containing the information required below.

We will need information requested in this form so we can verify and process your request. We will acknowledge receipt of this request immediately upon successful submission. The receipt will serve as the required 10-day acknowledgement. We will respond to a complete and verifiable webform request within 45 days. The CCPA allows us to extend that period by an additional 45 days, however, provided we notify you of the reason for the extension in writing. We may contact you to request additional information in connection with your request. Please note that the vast majority of personal information we process relates to current or former members of Prime, or health plans, employer group, and administrative service organizations that use Prime for prescription benefit management services. Such personal information is protected by the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which falls under a CCPA exemption and will not be in scope for a personal information request.

What is your relationship to Prime Therapeutics?

- ☐ I am a current/former member of the prescription benefits management program
- ☐ I am a website user
- ☐ I am a current/former employee/contractor or job applicant
- ☐ Other. Please explain:

Contact us

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EXHIBIT 2

5/25/2021

CCPA Form



Pharmacy
Benefit
Management
Expires 01/01/2022



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EXHIBIT 3



PRIME THERAPEUTICS
**PROVIDER
MANUAL**
FOR PHARMACY PROVIDERS

EXHIBIT 3

SECTION 2: COMPLIANCE (CONTINUED)

- › Phishing to identify a drug that is covered (e.g., a Pharmacy submits a claim for one drug, receives a reject or reverses the claim, and resubmits for a new drug within a short period of time)
- › Prescription splitting to bypass Point of Sale (POS) messaging requiring a PA
- › Billing a greater vial size than what is necessary to supply the ordered dose
- › Waiving Copays — The Pharmacy does not collect the copay due from the Covered Person, when required by the Agreement
- › Misrepresenting or falsifying information to obtain a paid claim
- **Prescription drug shorting** — The Pharmacy provides less than the prescribed quantity and intentionally does not inform the Covered Person or make arrangements to provide the balance, but bills for the full amount ordered on the prescription.
- **Bait and switch pricing** — The Pharmacy leads a Covered Person to believe that a drug will cost one price, but at POS, the Covered Person is charged a higher amount.
- **Prescription forging or altering** — Existing prescriptions are altered without the Prescribing Provider's permission to increase the quantity or number of refills.
- **Dispensing expired or adulterated prescription drugs** — The Pharmacy dispenses drugs that are expired or have not been stored or handled according to the manufacturer or FDA requirements.
- **Prescription refill errors** — The Pharmacy provides a higher number of refills than what was prescribed.
- **Illegal remuneration schemes (kickbacks)** — The Pharmacy is offered, solicits, or receives unlawful payment that results in an incentive or reward for switching Covered Persons to different drugs, influencing Prescribing Providers to prescribe different drugs or steering Covered Persons to plans.
- **TrOOP manipulation** — Manipulation of true out-of-pocket (TrOOP) costs by the Pharmacy, including to either push a Covered Person through the coverage gap so the Covered Person can reach catastrophic coverage before being eligible, or to keep a Covered Person in the coverage gap so that catastrophic coverage is never realized.
- **Failure to offer negotiated prices** — The Pharmacy's failure to offer a Covered Person the negotiated price of a drug available to the Covered Person through the Benefit Plan.
- **Inappropriate application of therapeutic interchange protocols** — The Pharmacy dispensing a different covered medication than the prescribed medication without obtaining and documenting the Prescribing Provider's consent prior to dispensing or without informing the Covered Person of the substitution.

NOTICE TO CALIFORNIA PHARMACIES

This serves as notice to Pharmacies in California about rights under California Health & Safety Code.

Pharmacy Reporting

Pharmacies may report to the department through the toll-free Pharmacy line, email address or other method designated by the California Department of Managed Health Care, instances in which the Pharmacy believes a Benefit Sponsor is engaging in an unfair payment pattern. (Cal. Health & Safety Code §1371.39)

Pharmacy Bill of Rights

Pharmacy has certain rights as a Pharmacy under Cal. Health & Safety Code §1371.39.

EXHIBIT 4



ABOUT ▼ OUR BUSINESS ▼ RESOURCES ▼ NEWSROOM CAREERS CONTACT MEMBER SIGN-IN

Press releases

◀ [Prime's Newsroom](#)

December 19, 2019

Express Scripts and Prime Therapeutics Collaborate to Deliver More Affordable Care to More Than 100 Million Americans

Collaboration leverages scale and capabilities to drive greater value.

ST. LOUIS, Mo. and EAGAN, Minn., – Leading pharmacy services providers [Express Scripts](#) and [Prime Therapeutics LLC](#) (Prime) today announced a new three-year collaboration designed to deliver more affordable care for clients and their members by enhancing pharmacy networks and pharmaceutical manufacturer value.

Prime, collectively owned by 18 Blue Cross and Blue Shield Plans, subsidiaries or affiliates, provides total drug management solutions for more than 28 million people covered by 23 health plans, plus employers and government programs including Medicare and Medicaid. Prime will continue to supply full-service pharmacy benefit management offerings for its clients and customers.

Express Scripts serves more than 3,000 clients and 75 million customer relationships. Under this collaboration, Express Scripts will provide services to Prime related to retail pharmacy network and pharmaceutical manufacturer contracts. Both companies will continue to work independently with pharmaceutical manufacturers—Express Scripts handling negotiations for drugs on the pharmacy benefit, and each company separately managing certain relationships on the medical benefit and value-based contracting. Other relationships with members, caregivers and key stakeholders will also remain independent as they work to deliver better affordability and improved pharmacy care.

“As health care costs continue to grow at an unsustainable pace, improving the value we deliver in health care is critical. This collaboration will improve outcomes while still maintaining flexibility and transparency to the clients we proudly serve,” said Ken Paulus, president and CEO, Prime.

“Our agreement reinforces our position as a health services partner of choice for health plans, employers, government and other payers seeking the most value for their investments in health care,” said Tim Wentworth, president, Express Scripts. “This collaboration allows both Prime and Express Scripts to leverage our capabilities to deliver more affordable health care.”

Express Scripts expects this relationship will have an immaterial impact to adjusted income from operations¹ in 2020 with a more positive contribution beginning in 2021.

[Download](#)

About Prime Therapeutics

Prime Therapeutics LLC (Prime) makes healthcare work better by helping people get the medicine they need to feel better and live well. Prime provides total drug management solutions for health plans, employers, and government programs including Medicare and Medicaid. The company processes claims and offers clinical services for people with complex medical conditions. Prime serves more than 28 million people. It is collectively owned by 18 Blue Cross and Blue Shield Plans, subsidiaries or affiliates of those plans.

Follow [@Prime_PBM](#) on Twitter.

About Express Scripts

Express Scripts is a health care opportunity company. Empowered by our legacy as an industry innovator, we dare to imagine — and deliver — a better health care system with greater choice, predictability, affordability and improved outcomes. From pharmacy and medical benefits management, to specialty pharmacy care and

everything in between, we uncover opportunities to make health care better.

We stand alongside our clients and partners, collaborating to develop personalized solutions that make a meaningful difference in the lives of those we serve, whenever and wherever it's needed. We believe health care can do more. We are Champions For Better^(SM). Express Scripts, a Cigna company, unlocks new value in pharmacy, medical and beyond to further total health for all.

[Sign-up for regular news announcements from Prime Therapeutics.](#)

Contact

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Notes:

1. Adjusted income (loss) from operations is defined as shareholders' net income (loss) excluding the following adjustments: earnings contributions from transitioning pharmacy benefit management clients, Anthem Inc. and Coventry Health Care, Inc., net realized investment results, amortization of acquired intangible assets, and special items. Adjusted income (loss) from operations is measured on an after-tax basis for consolidated results and on a pre-tax basis for segment results. Adjusted income (loss) from operations is a measure of profitability used by management because it presents the underlying results of operations of businesses and permits analysis of trends in underlying revenue, expenses and shareholders' net income. This consolidated measure is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, shareholders' net income.

Cigna Corporation Cautionary Note Regarding Forward-Looking Statements

This press release, and oral statements made in connection with this release, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on our current expectations and projections about future trends, events and uncertainties. These statements are not historical facts. Forward-looking statements may include, among others, statements concerning our projected adjusted income (loss) from operations outlook on a consolidated, per share, and segment basis; projected growth; projected adjusted pharmacy scripts; future financial or operating performance; future growth, business strategy, strategic or operational initiatives; and other statements regarding our future beliefs, expectations, plans, intentions, financial condition or performance. You may identify forward-looking statements by the use of words such as "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "may," "should," "will" or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Such risks and uncertainties are discussed in our most recent report on Form 10-K and subsequent reports on Forms 10-Q and 8-K available on the Investor Relations section of www.cigna.com. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance or results, and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.

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EXHIBIT 5

January 2, 2020



Provider Communication

Prime Therapeutics and Express Scripts Collaboration

Dear Valued Provider,

Prime Therapeutics LLC (Prime) continues our commitment to affordability and dedication to improved pharmacy care for our clients and their members. As part of our commitment, Prime has entered into a three-year, supply chain agreement with Express Scripts (ESI) to focus on enhancing pharmacy networks and pharmaceutical manufacturer value.

As part of this new collaboration, Prime's health plans will begin to transition to ESI's commercial and Medicaid pharmacy networks starting April 1, 2020. As part of the transition, there will be no changes to claims processing requirements, including BIN/PCNs.

Prime will continue to operate our claims processing platform, as well as manage and deliver a wide range of services to our clients and their members, including pharmacy network management, formulary management and clinical programs.

As a company, Prime is committed to evolving from a pharmacy benefit management company to a total drug management company that will allow our clients to propel in regional competitiveness. Our vision is to make health care work better by helping people get the medicine they need to feel better and live well. This step demonstrates our commitment to transforming our business into one that's focused on improving care, increasing value and leveraging pharmacy as a tool to deliver better health outcomes.

If you have any questions about this communication, please reach out to Prime at PrimeContracting@primetherapeutics.com

If pharmacies have specific questions regarding their terms and conditions, including reimbursement with ESI, please have them contact their account team or RecontractingMailbox@express-scripts.com

Sincerely,
Prime Therapeutics LLC
Pharmacy Network Management

EXHIBIT 5

EXHIBIT 6



NRID	NRID Description	Prime Exhibit Name
	Commercial, Exchange, State and Medicare Plans	
BAO	Access One Commercial	B-AO
BAOESN	Access One Commercial ESN	B-AO
BLESN	Broad Limited ESN	B-L ESN
B38	Cambia Commercial	B-38
B38ESN	Cambia Commercial ESN	B-38 ESN
B12A	Commercial ESN	B-12A
B12B	Commercial ESN (opt in)	B-12B
B12N	Commercial Narrow Retail	B-12N
B12NESN	Commercial Narrow ESN	B-12N
B11	Commercial Preferred Elite	B-11
B12L	Commercial Limited ESN	B-12L
B12P	Commercial Preferred ESN	B-12P
B16	Commercial Vaccine	B-16
DTE	Direct to Employer	DTE
BFL	FL Commercial	B-FL
BFLESN	FL Commercial ESN	B-FLESN
BEC	FL Exclusive Commercial	B-EC
BECESN	FL Exclusive Commercial ESN	B-EC
BFLM	FL Medicare	B-FLM
BFLMESN	FL Medicare ESN	B-FLM ESN
GPSPEC	GP Specialty Fee Schedule	GPSPEC
BHIV	HIV	B-HIV
BILHMO	IL HMO	B-IL HMO
ILHMO90	IL HMO 90	B-IL HMO 90
BTX1H05	Legacy TX HMO	B-TX1H05
BL	Limited	B-L
LDD	Limited Distribution	LDD
BMC	Medicare Choice Retail	B-MC
BMCESN	Medicare Choice ESN	B-MC
B10HI	Medicare Home Infusion	B-10
B7B	Medicare Hospital Pharmacy	B-7B
B9LTC	Medicare Long Term Care	B-9
BMP	Medicare Preferred (any year) Retail	B-MP
BMPESN	Medicare Preferred (any year) ESN	B-MP
B1A	Medicare Retail	B-1A
B1B	Medicare Retail ESN	B-1B
BMS	Medicare Silver Retail	B-MS
BMSESN	Medicare Silver ESN	B-MS
B25	Mississippi Instate Commercial	B-25
B25ESN	Mississippi Instate Commercial ESN	B-25
BNCCHOICE	NC Choice Instate Commercial Retail	B-NC CHOICE
BNCCHOICEE	NC Choice Instate Commercial ESN	B-NC CHOICE
B12NC	NC Instate Commercial ESN	B-12NC



NRID	NRID Description Commercial, Exchange, State and Medicare Plans	Prime Exhibit Name
B34	NC Instate Commercial	B-34
BNJCHOICE	NJ Choice Commercial Retail	B-NJ CHOICE
BNJCHOICEE	NJ Choice Commercial ESN	B-NJ CHOICE
BNJ	NJ Instate Commercial Retail	B-NJ
BNJESN	NJ Instate Commercial ESN	B-NJ
BNJM	NJ Instate Med D Retail	B-NJM
BNJMESN	NJ Instate Med D ESN	B-NJM
BNJF	NJ Fertility	B-NJF
B32	Oncology for NE	B-32
B41	RI Commercial	B-41
B41ESN	RI Commercial ESN	B-41 ESN
B41RIM	RI Medicare Retail	B-41RIM
B41RIMESN	RI Medicare ESN	B-41RIM
B2D	Select Commercial	B-2D
BSPEC	Specialty Agreement & Fee Schedule	B-SPEC
B30	Specialty Hemophilia/Bleeding Disorders	B-30
BHIVQ	HIV QUALITY	B-HIVQ
CLIENT	Client Owned Contracts	B-WY
BNMCAID	New Mexico Medicaid	B-NMCAID
BPACHIP	CBC Chip Network	B-PACHIP

NRID	Commercial and Exchange Plans	Prime Processed Network Name
BIDBRODCBR	Broad	Schedule C
BIDBRODCBE	Broad ESN	EDS1
BIDBRDPCCR	Broad Plus	Schedule A
BIDBRDPCE	Broad Plus ESN	EDS1
BIDBRDSCSR	Broad Select	Schedule B
BIDBRDSCSE	Broad Select ESN	EDS1
BIDLMTDCLR	Limited	Schedule D
BIDLMTDCLE	Limited ESN	EDS2
BIDPREFCPR	Preferred	Schedule EN15/20
BIDPREFCPE	Preferred ESN	EDS2

NRID	State Plans (Medicaid)	Prime Processed Network Name
BIDBRODSBR	Broad	Schedule C
BIDBRDPSCR	Broad Plus	Schedule A
BIDLMTDSLRL	Limited	Schedule D
BIDPREFSPR	Preferred	Schedule EN15/20
BIDBRDSSSR	Broad Select	Schedule B

EXHIBIT 7



November 13, 2020

AHF Pharmacy Contracting
AIDS HEALTHCARE FOUNDATION
6255 W Sunset Blvd,
Floor 21
Los Angeles, CA 90028

RE: Medicare Network Changes effective January 1, 2021

Dear AHF Pharmacy:

Prime Therapeutics LLC (Prime) continues our commitment to affordability and dedication to improved pharmacy care for our clients and their members. As part of our commitment, Prime entered into a three-year network agreement with Express Scripts, Inc. (ESI) that gives Prime additional resources to focus on enhancing pharmacy network performance, including additional network options to our Benefit Sponsors.

ESI's Medicare network options are now available to Prime's Benefit Sponsors, and they have the choice to determine which pharmacy network(s) they will use to administer benefit plans. This letter serves as notice of Prime's Benefit Sponsors' network elections for Medicare networks starting January 1, 2021.

The following attachments are incorporated in this letter as notice to you of Benefit Sponsor elections:

- 1) Attachment A: Benefit Sponsor Elections. This will provide your pharmacy with current network participation and Benefit Sponsor elections.
- 2) Attachment B: Network Reimbursement ID (NRID). This will provide your pharmacy with the NRIDs pharmacy will see associated with Benefit Sponsor elections after January 1, 2021.

While ESI networks are contracted and managed by ESI, Prime will remain the claims processor for our Benefit Sponsors.

As part of claims processing, Prime provides a network identifier at the point of sale in the Reimbursement ID field (NCPDP field 545-2F). This Network Reimbursement ID (NRID) can be used to link the new ESI networks back to the information contained in Attachments A and B. NRIDs are also available on Prime's website at: <https://www.primetherapeutics.com/en/resources>. If your pharmacy currently does not receive information in the Reimbursement ID field (NCPDP field 545-2F), please work with your claims software vendor to access this information.

Questions about this communication can be directed to Prime at: PharmacyOps@primetherapeutics.com

Specific questions regarding ESI's networks, contracts, including terms and conditions of participation, and reimbursement should be directed to ESI's network contracting team at: RecontractingMailbox@express-scripts.com

Sincerely,
Prime Therapeutics LLC
Pharmacy Network Management

**Attachment A: Current network participation and Benefit Sponsor Network Election**

Current Network Election	Benefit Sponsor Utilization (Medicare)	Benefit Sponsor Network Election on or after 1/1/2021
Exhibit B-1A	Arkansas Blue Cross and Blue Shield Regence BlueShield of Idaho Regence BlueCross BlueShield of Oregon Regence BlueCross BlueShield of Utah Regence BlueShield (WA) Capital Blue Cross Capital Health Plan, Inc. Blue Cross and Blue Shield of Florida, Inc. (Florida Blue) Blue Cross and Blue Shield of Illinois Blue Cross and Blue Shield of Montana Blue Cross and Blue Shield of New Mexico Blue Cross and Blue Shield of Oklahoma Blue Cross and Blue Shield of Texas BCBSM, Inc. (BCBSMN) Horizon Healthcare Services, Inc. (BCBSNJ) Blue Cross & Blue Shield of Rhode Island Vibra Healthcare, LLC	Schedule MEDD
Exhibit B-1B	Arkansas Blue Cross and Blue Shield Regence BlueShield of Idaho Regence BlueCross BlueShield of Oregon Regence BlueCross BlueShield of Utah Regence BlueShield (WA) Capital Blue Cross Capital Health Plan, Inc. Blue Cross and Blue Shield of Florida, Inc. (Florida Blue) Blue Cross and Blue Shield of Illinois Blue Cross and Blue Shield of Montana Blue Cross and Blue Shield of New Mexico Blue Cross and Blue Shield of Oklahoma Blue Cross and Blue Shield of Texas BCBSM, Inc. (BCBSMN) Horizon Healthcare Services, Inc. (BCBSNJ) Blue Cross & Blue Shield of Rhode Island Vibra Healthcare, LLC	Schedule MEDD/EDS1
Exhibit B-FLM	Capital Health Plan, Inc. Blue Cross and Blue Shield of Florida, Inc. (Florida Blue)	Schedule MEDD
Exhibit B-FLM ESN	Capital Health Plan, Inc. Blue Cross and Blue Shield of Florida, Inc. (Florida Blue)	Schedule MEDD/EDS1
Exhibit B-MC	Blue Cross and Blue Shield of Alabama Arkansas Blue Cross and Blue Shield Experience Health (BCBSNC) Blue Cross and Blue Shield of Florida, Inc. (Florida Blue)	Medicare Part D Performance Network



	Blue Cross and Blue Shield of Oklahoma BCBSM, Inc. (BCBSMN) Horizon Healthcare Services, Inc. (BCBSNJ)	
Exhibit B-MS	Blue Cross and Blue Shield of Alabama Alignment Healthcare USA, LLC Regence BlueShield of Idaho Regence BlueCross BlueShield of Oregon Regence BlueCross BlueShield of Utah Regence BlueShield (WA) Capital Blue Cross Capital Health Plan, Inc. Blue Cross and Blue Shield of Florida, Inc. (Florida Blue) Blue Cross and Blue Shield of Kansas Inc. Blue Cross and Blue Shield of Nebraska, Inc. Blue Cross and Blue Shield of Illinois Blue Cross and Blue Shield of New Mexico Blue Cross and Blue Shield of Oklahoma Blue Cross and Blue Shield of Texas BCBSM, Inc. (BCBSMN) Blue Cross and Blue Shield of North Carolina	Schedule MEDD (Amended)


**Attachment B: Network Reimbursement ID (NRID):****Medicare NRIDs:**

Prime Processing NRID*	Network Name	Day Supply
BIDOPENMOR	Schedule MEDD	RETAIL
BIDOPENMOE	Schedule MEDD/EDS1	ESN
BIDSILVMSR	Schedule MEDD (Amended)	RETAIL
BIDSILVMSE	Schedule MEDD (Amended)	ESN
BIDLIMTMLR	Medicare Part D Performance Network	RETAIL
BIDLIMTMLE	Medicare Part D Performance Network	ESN
BIDPREFMPR	Medicare Part D Preferred Performance Network	RETAIL
BIDPREFMPE	Medicare Part D Preferred Performance Network	ESN
BIDPREFMDR	Medicare Part D Preferred Performance Network	RETAIL
BIDPREFMDE	Medicare Part D Preferred Performance Network	ESN
BIDPREFMER	Medicare Part D Premier Preferred Performance Network	RETAIL
BIDPREFMEE	Medicare Part D Premier Preferred Performance Network	ESN
BIDLTCMTR	Medicare Long Term Care	RETAIL

* The ESI Network NRIDs are current as of the date of this letter and are subject to change. Please visit Prime's website for updated NRIDs: www.primetherapeutics.com

EXHIBIT 8

Express Scripts + Prime Therapeutics: Our Four Takeaways From This Market Changing Deal

 drugchannels.net/2020/01/express-scripts-prime-therapeutics-our.html



Just before the holidays, Cigna's Express Scripts business announced a market-changing deal with Prime Therapeutics. [Click here to read the press release.](#)

There's been very little written about this transaction, though it has potentially major implications. Below, I share my thoughts on the following topics arising from the deal:

Implications for manufacturers and pharmacies

The role of the secretive Ascent Health Services

What this all means for Walgreens

Why the Federal Trade Commission won't challenge the deal

A few weeks ago, [I explained why integrated insurer / PBM / specialty pharmacy / provider organizations are poised to restructure U.S. drug channels.](#) The Express Scripts / Prime deal signals that the channel will continue its amazing pace of reinvention.

The scale, scope, and interconnectedness of today's market participants make the system increasingly resistant to massive disruption from either external players like Amazon or a government takeover. Like it or not, the channel will continue to gain power and extract profit. Read on and see if you agree.

DEAL DETAILS

EXHIBIT 8

For additional background for today's post, I spoke with Tim Wentworth, CEO of Express Scripts, and Jarrod Henshaw, Prime's Senior Vice President, Chief Supply Chain and Industry Relations Officer. The opinions and interpretations below, however, are my own.

Here's a brief summary of the new relationship between Express Scripts and Prime Therapeutics.

- Express Scripts will handle:
 - Rebate negotiations with manufacturers of drugs covered under the pharmacy benefit
 - Retail pharmacy network contracting for the majority of Prime's business
- Each company will independently manage:
 - Enrollment and member services for beneficiaries of their respective plans
 - Formulary development
 - Formulary and rebate negotiations with manufacturers of drugs covered under the medical benefit
 - Custom network options
 - Value based care strategies and contracting

The press release carefully refers to the deal as a collaboration rather than as an alliance, acquisition, or merger. The release further states that "Express Scripts will provide services to Prime" and that "both companies will continue to work independently with pharmaceutical manufacturers." That wording highlights the theoretically temporary nature of the relationship.

This structure means that Prime's customers will not automatically default to the Express Scripts' formularies and pharmacy networks. Executives from both companies stressed to me that Express Scripts will customize its services to Prime's individual plan clients.

IMPLICATIONS

Here are four observations and takeaways from this new arrangement:

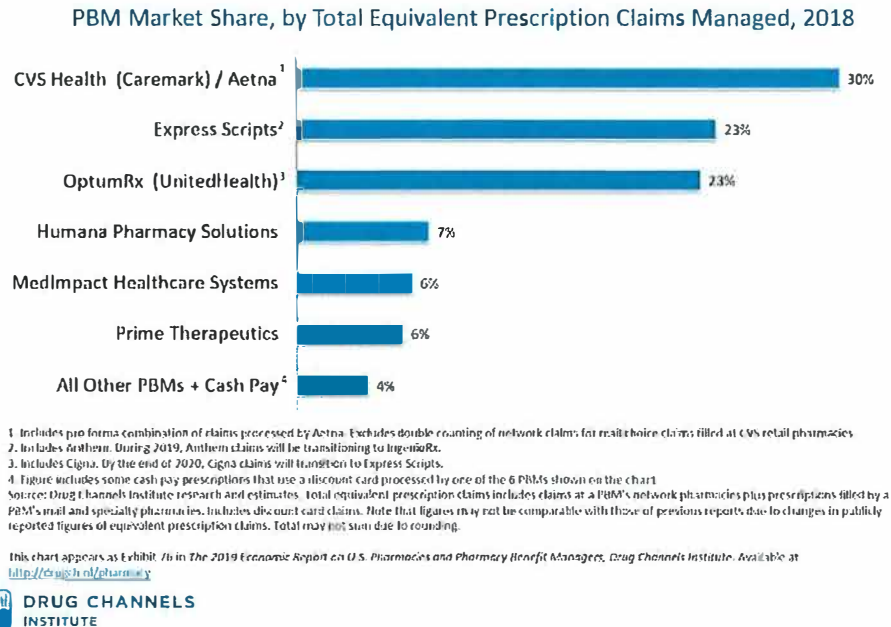
1. Manufacturers and pharmacies will face the biggest PBM ever.

By adding the Prime volume, Express Scripts will be leading rebate negotiations and pharmacy network development for 103 million people. This combined volume of Express Scripts and Prime will have enormous leverage with manufacturers and pharmacies.

The chart below shows national market shares for the largest PBMs in 2018. As you can see, about three-quarters of all equivalent prescription claims were processed by three companies: CVS Health (including Caremark and Aetna), Express Scripts, and the OptumRx

business of UnitedHealth. FYI, these data appear in Section 5.2. of our [2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers](#). Our updated data and market analyses will appear in the forthcoming 2020 edition, which will be available on March 10.

[Click to Enlarge]



This concentration helps plan sponsors and payers, who can maximize their negotiating leverage by combining their prescription volumes within a small number of PBMs. However, the ever-growing concentration of buying power will remain controversial—especially for the drugmakers and pharmacies that will be on the receiving end of Express Scripts' new scale.

Consider that five of the largest pharmaceutical manufacturers—Eli Lilly, Janssen, Merck, Novartis, and Sanofi—already discount their drugs' list prices by about 50%. (See [Half-Off Sale! Five Major Drugmakers Reveal Vast Gross-to-Net Price Gaps—and Why Rebate Reform Is Still Needed.](#)) I've also highlighted the profit pressures facing retail pharmacies in multiple articles and reports, such as [The State of Retail Pharmacy: Independent Pharmacy Economics Stabilize—But Dropping, Owner Salaries Are.](#)

2. The Ascent Health Services GPO plays a crucial role in this collaboration—and possibly limits plan sponsor transparency into the deal's underlying economics.

Here's one important angle that was not mentioned in the press release: Prime will source formulary rebates via Ascent Health Services, the secretive Switzerland-based group purchasing organization (GPO) that [Express Scripts launched in 2019.](#)

There are at least two apparent motivations for this move:

Tax efficiency due to transfer pricing and rebate accounting using Switzerland's lower corporate tax rate

Express Scripts (as Ascent) will be able to collect GPO admin fees

The second motive also implies a possible hedge against reform of PBM pricing practices.

Multiple regulatory and legislative proposals would prohibit manufacturers from paying PBMs administrative service fees ("admin fees") that are based on a percentage of sales or drug list prices.

However, there is no parallel effort to alter GPO safe harbor rules. Today, GPOs are compensated via manufacturer-paid administrative fees that are typically computed as a percentage of the purchase price that the healthcare provider pays for a product bought through a GPO contract. A GPO works on behalf of its members. By aggregating the purchasing volume of its members, a GPO lowers its members' cost of goods and reduces in-house contracting functions.

It seems as if Ascent is acting as a rebate aggregator for the combined formulary volume of Express Scripts and Prime Therapeutics. The members of the Ascent GPO can then structure their own contracts and arrangements with their respective plan sponsor clients.

Executives at both Express Scripts and Prime emphasized to me that Ascent provides significant transparency to its PBM members. However, I'm still not clear on how much transparency the plan sponsor clients of each PBM have into Ascent's operations. Inserting another intermediary in the drug channel always adds transparency, right?

3. This transaction poses fresh challenges for Walgreens Boots Alliance.

The deal heightens the headwinds facing Walgreens Boots Alliance's (WBA) U.S. pharmacy business.

In 2017, WBA and Prime Therapeutics completed the formation of AllianceRx Walgreens Prime. It is the exclusive mail and specialty pharmacy for Prime Therapeutics' PBM beneficiaries, and is also able to contract with (and dispense for) other PBMs and plans. Legally, the business is a subsidiary of WBA, so its financials are included within WBA's broader financial reporting. WBA does not report separate revenues for the business, so the revenue figure in our list of the largest 15 specialty pharmacies reflects Drug Channels institute estimates.

It's not clear that the Prime deal has ever lived up to its promise for Walgreens. Prime Therapeutics has grown more slowly than its larger peers, which has meant less incremental growth for Walgreens. In addition, I perceive that Prime's Blue Cross and Blue Shield clients

have been less aggressive in using limited and exclusive pharmacy networks for specialty drugs.

Consequently, AllianceRx Walgreens Prime didn't get the same boost that other PBM-owned specialty pharmacies have received. And for its non-Prime business, AllianceRx Walgreens Prime ended up in a position similar to that of other independent specialty pharmacies. The super-profitable 340B contract pharmacy business has essentially saved Walgreens pharmacy. See [Here's How PBMs and Specialty Pharmacies Snag Super-Size Profits from the 340B Program](#).

Walgreens is also the core participant in Prime's national preferred pharmacy network. This arrangement includes all types of retail prescriptions—generic, brand-name, 30-day, 90-day, etc. Will it now face lower retail profits once Express Scripts starts managing pharmacy network reimbursement for Prime?

Prime's Jarrod Henshaw offered me only a "no comment" when I asked about the future of AllianceRx Walgreens Prime.

Another question to ponder: Will Prime buy generics with Express Scripts?

Express Scripts has partnered with Walgreens Boots Alliance Development (WBAD) to purchase generic drugs. Express is participating via its Innovative Product Alignment (IPA) subsidiary. Prime acquires generics through its WBA pharmacy relationship. (See Section 2.3.3. of our [2019–20 Economic Report on Pharmaceutical Wholesalers and Specialty Distributors](#).) Alas, neither Prime nor Express Scripts executives were willing to say what their new deal might mean for IPA or WBAD.

Does all of this mean that the Walgreens-Prime relationship will fall apart? Or that Cigna will co-invest with private equity in a leveraged buyout of—or acquire the U.S. pharmacy business of—WBA?

Hmm. Perhaps WBA's management will deign to address these topics on tomorrow's earnings call—but I doubt it.

4. The FTC is unlikely to intervene in the arrangement.

The Federal Trade Commission (FTC) will probably consider the Express Scripts-Prime deal to be pro-competitive. That's because the FTC will likely determine that the arrangement lowers healthcare costs and will therefore be beneficial to consumers.

Here's why: The relationship between a PBM and pharmacies or manufacturers can best be described as an **oligopsony**—a market with many sellers but few buyers. Pharmacies and manufacturers are not really customers of a PBM in the context of the drug supply chain.

They are sellers of goods (manufacturers) or dispensing services (pharmacies) that a PBM use to create its benefit management service.

For context, you may want to revisit the FTC's decision in the Express Scripts-Medco Health Solutions merger. I reviewed it in 2012's ESRX-MHS: Analysis of the FTC Decision.

What's more, Express Scripts and Prime are collaborating for only three years. If the FTC challenged the arrangement, the companies would argue that the collaboration could be unwound if any anti-competitive issues emerged. Therefore, they would argue that the appropriate remedy will be to evaluate the marketplace results rather than block the market's evolution.

I know that many readers will be disappointed with my take. Feel free to leave your own thoughts in the comments below.

WHAT'S NEXT?

Can Prime remain independent?

The Express Scripts deal preserves the company's options and flexibility. However, it also creates a logical pathway for being acquired or absorbed into Cigna.

Today, Prime operates as a pass-through PBM for the 18 Blue Cross and Blue Shield health plans that have ownership stakes in the business. Prime also provides PBM services for five additional plans and direct employer groups. It handles benefits for more than 28 million people. Prime's management believes that the Express Scripts deal will allow it to become more competitive and therefore add more customers.

Express Scripts also services many Blues plans—and presumably also seeks new business.

When asked about potential conflicts over new customers, Express Scripts CEO Tim Wentworth told me that his company would be “biased toward helping Prime win business with new Blues plans.” This sentiment is consistent with the nature of the services agreement with Prime.

I suspect that we will look back on the Prime's strategic shift as another move toward vertical consolidation and the disappearance of the PBM industry as we have known it. Underway, the PBM endgame is.