

# HOW SPREAD PRICING WORKS

## Overview

In a spread pricing model, clients can elect to have Express Scripts share in the pharmacy savings it generates. This means we provide the client with a guaranteed discount to the average prescription price and take on the risk associated with securing that value in our pharmacy network negotiations.

Express Scripts clients have the option to choose either a spread or pass through pricing model, or are able to combine these options depending on their needs. Through a spread arrangement, clients may offset or forgo the cost of Express Scripts administrative services.

## All clients choose:

- 01 Their pricing model
- 02 Their pharmacy network



## Express Scripts contracts with pharmacies

Retail pharmacies pay wholesalers for drug supply

Express Scripts contracts with pharmacies to secure reduced prices



## Clients receive certainty and value

Express Scripts provides guaranteed discounts to clients

If the actual rate Express Scripts secures is **less** than the guaranteed discount amount, Express Scripts covers the difference for the client and recognizes the loss

If the actual rate Express Scripts secures is **more** than the guaranteed discount amount, Express Scripts shares in the savings by retaining incremental value



## Clients use savings to benefit consumer

Shows up through lower premiums and deductibles, greater medication access and more predictability and transparency at the pharmacy counter



Spread pricing works well for clients who prefer to mitigate risk and keep their monthly drug spend predictable. Many clients specifically request a spread arrangement at the outset of their engagement with Express Scripts.