

Evernorth SignatureSM Pharmacy Benefit Services

**Rising expectations
lead to new opportunities.**

Health care costs are becoming increasingly difficult to predict, and a perceived lack of transparency has led to confusion and mistrust.



1 in 3 employers

are concerned about the lack of transparency in manufacturer drug costs and profit margins.



60% of employers

and consumers define transparency as “cost clarity.”

An established foundation today, built for tomorrow

Our Signature Pharmacy Benefit Services model is simple and transparent.

We understand the frustrations with traditional component-level guarantees, and the challenges with traditional models aren't going away. From the rise of biosimilars, to the political landscape, to the actions of the pharmaceutical manufacturing industry—we're proactively identifying the opportunity to reshape the **future of pharmacy benefits**.

Our approach leverages direct pharmacy and manufacturer contracting, unmatched scale, and a fully integrated supply chain to compete on true acquisition cost. Together, these capabilities create a strong economic foundation that supports **transparency, predictability and long-term value**.



	Traditional offer	Evolved model
RECONCILIATION AND MARKET EVENT LANGUAGE	Component level guarantees need to be restated or reconciled often—examples include AMP CAP, low WAC, MFP commercial expansion and manufacturer price reductions	No longer trigger a need to restate guarantees if ingredient cost decreases offset reduction in rebates
EXCLUSION	25+ potential exclusions	Gene and cell therapies
SPECIALTY LIST	Multiple lists to choose from	Single list utilized for the purposes of specialty contracted pharmacy reimbursement
BRAND/GENERIC DEFINITIONS	BGA, MNOY, custom	No longer needed
DAYS SUPPLY	Breakouts based on days supply—standard vs. custom	No longer relevant

A commitment beyond the moment

Designed to endure, scaled over time



Providing **enhanced transparency** into the economic value PBMs deliver



Accelerating **time to therapy**



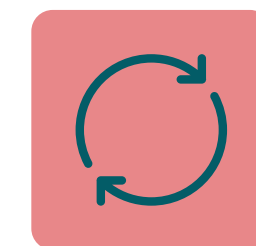
Providing individualized **connected digital solutions to members**



Ensuring patients pay the **lowest available** cost at the pharmacy counter



Personalizing **patient support** for the most complex, hard-to-manage conditions



Improving health and optimizing the total **cost of care**

A proven model: years of implementation, scaled with purpose

We have had a similar pricing model option for over 7 years—today, we have 1M lives enrolled across multiple employer segments of various sizes.

We are building tomorrow based on what works today. It is a successful model with clear guarantees and fees at risk—established as a strategic direction, not an experimental reaction. Our goals are simple and intentional: **rebuild trust, strengthen alignment with the market to align incentives, and deliver sustainable value** for clients and the members they serve.

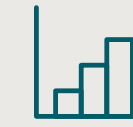


Backed by experience and proven results, not experimentation

Our strong forecasting track record has been proven at scale:



In 2018, more than **350,000 lives** were enrolled in this type of model with a forecast variance of \$1.66 PMPM (1.4%). Today, we have over **one million lives** enrolled in this model.



During this time, the average variance has remained at **\$3.64 PMPM**, despite periods of unprecedented disruption such as COVID-19 or the rise of GLP-1s.

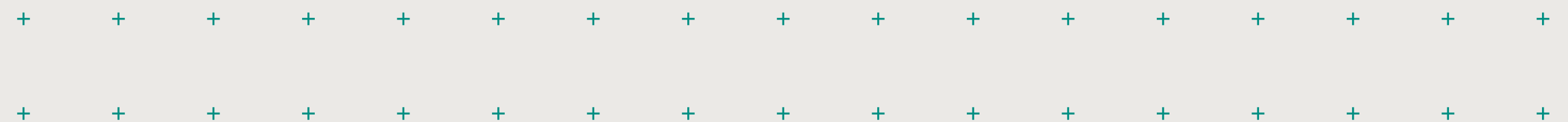


Enrolled clients never overperformed by more than approximately **\$2 PMPM** or underperformed by more than **\$5 PMPM**.

Why this matters: We set our PMPM targets in favor of the client—our value is earned through results with accountability and trust built in.

Planned protection against future risks

- + Evernorth is the first pharmacy benefit services organization to reach a comprehensive settlement with the FTC, providing long-term clarity and stability for employers, health plans and consultants. For our clients, the FTC settlement does not introduce change—**it confirms the right change was already made.**
- + This model is intentionally protected against market events such as unexpected government or manufacturer actions, so it won't trigger adjustments where drug net cost is not impacted. There's only one exclusion category with no rolling exclusion list, no launch-based exclusions, and no mid-year additions. These are the elements that drive **predictability, transparency, and alignment.**



Managing trend in an intentional model

Evernorth remains the industry leader in managing trend. This model balances **performance, predictability, and protection** through aligned incentives, visibility, and clear guardrails. Click the buttons below to learn more.

How trend spend and trend risk look in traditional vs. evolved models

Risk is sized deliberately. Evernorth is willing to put up to 100% of the admin fee at risk* and protect **\$1 for \$1 against underperformance**.

- + For every dollar of **underperformance** against the Drug Spend Target, \$1.00 will be subtracted up to 100% of the admin fee.
- + For every dollar of **overperformance** against the Drug Spend Target, \$0.50 will be added up to 50% of the admin fee.
- + The admin fee creates a straightforward, transparent structure for how services are paid. It helps clearly separate service costs from drug pricing, reinforcing alignment and trust. **Clients know exactly what they're paying for and why.**

*Exact percentage varies depending on client size and other factors.

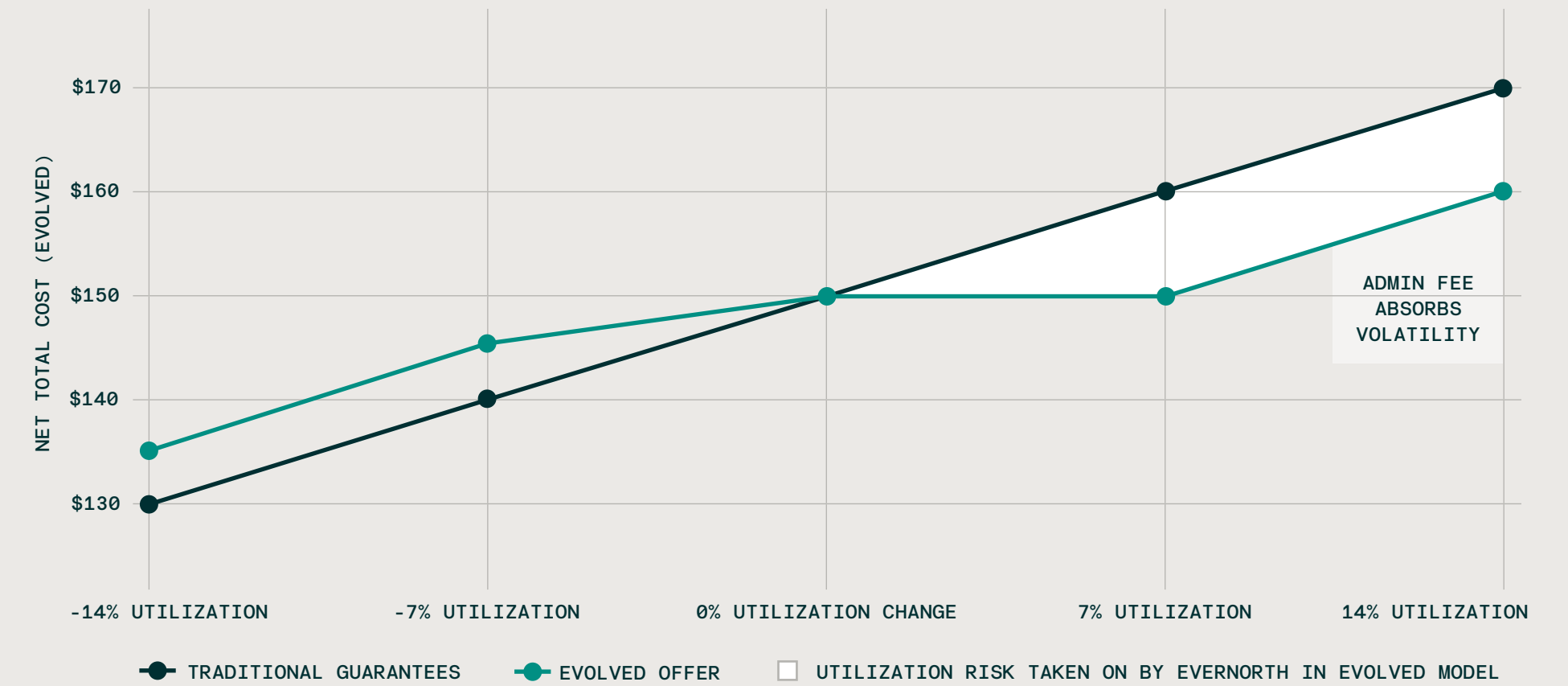


Traditional
Unbounded cost exposure



Evolved
Defined cost boundaries

Visualizing trend impacts to client spend

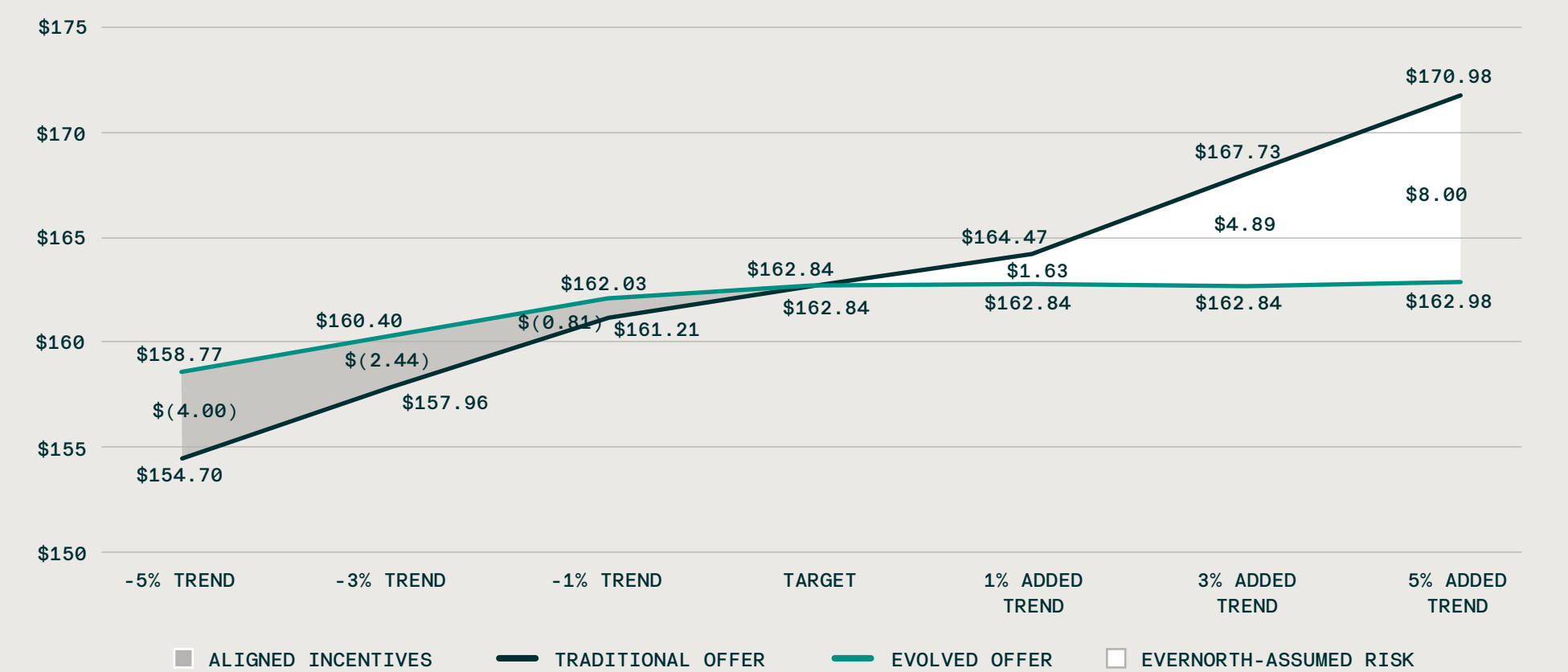


Traditional
Appears stable but adjusted later, Client absorbs misestimates, Volume- and rebate-driven incentive



Evolved
Transparent and tracked in real time, PBM assumes risk, Lowest-net-cost driven

Example client trend risk traditional v. evolved



Not all models are created equally

- + A traditional model shifts accountability from individual line items to the full cost equation in order to reduce short-term optimization that can introduce variability over time.
- + Some new models are layered on top of narrow economics, aggressive utilization controls or mid-stream target resets.
- + **Our evolved model is structurally different**—aligns incentives, does not rely on exclusions to protect margin, and it is supported by acquisition-cost contracting that others cannot replicate.

Click the buttons at right to learn more.



Evolution in action

Click the arrows in the upper right corner to view the sample pricing proposal for more information.

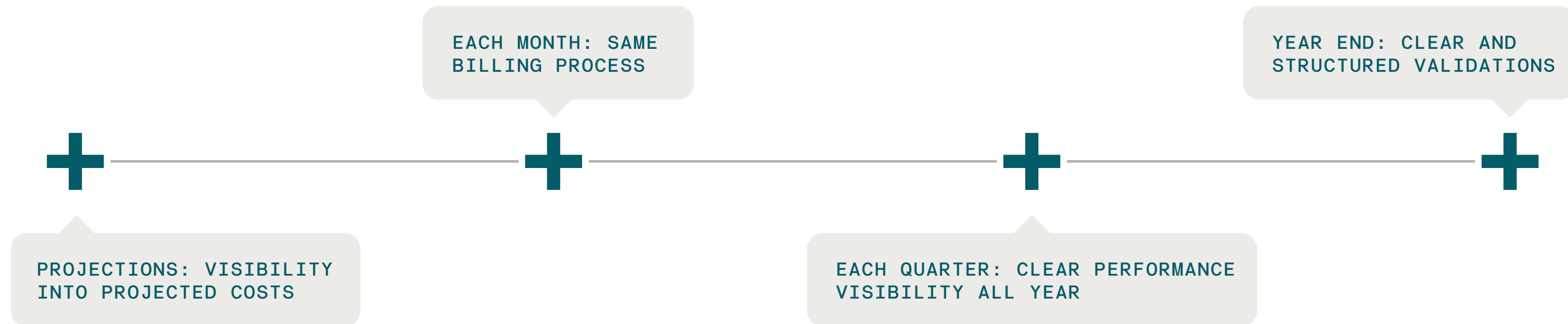


2027 PLAN COST DETAILS (ASSUMING 25,000 MEMBERS)		
	Total	PMPM
Gross ingredient cost Plan cost + member cost share	\$54,000,000	\$180.00
Dispensing and shipping fees	\$7,500,000	\$25.00
Rebates (estimate)	-\$22,500,000	-\$75.00
Net drug spend guarantee target	\$39,000,000	\$130.00
Admin fee target	\$3,000,000	\$10.00
Optional clinical solutions fee	\$300,000	\$1.00
Total pharmacy spend	\$42,300,000	\$141.00



A look ahead: what to expect in your first year

Click on each blue + to see more details.



Annual Total Cost Guarantee beyond year one: Performance based within defined limits

Your actual performance will inform the next year's guarantee, but **adjustments are constrained by defined protection thresholds.**

Clarity in today and confidence for tomorrow

- + Our evolved pricing model reflects Evernorth's commitment to meeting rising expectations with **clarity, discipline and experience.** By grounding pharmacy benefits in aligned incentives, transparent economics, predictable performance and proven accountability, **we remove uncertainty** and reduce the volatility and mid-year disruptions that have historically occurred due to fluctuating market events or unpredictable legislation changes.
- + Built on years of **proven success and scaled with intention,** the model provides a straightforward structure, outcome-based accountability and year-round performance visibility—giving consultants a foundation to help **clients manage trend, navigate market change and support sustainable value for the members they serve.**
- + Our current steps drive us to our future vision, and **clients can walk into tomorrow with the confidence we have built today.**

We are ready to step into the future, together. Please reach out to your Evernorth representative to get more information on Signature Pharmacy Benefit Services.



Model recalibrates to performance without overcorrecting outcomes:

SCENARIOS	ESTIMATE → ACTUAL → ADJUSTMENT → NEXT YEAR PMPM					
	2027 YTD ACTUAL PMPM (1Q-3Q)	PROJECTED DRUG SPEND PMPM 2028 FY TARGET PMPM (CLIENT RECEIVES IN NOV)	FINAL RECONCILED DRUG SPEND PMPM (FY 2027)	GUARANTEED TREND CAP	GUARANTEED MAX PMPM TARGET PER CONTRACT	FINAL GUARANTEED DRUG SPEND 2028 PMPM TARGET
Scenario 1: Higher than expected spend + Actual exceeds projection + Adjustment is constrained by protection limits + Prevents upward overcorrection	\$95.00	\$102.60	\$100.00	8%	\$108.00	\$102.60
Scenario 2: Lower than expected spend + Actual comes in below projection + Adjustment reflects improvement + Avoids downward overcorrection	\$105.00	\$113.00	\$100.00	8%	\$108.00	\$108.00

All values shown in PMPM

Illustrated reconciliation constrained within defined bounds.

TODAY - 2027

Moving to an evolved model

- Cost-based pharmacy reimbursement
- Member and client transparency reporting
- Full-value passed thru to the employer and plan
- Member experience enhancements
- Simple and transparent admin fees

FUTURE VISION

Transforming the pharmacy benefit model over time

- Expanded Price Assure, DTC solutions and MoreThanRX services
- Connected digital ecosystem and vendor integrations
- Up-front discounts through the pharmacy counter
- Pharmacy Performance Program
- Rebate-free model