UNDERSTANDING
STI CARD PROGRAMS

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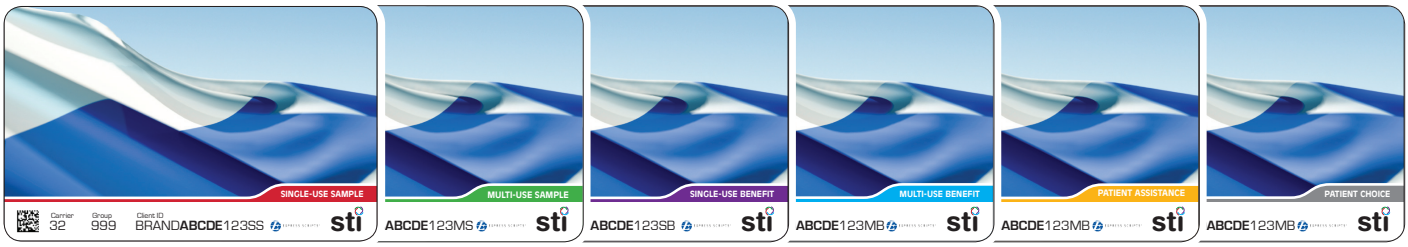
What are STI Technologies Limited Card Programs?

STI card programs offer financial assistance or benefits to patients prescribed participating medications and bridge reimbursement gaps providing patients with greater access to medications. These benefits are paid for by participating pharmaceutical manufacturers.



Single-Use Sample
Pays 100%
Only Use Once
Primary Payer

Multi-Use Sample
Pays 100%
Return to Patient
Primary Payer

Single-Use Benefit
Pays a Portion
Only Use Once
Payer of Last Resort

Multi-Use Benefit
Pays a Portion
Return to Patient
Payer of Last Resort

Patient Assistance
Custom Payment
Return to Patient
Primary or Last*

Patient Choice
Pays up to the difference between brand and generic*
Secondary Payer

— OR —

The All-in-One Card

innoviCares
Multiple Brands
Multiple Benefits
Secondary Payer

What are the different types of patient benefits?

There are many types of card programs in the market that benefit patients and address challenges to accessing drugs throughout the lifecycle of a product, from launch to loss of exclusivity.

1. Single- or Multi-Use Sample

Pays 100% of prescription price in the quantity and strength outlined on the card.

- Primary payer
- There should be no charge to the patient
- This replaces traditional physical sampling in physician's offices
- Processing in pharmacy adds transparency, improves patient safety and provides audit ability to sampling by using existing pharmacy inventory, proper labeling, drug interaction checks and completeness of patient medication profile by an additional health care professional, the pharmacist

2. Single- or Multi-Use Patient Benefit and Patient Assistance

Pays a portion of the prescription price.

- Payer of last resort
- Used for drugs new to market, bridge to coverage and/or high cost drugs

3. Single- or Multi-Use Patient Choice

Pays up to the difference between brand and generic DIN list price (private or public) plus reasonable and customary mark-ups.

- Secondary payer
- In the majority of cases, the manufacturer's intent is to cover the full difference
- These cards leave only the generic price for the public plans to pay with no incremental cost burden to the healthcare system nor the public
- Patients' usual co-pay will remain the responsibility of the patient
- Prescribers do not need to meet provincial criteria for "no substitution" when a card is used
- "No substitution" does NOT need to be written by the prescriber when these cards are used

What is innoviCares?

The innoviCares card supports a variety of unique programs and acts as a single and multi use patient benefit, sample and patient choice card for more than 100 brands.

- Secondary payer
- Includes benefits for medications across the life cycle of a brand from launch to loss of exclusivity and other health products such as medical devices and non-prescription products
- Identified in patient profiles by client ID which always begins with INNOV
- Designed to streamline card management in pharmacy and align with pharmacy workflow
- Members gain access to electronic tools through My Medicine Cabinet, including refill reminders and medication tracking

How does the patient receive the benefit?

The benefit is paid on the patient's behalf directly to the pharmacy upon adjudication.

Does pharmacy get paid for processing these cards?

No. It is no different than processing a claim to a public or private plan for which pharmacy is not paid.

How are these cards coordinated?

STI makes a coordination recommendation on the back of all cards. STI acknowledges that pharmacy must first follow their agreements in place with private and public payers. The final coordination of benefits decision is at the discretion of the pharmacist or technician and will not be disputed by STI.

Some pharmacies think patient choice cards are payer of last resort, this is not the case. We recommend they are processed as secondary payer.

As a rule of thumb, our recommendation is as follows:

1. **Sample Cards** – Primary
2. **Patient Choice Cards** – Secondary*
3. **Patient Benefit or Patient Assistance Cards** – Last*

**For public plans such as Trillium the cards are processed as primary payer.*

Does pharmacy need to keep the card on the patient's profile?

Multi-Use cards need to remain on file in the pharmacy's software to receive future benefits.

What does STI do with information it collects and how is patient privacy protected?

STI respects your concerns about privacy and takes the protection of information very seriously. STI complies with Canada's Anti-Spam Legislation (CASL), all Canadian federal privacy laws, for example, the Personal Information Protection and Electronic Documents Act (PIPEDA) and all provincial privacy laws, for example, the Personal Health Information Protection Act (PHIPA) in Ontario and "An Act respecting the protection of personal information in the private sector" in Québec.

STI CARDS

STI does not attempt to collect and does not store personal information when an STI card is used at a pharmacy. Pharmacies provide claim information per the standard rules of electronic claims transmission defined by the Canadian Pharmacists Association (CPhA). This is the same information provided to other Canadian insurers and benefits carriers. Claim information is used to determine eligibility for coverage, verifying, assessing, paying and auditing claims.

If STI is sent any Personal Information that was not requested or for which express consent was not provided, such Personal Information is not retained in our databases.

EXPRESS CONSENT

STI cards may be associated with programs that include a member registration option for which express consent will be requested. Examples of those programs include STI's innoviCares or a drug manufacturer's patient assistance program. It is only upon expressed consent provided through optional registration in innoviCares that STI will collect and use personal information, as described in the innoviCares terms and conditions (innoviCares.ca/terms).

STI will never give, rent, or sell personal information nor use it for purposes other than for those that persons have expressly consented, unless we are compelled to do so by law or in the event of a sale of any part of STI's business operation.

For our full privacy policy, go to http://www.smartsti.com/privacy.html

What extra administrative time is required by the pharmacy?

The administrative time required to enter and process a card is the same as for any other electronically adjudicated third party payer, public or private. It only needs to be entered once then remain on the patient's profile for subsequent uses.

What are the benefits of using cards to patients and the overall healthcare system?

The benefit to the health care system is improved adherence which has been shown to improve patient outcomes. Observational retrospective analysis shows that average medication possession rates are 84% when cards are used, which is above what is considered optimal.

The benefit to patients is on an individualized outcome basis and what is best for each patient.

- These cards do not increase costs to the health care system or the provincial public drug plans who pay according to their plan design and benefit list.
- Most if not all public and private plans have "no-substitution" policies for instances where patients cannot tolerate the lowest cost alternatives, justifying the need and benefit of making brand available to patients.

What happens when a patient gets accustomed to receiving a benefit and the benefit subsequently expires?

This is the same scenario as when a brand goes generic and the public or mandatory generic plans no longer pay for the brand and will only pay the lowest cost alternative (generic) price or when benefits get delisted from public and private plans. Advance notice will be given and will be communicated to every pharmacy in Canada.

PART 2

Do all patient choice benefits cover the full difference?

Not always. The intent of Patient Choice Cards is to cover the full difference, however, there are instances where the card will not cover the full difference, as outlined below. When this occurs, it is up to the discretion of the patient to determine the value of receiving the brand. The choice is always there for the patient to decide what is best for their individual healthcare needs.

- If the pharmacy submits more than what is allowed by the adjudicator's rules for "listed DIN price plus usual and customary mark ups" for each respective province based on the negotiated agreements in these markets, a small balance may remain in addition to the patient's usual copay. Where an incremental unexpected difference for the covered drug remains.
- In cases where the manufacturer cannot cover the full difference on certain DINs, the cost tolerance of the value of the brand is at the discretion of the patient. It is then the patient's choice as to whether they wish to pay the difference or receive another low cost alternative.
- In other cases, the balance is due to the range in actual acquisition costs by pharmacy, depending on their distribution center or wholesaler. Some amounts submitted are higher than what is accepted or allowed by the adjudicator.

Do you need to have "No-Sub" written by the prescriber to use a patient choice benefit on a public plan such as the Ontario Drug Benefit (ODB) plan?

No. The prescriber only needs to write "No-Sub" if they meet the provincial criteria and want the public plan to pay the brand price. Otherwise, pharmacy can fill the prescription with the brand-name product, without specifying product selection in their pharmacy software, and the public plan will pay the generic (lowest cost alternative) price and the card will pay the rest.

Do patient choice benefits contradict the Drug Interchangeability and Dispensing Fee Act (DIDFA) in Ontario?

No. According to DIDFA, patients must be made aware that a lower cost alternative exists and they have the choice to receive it or pay more for the brand.

What do pharmacies put in the product selection code in their pharmacy software systems when using a patient choice benefit card?

Leave it blank or select "Patient Choice" in the product selection code if required.

Do these patient choice benefits increase the cost to private or spousal private plans?

No. Private payers, together with employers, are competitive and sophisticated and have the ability to change their plan design based on their clients needs. If they do not want to pay for a brand, it does not need to be part of the plan design they sell to employers. Plan design is up to the discretion of the employers as a component of an employee's total benefits and compensation package, including health and wellness strategies.

- Card programs could be a supplement to private plans. Programs such as sample and compassionate use programs can demonstrate plan savings.
- If card programs were not available, more "no-substitution" claims would be submitted to the plans, thus increasing the financial burden on both public and private plans.
- Patient choice cards for products with generic alternatives are coordinated as secondary payer, therefore will be processed before a spousal plan and thus not drive costs up on a spousal plan.

Will Patient Choice benefits increase the rate of "No-Sub" prescriptions and slow the uptake of generics?

No. Writing "No-Sub" is not required with STI patient choice cards. Brand cards eliminate this need, thereby reducing the administrative burden on pharmacy and leaving payers to pay their list price (which is the generic or lowest cost alternative price for public plans and managed generic plans), and the card to pay the difference, on behalf of the manufacturer.

- We have not seen any credible evidence that supports the statement that card programs have either contributed to slowing the uptake of lowest cost alternatives or contributed to a significant increase in "no- substitution" prescriptions.
- The perceived increase in "no substitution" could be a factor of the increase of genericization in recent years due to the patent cliff. This would suggest that the percent of "no substitution" claims may in fact be proportionate to the rise of generic products in the market.
- The underlying reason the government wants to increase generic utilization is to save healthcare dollars. However, the cards do not put any extra financial burden on the healthcare system. The message is that brand and generic are the same.

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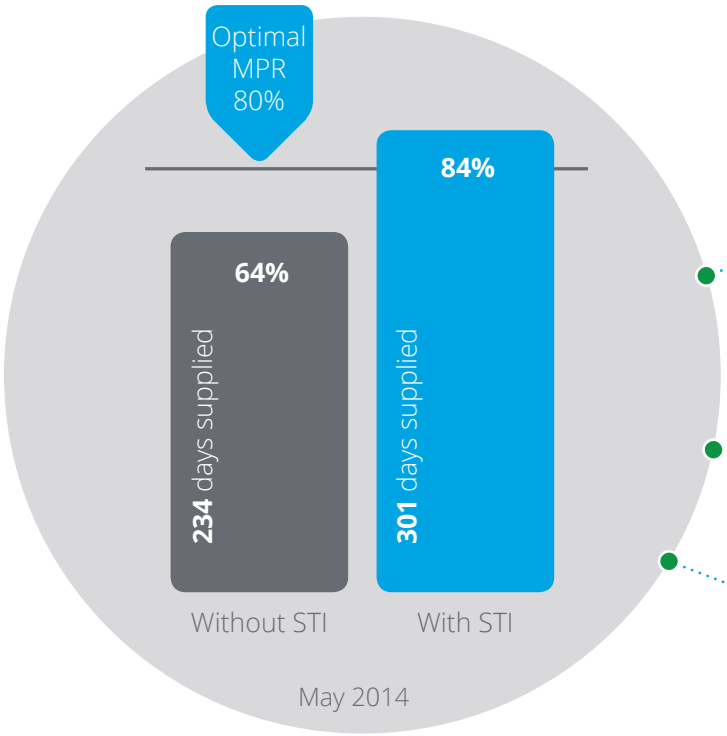

OVER 20,000 PEOPLE HELPED EVERY DAY

BETTER ACCESS AND CHOICE

- Over 20,000 patients helped each day
- Over 50,000 physicians use STI cards
- Over 9,000 pharmacies process STI programs each year

FINANCIAL REIMBURSEMENT

- Over 1 million Canadians save money each year

IMPROVES ADHERENCE[1]

When an STI card is used for 12 months:

- 29% more patients stay on therapy
- On average, greater than 80% Medication Possession Ratio (MPR) is achieved and mantained
- Patients receive 67 more days of therapy on average per year

Please direct any questions or comments to:
pharmacy@smartsti.com

We appreciate your feedback and will consider all comments.

Notes