



Independent Health to Offer Its Members Specialty Pharmacy Products Through Reliance Rx Subsidiary

BUFFALO, N.Y. (June 4, 2010) – Independent Health today announced it is establishing Reliance Rx, a new specialty pharmacy that will provide high-tech, high-touch drugs to approximately 2,000 members, most of whom are currently living with severe and chronic medical conditions. This new venture will allow Independent Health to manage distribution and care interface directly, thus lowering costs and improving the service for these complex products.

John Rodgers, chief marketing officer at Independent Health and a long-time Western New York pharmacist, said this move is another example of the organization's ongoing effort to transform health care, and to introduce new, innovative ways to address rising costs and provide quality, affordable, patient-centered care. "Our goal is to help members achieve the best possible medical outcomes while ensuring the most efficient use of resources," said Rodgers.

Specialty pharmaceuticals are typically developed for people living with respiratory disorders, cancer, multiple sclerosis, rheumatoid arthritis, and a variety of other diseases which require specific handling, administration, patient education, and clinical support. These special requirements are all factors that contribute to their cost. As the number and variety of these drugs has increased, patients have assumed a greater role in managing their therapies.

"The majority of these products require that patients – or their caregivers – administer them at home by injection or infusion, a process that is more complicated and expensive than simply taking a pill," said Rodgers. "A lack of adherence to dosage, storage and compliance monitoring can compromise quality of care, leading to serious medical complications, an increased risk of hospitalization or readmission, and significant, avoidable excess costs."

Rodgers said certain specialty drugs are also administered in a physician's office, clinic, or outpatient facility. "Helping to ensure members are taking these medications as directed, regardless of the setting, is a major component of the Reliance Rx value proposition and consistent with Independent Health's customer-centric philosophy.

"It requires frequent communication and assistance in disease management," said Rodgers.

The new company will employ two pharmacists and create more than a dozen other jobs in sales, customer service and distribution. It is scheduled to be operational with the first shipment of products by September of this year. A location for the new company in the Amherst area is being finalized.

Jody Miller will manage Reliance Rx. With more than 20 years of health care management experience, Miller was most recently an executive business specialist with Johnson and Johnson. He credited Independent Health for pursuing a high-tech, growth-oriented business, and for bringing jobs that were once in Florida to the Buffalo-Niagara Region.



“By bringing this capability to Western New York, Independent Health and Reliance Rx will be able to maintain closer ties to physicians – in particular the specialists who typically prescribe these drugs – and their patients,” Miller said. “The need to ensure proper distribution, dispensing, dosage, storage, and monitoring is absolutely critical, especially as the population ages and new specialty medicines are developed.

“We talked with nearly 20 office managers and triage nurses at Buffalo area physicians’ offices to better understand how we can deliver specialty drugs to their patients more efficiently. Their primary concern is getting the necessary medications to their patients quickly and with less hassle than is currently the case with their existing specialty pharmacy vendors. A ‘putting-the-patient-first’ philosophy will be a key component of our customer service and delivery model.”

Approximately 17 cents of every premium dollar Independent Health receives is used to pay for prescription drugs for its members. About one-fifth of that total is spent on specialty pharmaceuticals for 2,000 members out of a total membership of 350,000. At an average cost of \$2,000 per dose, specialty drugs represent about one percent of Independent Health’s total prescription volume, but account for 20 percent of its prescription costs.

Industry experts say expenditures on specialty pharmaceuticals are growing about twice as fast as spending on conventional drugs, due in large part to the significant growth in the number of approved and soon-to-be approved biotech medicines. By 2030, specialty pharmaceuticals are expected to account for as much as 44 percent of a health plan’s total drug expenditures.

The Reliance Rx venture is consistent with other efforts undertaken by Independent Health to reduce pharmacy costs over the past several years, including encouraging the use of FDA-approved generic medications, renegotiating contracts with national pharmacy chains, and utilizing internal pharmacy benefit management (PBM) services. Rodgers, who led the development of Pharmacy Benefit Dimensions, Independent Health’s for-profit PBM, in 2005 said the company has been successful in mitigating pharmacy costs, reducing future rate increases, and passing savings on to employers.

Reliance Rx will operate as a subsidiary of Independent Health Corporation (IHC), which in turn is a wholly owned for-profit subsidiary of Independent Health. IHC also owns and operates Pharmacy Benefit Dimensions and Your Natural Options, an online vitamin and supplement company.