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Pharmacy Supply Solutions

Civica Rx Overview

SUPPLY CHAIN



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Why Civica Rx?



Drug company hikes price of blood pressure drugs after competitors' drugs recalled

The Problem: Chronic Generic Drug Shortages

- Shortages impact patient care and safety, lead to delayed or sub-optimal treatments
- Caregivers spend too much time searching for drugs in shortage or developing alternative therapies
- More than 200 drugs have been on the FDA's drug shortage list during the past several years
- Typical drug in short supply is a generic sterile injectable medication - including anesthesia medications, antibiotics, pain medications, nutrition and electrolyte products, and chemotherapy agents



47 Hospitals Slashed Their Use Of 2 Key Heart Drugs After Huge Price Hikes

Causes for Generic Drug Shortages

- **Unsustainably low prices and manufacturers exit market** leading to a lack of competition
 - Departures create a fragile pharmaceutical supply chain and leave 1-2 remaining producers with monopolistic power, often dictating price and shorting supply
- **Suppliers moving API production to China**, making it hard to recover from a disruption because the suppliers that were driven out of market need time to ramp up manufacturing
- **Predatory pricing** - “Pharma Bro’s” 5000% price hike

Civica Rx's Disruptive Approach to Prevent Shortages

Civica Rx - Established in September, 2018

Exists in the public interest as a **non-stock, non-profit** corporation to address shortages of generic drugs while lowering their cost

Founded by **seven leading hospital systems** concerned about generic drug shortages, and **three philanthropic members** passionate about improving healthcare

Committed to transparency, a **one-price-for all model**, and its membership is open to all

Civica Rx's #1 Policy: *Do what is in the best interest of patients*

CIVICA™

Governing Members



Founding Members



Partnering Members



Civica Rx's Disruptive Approach

Not-For-Profit	Establish Fair And Sustainable Prices	Price Transparency And No Fees or Rebates	Promote Competition
Long-Term Guaranteed Contacts	Redundant Manufacturing	Safety Stocks	Transparency Location of Manufacturing Facility

Civica Rx is member-driven and committed to eliminating uncertainty within the supply chain

Simultaneous Three-pronged Product Supply Strategy

Manufacturing Solution #1:

Work with ANDA holders to produce Civica Rx labeled generic drugs

Manufacturing Solution #2:

Buy or develop ANDAs and use CMOs

Manufacturing Solution #3:

Buy or build Civica Rx manufacturing capacity

Results

1. Prevent Drug Shortages
2. Financial Stability
3. Create certainty
4. Increase competition

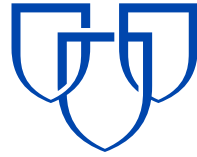
Civica Rx's Role in the Generic Drug Market

1. Bring true competition to the generic market, focusing on value (price and quality)
2. Ensure stable and predictable supply of essential generic drugs, reducing shortages
3. Be the conscience of the market, serving as a check against aggressive pricing behavior of generic drug manufacturers

Civica Rx At Mayo Clinic

- Proactive approach by Mayo Clinic to bringing stability to generic injectable drug market by partnering with a non-profit pharmaceutical organization
- Civica to release 16 injectable medications by the end of 2019
 - Vancomycin and Daptomycin available October
 - Vancomycin has experienced intermittent shortages since 2009
- Mayo Clinic committing 50% of enterprise purchase volume for each medication
 - Negotiating with drug wholesaler to ensure distribution occurs in traditional supply channels with minimal added costs
 - Prices of products from Civica are market competitive – this is not a major cost saving project for the enterprise

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Questions & Discussion

