



WisconsinRx / National CooperativeRx 2009 Annual Report to Stakeholders

WisconsinRx  National CooperativeRx 

Dear Members and Stakeholders,

It is my pleasure to present to you our 2009 WisconsinRx/National CooperativeRx Annual Report. Thank you for being the critical part of our continued success.

WisconsinRx/National CooperativeRx is your coalition, and I'm pleased to tell you 2008 was a successful year. As you will see on the following pages, your collaborative has achieved impressive growth and has solidified its reputation for holding the line on year after year pharmaceutical inflation. Perhaps our most important achievement has been a nearly 100 percent retention rate among our members. That says to me that we're doing many things right.

That doesn't mean we'll stop looking for ways to serve you better. In the future, you'll see us focused on strategies to improve patient engagement and behavior – goals you said are important to your companies. We take very seriously our member-ownership business structure and our commitment to serving you, our compass. Growing our membership size and the value we provide is the focus!

Again, thank you for being a part of the WisconsinRx/National CooperativeRx coalition during this exciting time in our history. On behalf of the entire WisconsinRx/National CooperativeRx Board and team, we look forward to serving you in 2009 and for years to come. Thank YOU!

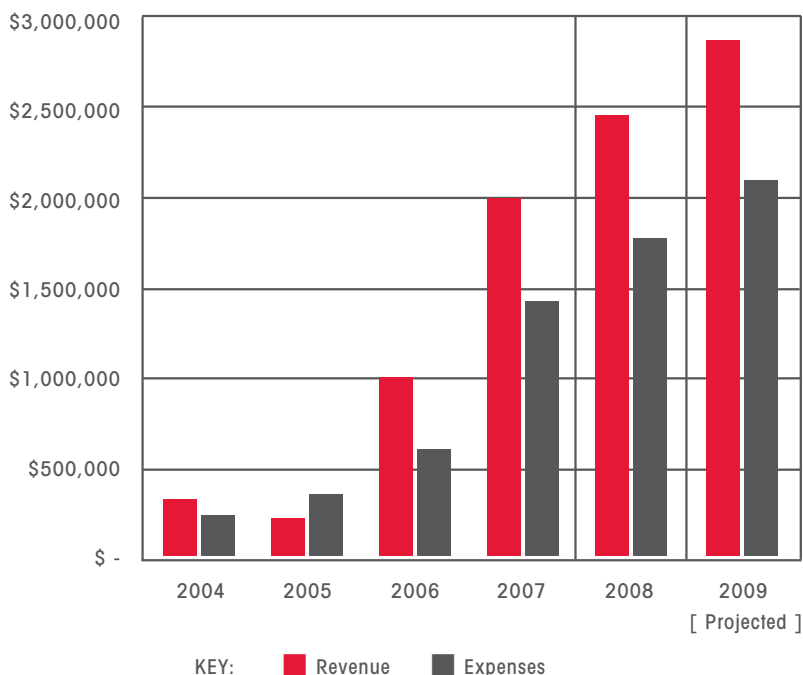
Sincerely,



Greg Horstman, CEO

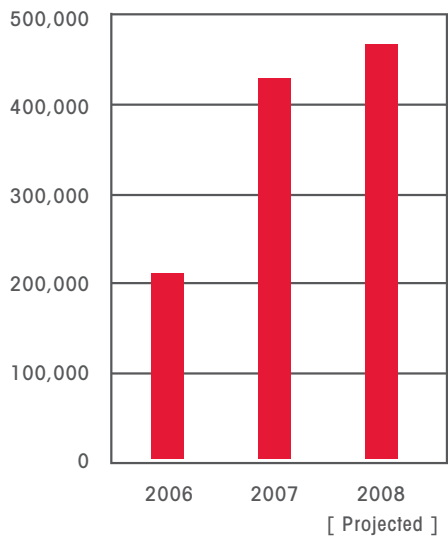
Financial Overview

Revenue, Expenses and Earnings



Patronage Dividends

As a member-owned cooperative, WisconsinRx/National CooperativeRx returns its net earnings to its members in the form of patronage dividends. Despite investments to grow our membership in 2009 and better serve our members, we project approximately \$450,000 in total patronage dividends will be distributed to members in 2009.



Growth in Membership

In 2008, WisconsinRx/National CooperativeRx added 26,213 new members representing a 9.7 percent increase in our overall "net" membership. Our recruitment efforts are focused on new markets outside of the state of Wisconsin, and new employers and organizations beyond our three founding coalitions (The Alliance, WEA Trust and the Fond du Lac Area Business Coalition on Health). Our new membership outside of these coalitions grew by an impressive 31.5 percent.

The slumping economy has resulted in some attrition of covered lives among our members. But we are pleased to tell you that despite the recession, we lost only one group of 542 covered lives in 2008.

2008 Accomplishments

Controlling Trend and Containing Costs

WisconsinRx/National CooperativeRx recognizes that its value to members is delivering on cost savings and keeping trend low. We are proud of the fact that our trend has remained nearly flat during the history of our coalition.

Key statistics:

- Our average per member per month drug cost has decreased by \$5.83 per month, a reduction of more than seven percent since we started.
- WisconsinRx/National CooperativeRx members earned in excess of \$7 million in rebates in 2008. Although final results won't be available until next year, we are projecting the 95 percent annual rebate true-up for 2007 will amount to an additional quarter's worth of rebates, 100 percent of which will be distributed to members.
- We have increased the use of generic medications among employees. Our generic dispensing rate has increased an average of 6.5 percent each year, to its current rate of 64.63 percent of all prescription medications, well above the national average for private insurance.
- The Generic Effective Rate Guarantee Audit resulted in \$550,000 (100 percent) distributed to members.
- Our low cost mail order dispensing rate has increased more than 12 percent each year.
- Participants' use of formulary medications has increased an average of 2.9 percent each year since our coalition began.



Our Best in Class Guarantee

WisconsinRx/National CooperativeRx undergoes a competitive bidding process periodically, as appropriate to evaluate the Pharmaceutical Benefit Management (PBM) marketplace. We want to be confident, and we want our members and partners to be assured, that we have achieved the greatest value possible (highest quality services at deep discounted prices) from our PBM.

Our RFP Process, completed in 2008, resulted in a stronger relationship with Caremark and the following value adds for our members:

- A ten-plus percent improvement in overall pricing resulting in total savings of \$17 million for the cooperative. We also negotiated early pricing to net existing members an additional \$4 million in savings.
- The contract provides \$1.35 million from Caremark for the following:
 - \$500,000 in annual development funds for WisconsinRx/National CooperativeRx to purchase clinical programs for members
 - \$150,000 in "credits" for previously purchased clinical programs
 - \$500,000 to bring other added-value services to members and
 - \$200,000 to promote and grow the cooperative.
- WisconsinRx/National CooperativeRx negotiated measures to help ensure retail network stability and additions to our dedicated Caremark account and implementation team.

