

Dawn Sherman — *President, EnvisionRxOptions, a Rite Aid subsidiary*

TWINSBURG, Ohio — Throughout her business career, Dawn Sherman has been quick to embrace new opportunities and tackle new challenges. At EnvisionRxOptions, the pharmacy benefits management company (PBM) now owned by Rite Aid Corp., she has had occasion to do both. Since joining almost two years ago, Sherman, who is president, has helped guide the company during a period of robust expansion despite the inevitable distractions caused by changes in ownership.

Shortly before her arrival, Envision's founders sold the company to TPG, a private equity firm. Rite Aid agreed to purchase the company in February 2015, and now the drug chain itself is in the process of being acquired by Walgreens Boots Alliance Inc. (WBA).

"There's been a lot of change," says Sherman, who started her career as a business consultant and then worked as the chief operating officer for Medco International — at the time one of the nation's top three PBMs. She also served as COO for Teva Pharmaceuticals B.V. before moving to EnvisionRxOptions. "But Envision has remained true to the entrepreneurial spirit that first attracted me to the company.

"Typically, the PBM industry uses a model that focuses on the



Dawn Sherman

size of the drug discount or rebate. Most PBMs take a spread, so they earn money as they buy drugs and then sell them to their plan sponsor client. In this more traditional model, they keep more of the upside.

"The original innovation that started it all for Envision was our fully transparent, pass-through model, which is much different. We earn a flat administration fee per claim, or per member per month, and pass all of the financial value that we create through to our clients. It is a very different way of delivering pharmacy benefits."

Sherman's willingness to embrace creativity in a field not usually noted for it has attracted other progressive thinkers, transformed EnvisionRxOptions into a full-service pharmacy benefits company (which now includes, among other divisions, a national Medicare Part D prescription drug plan; cash pay prescription savings programs; and mail-order, specialty and compounding pharmacies) and is what makes her one of the most influential women in the industry.

One of her current priorities is developing synergies with Rite Aid and, following the completion of the merger, with WBA.

"I think there is a lot that a retailer and a PBM can do together," she comments. "The sale to Rite Aid gave EnvisionRxOptions new, bigger opportunities that we didn't have before.

"As a retailer-owned PBM, CVS Caremark has a good strategy and has been successful. That is not to say we want to be just the same, but there are things we can learn from this model that help us provide more value from our collaboration with Rite Aid. Our clients and members are already seeing improved costs and quality of care.

"When you stop to think about what the opportunity is with WBA acquiring Rite Aid, it only

enhances what Envision is now doing. It's still a retail play with a PBM. From our perspective, it just gives us a bigger stage to do the same types of things we would have been doing with Rite Aid before. So we're pretty excited about it."

In some important respects, the connection with Rite Aid — and with WBA following the expected close of the proposed merger transaction in the second half of calendar 2016 — enhances Envision's competitive position, which with about \$6 billion in annual sales is considerably smaller than its two biggest rivals, Express Scripts and CVS Caremark. The retail link goes a long way toward leveling the playing field.

"We're a multibillion-dollar company, but we're still smaller than our largest competitors. Joining up with one of the largest retail networks in the country changes the dynamics for us because it's really about providing more value to our clients as a total health care organization, not the size of our company," Sherman says.

Leveraging the reach and scale of its partners is just one component of EnvisionRxOptions' strategy. The company is working to maximize the impact of its inherent strengths. "Since we own

all of the pieces needed to better coordinate the pharmacy care experience, we actually have the ability to better manage and support members across all stages of life," notes Sherman. "It also means we can be more flexible and nimble.

"We're demonstrating time and time again not only to our clients, but also to the pharmaceutical industry, that we're able to truly provide more options and real value."

Sherman and her colleagues intend to build on that track record by emphasizing three primary modes of expansion — organic growth, new business ventures in such burgeoning areas as specialty pharmacy, and acquisitions that expand the PBM's reach and capabilities.

"Our employees have seen a lot of growth and a lot of market success," says Sherman. "Good things have come from each of the acquisitions that we've been a part of.

"People in the PBM industry who have known Envision over the years have really seen how we've transformed. They know EnvisionRxOptions has become a much more formidable player, and a partner they can go to for a visibly different approach and can depend on for a high level of service."

Karen Staniforth — *Chief Operating Officer, Health Dialog, a Rite Aid subsidiary*

CAMP HILL, Pa. — Karen Staniforth's years of experience as a Rite Aid Corp. pharmacy leader are being put to work in the expanded realm of population health management.

For the past year and a half, Staniforth has served as chief operating officer of Health Dialog, a provider of health coaching, shared decision-making and health care analytics that Rite Aid acquired in April 2014. Health Dialog supports the Rite Aid Health Alliance, an integrated care program in which doctors from affiliated health care groups work with Rite Aid pharmacists and Health Dialog care coaches to support patients with chronic and polychronic conditions.

Health care provider partners in the Rite Aid Health Alliance include Cornerstone Health Care, High Point, N.C.; Apollo Medical Holdings Inc., Glendale, Calif.; the Greater Buffalo United Accountable Healthcare Network, Buffalo; Penn State Hershey Health System of Hershey, Pa.; Heritage Provider Network, Marina Del Rey, Calif.; Physician Direct ACO of Sylvan Lake, Mich.; Quality Independent Physicians, Louisville, Ky.; and Reliance ACO, Farmington Hills, Mich.

Staniforth began her oper-

ations role at Health Dialog in November 2014 after having been group vice president of pharmacy initiatives and clinical services at Rite Aid, where she had served in a wide range of roles in pharmacy operations since coming to the company in 1998.

"This role is very different from any of my previous roles at Rite Aid, but it has given me a totally different perspective on health care," she says. "My Rite Aid experience helped integrate the two companies and also gave me the ability to look at Health Dialog and its services from a different angle and really strategize about where we needed to be for the future."

Besides its participation in the Rite Aid Health Alliance, Health Dialog provides analytics support for Rite Aid and pharmacy benefits manager EnvisionRx (acquired by Rite Aid in 2015), plus clinical support work for EnvisionRx, in the form of medication adherence and comprehensive medication reviews (CMRs) for Medicare patients. Health Dialog also provides registered dietitian program support for the Weigh Forward weight management program of RediClinic, a retail health clinic operator that Rite Aid acquired in April 2014.

Executives have been bullish

on the potential of Health Dialog's analytic, predictive modeling and multichannel coaching capabilities to transform the company into a leader in population health management.

"We repositioned the company from a primarily telephonic disease management company to a total population health management services company, broadening our scope — all while retaining the services we were really good at and had proven outcomes," Staniforth explains. "There had been no investment in innovation prior to Rite Aid's purchase of Health Dialog, and it became obvious that we needed a more cost-effective way to deliver these great services to the total populations we serve and add value for our clients. Innovation has been a top priority for Health Dialog."

Staniforth certainly knows a thing or two about innovation. In her previous role as Rite Aid's group vice president of pharmacy initiatives and clinical services, to which she was named in December 2013, she oversaw the development, implementation and management of Rite Aid's new pharmacy initiatives and clinical programs, including immunizations, medication therapy management and medication adherence.



Karen Staniforth

Staniforth began her pharmacy career in 1982 as a pharmacist in Johannesburg, South Africa. In 1991, she joined Novartis Pharmaceuticals as a regional sales manager, overseeing retail sales for the company in Cape Town. After moving to the United States, Staniforth joined Rite Aid in 1998 as a graduate pharmacy intern.

She continued to take on roles of growing responsibility at the drug chain, becoming a pharmacy manager in 1999, a pharmacy district manager in 2001 and a regional pharmacy vice president in 2006. She was appointed

vice president of pharmacy operations in 2009 and later became Mid-Atlantic divisional vice president of pharmacy, which led to her promotion to group vice president.

Staniforth's longtime service as a pharmacy professional, and more than 30 years in the health care overall, position her well as Health Dialog works to improve patient outcomes and sharpen the cost-efficiency of health management.

"For more than two decades, Health Dialog has helped people live healthier lives with award-winning health services. This summer, we will launch Interact, a personalized health engagement portal, which will reflect the knowledge that we have gained over the years and better serve our clients," Staniforth says. "This portal allows us to fully integrate our services, provide multichannel engagement and connect our coaching workflow software to care coaches, providing a seamless experience for the patients that we serve.

"We will be able to deliver highly personalized health content, live health coaching and wellness tools to exactly the right person, at the right time and in a manner that is preferred by the individual."