

NEWS RELEASE



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**Medco Health Announces Exclusive Marketing and Service Agreement
with Ancillary Care Management**

***First Integrated Program to Address Affordability and Quality Challenges of
Specialty Pharmacy***

FRANKLIN LAKES, N.J., Sept. 25, 2003 - Medco Health Solutions, Inc. (NYSE: MHS), the nation's leading pharmacy benefits manager, and Ancillary Care Management (ACM), the leading specialty pharmacy and infusion benefits management company, today announced an exclusive strategic agreement to provide comprehensive specialty pharmacy management solutions for health plans.

Medco Health analysis of payor data shows that as much as 50 percent or more of specialty pharmacy expenses are processed under the major medical benefit, through an antiquated paper-based system that is costly and does not allow for safety checking of medication dose and interactions. The analysis also shows that specialty pharmacy claims and administration costs are significantly higher when processed under the major medical benefit.

Together, Medco Health and ACM will transform the process to an integrated web-based system that for the first time will allow major medical and pharmacy data to move seamlessly between systems. The relationship combines Medco Health's expertise in managing, processing and dispensing specialty drugs through the pharmacy benefit with ACM's focus on web-based specialty drug management through the major medical benefit channel, improving quality and reducing costs for both the patient and the health care provider.

"This relationship represents a significant improvement in the approach to managing one of the largest drivers of drug cost growth," said David Snow, president, chairman and CEO, Medco Health. "Clients and members have long endured the financial and administrative burdens of an outdated specialty pharmacy management process. With this integrated system, we have created a consistent standard of specialty pharmacy management that streamlines the process for the financial health of our clients and the physical health of their plan members."

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Added David Willcutts, president and CEO of Los Angeles, Calif.-based ACM, “Since 1996 ACM has helped health plans better understand their major medical drug spend and develop clinical and administrative protocols that improve patient care and reduce health care costs. We’re excited about the potential of this partnership with Medco Health, the company which pioneered pharmacy benefit management. Together, we can ensure health plans effectively manage this growing sector of their overall pharmaceutical costs.”

Specialty drugs are generally expensive, usually injectable, medications used to treat patients with serious and complex conditions such as cancer and multiple sclerosis. These complicated diseases require enhanced patient support and clinical services, and high cost treatments. According to Medco Health’s 2003 Drug Trend Report, the cost of specialty drugs has increased 40 percent per year over the past five years, with the cost for specialty therapy drugs averaging approximately \$18,000 per year and ranging as high as \$250,000 annually. Specialty drugs account for approximately 13 percent of U.S. pharmaceutical spending, which is growing at an average annual rate of 18 percent.

Unlike most oral medications, specialty drugs are often administered by medical professionals, either in the home or in the doctor’s office. Claims can be submitted through either the pharmacy benefit or the major medical benefit, making it difficult for health plans and pharmacy benefit managers to identify and control spending in the specialty category. The process under the medical benefit has been largely paper-based, and the rate of reimbursement only loosely controlled. The arrangement between Medco Health and ACM will create a unified and consistent web-based process that will exchange clinical information and administrative claims in near real-time similar to the current pharmacy claim process, regardless of whether the claim is processed as a pharmacy claim or a major medical claim.

Clients’ health plan members will also benefit clinically from the relationship. Traditionally, patients who received specialty drug care in a doctor’s office or whose drugs were managed through the major medical channel were not eligible for the comprehensive safety checks that are applied when the medication is managed through the pharmacy benefit. Without these safety checks, patients face potential risk from adverse drug interactions between their specialty drugs and other medications in their drug regimen. The relationship between Medco Health and ACM will allow specialty prescriptions to be checked for safety issues through real-time drug utilization review (DUR) regardless of the benefit channel, and will allow physicians to better communicate patient needs and improve the reimbursement process.

“This relationship signifies a major step in improving the management and delivery of specialty pharmaceuticals, but it is not the last,” said Snow. “We are committed to increasing the quality of care, decreasing costs for our clients, and leading the industry in shaping the standards by which specialty pharmacy is addressed.”

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Specialty Pharmacy – A Center of Excellence

Medco Health has long identified specialty drugs as a priority concern for its clients, and has dedicated resources to addressing the specialty drug needs of its clients and their plan members. In 2002, the company created a Center of Excellence at its Columbus pharmacy as a nationwide practice solely dedicated to processing and dispensing specialty medications. The Center is staffed by pharmacists and nurses specifically trained in the dispensing, handling and consulting required for specialty medications and the members who rely on them. The Center provides medications and resources for 20 different diseases, including hemophilia, rheumatoid arthritis, HIV/AIDS, cancer, multiple sclerosis, and Hepatitis C.

About ACM

ACM is the nation's leading specialty pharmacy and infusion benefits management company focused on improving patient care and reducing costs related to services provided in an ancillary care setting, defined as the home, doctor's office or other non-hospital environment. Founded in 1995, the privately held company contracts with health plans nationwide, serving over 18 million covered lives. ACM applies paperless automation to the traditional paper-based systems used by payers and providers when managing these benefits. ACM is based in Los Angeles, California and links payers, providers, clinicians, allied health professionals, suppliers and patients through its Web site, which offers a progressive suite of applications that manage all aspects of ancillary care.

About Medco Health

Medco Health Solutions, Inc., (NYSE: MHS) is the nation's leading pharmacy benefit manager, based on its 2002 net revenues of approximately \$33 billion. Medco Health assists its clients to moderate the cost and enhance the quality of prescription drug benefits provided to more than 60 million Americans nationwide. Its clients include private and public sector employers and healthcare organizations, including 190 of the Fortune 500 companies. For more information about Medco Health, visit www.medcohealth.com.

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