

---

# Barrett A. Toan

## Express Scripts

By M. Karen Hubbard

### LESSON DESCRIPTION

Students read a story about Express Scripts and the contribution Barrett A. Toan made to help it grow. Students learn that an entrepreneur can have new ideas to help improve a company.

### ECONOMIC CONCEPTS

- entrepreneur
- value added

### RELATED CONCEPTS

- reading comprehension

### MATERIALS

- One copy of “Barrett A. Toan” reading for each student
- One copy of Activity 1 – “Our New and Improved Classroom”, cut into strips and placed in a bag (can be laminated)
- Activity 2 – “Was there Value Added?” for each student

### TIME

45 minutes

### PROCEDURE

1. Explain that an “entrepreneur” is someone who thinks of a good or service that someone would like to buy and produces it. An entrepreneur takes a risk that people will not like the good or service, and that all of the time, effort, and money he or she has spent to make the product will have been for nothing.
2. Explain that some entrepreneurs think of goods or services that have never been thought of before, like the Hula Hoop, the first video game, the first car, or the first television. We often think about entrepreneurs as being the first in their areas of business, but most entrepreneurs begin a business producing something that has already been produced by someone else. These entrepreneurs have an idea of how to improve the good or service or how to produce it better.

- 
3. Distribute “Barrett A. Toan” reading to the students and explain that they are going to read about an entrepreneur who improved a company’s service with new ideas. Ask them to look for the ideas he was able to use to improve the company
  4. Discuss the following questions:
    - a. When and how was Express Scripts created? (Express Scripts was created in 1986 in Saint Louis, Missouri. A health insurance company, Sanus Corporation Health Systems got together with a pharmacy company that had more than 100 stores and formed Express Scripts)
    - b. When did Mr. Toan join the company and what was it like? (He joined in 1992 and the company was losing millions of dollars a year.)
    - c. When Mr. Toan joined the company, how did Express Scripts change? (He led a thorough analysis of how they could stay in business. He redefined the company as a pharmacy benefit manager {a company that would help others organize and manage their medication costs})
    - d. How did Mr. Toan pick his occupation and end up with Express Scripts? (As a teenager, he read an article in the New Yorker magazine which interested him in health care policies. After ten years serving in government jobs, he wanted to try the private sector and ended up with Express Scripts.)
    - e. What invention did Mr. Toan say helped Express Scripts? (medications for chronic illnesses) What is chronic medication? (medication a person takes repeatedly for a long time.)
    - f. How did chronic medication help the company? (The company realized that mail delivery would be better to get chronic medication to patients so Express Scripts started organizing this.)
    - g. How did Mr. Toan feel that Express Scripts was able to get many new contracts and thus more money? (The company created a national program that had the same pricing for local pharmacies and mail order in all 50 states.)
    - h. When did Toan retire and what was the difference in the company when he joined compared to when he left? (He retired in May 2006. The company was losing millions of dollars when he joined and he left it with a net income of \$474.4 million, ranked # 132 on the Fortune 500.)
    - i. Where is Express Scripts’ headquarters? (on the University of Missouri – St. Louis campus)
  5. Explain that entrepreneurs add value to companies when they develop new goods and services and improve the old goods and services. This is called “value added.” Barrett A. Toan brought “value added” to Express Scripts.

- 
6. Divide the class into groups of three. Have one student from each group draw an Activity 1 strip from the bag. Explain to the students that they are going to act as entrepreneurs in developing new ideas on how to organize certain classroom activities. Ask each group to decide on a spokesperson who will describe the new idea. Give the groups about 10 minutes to discuss their ideas and pick one to present.
  7. Ask the spokesperson in each group to present the group's idea and demonstrate their idea if needed.
  8. When the presentations are completed, trade the strips between the groups and instruct each group to improve the classroom idea. Instruct each group spokesperson to present the improvement and demonstrate if needed.
  9. Explain that there was "value added" to each classroom activity that was improved. Entrepreneurs are always looking for opportunities to bring a new product to consumers or idea to a company.

## **CLOSURE**

Distribute Activity 2 – "Was there Value Added?" to each student. Have the students answer the questions on Activity 2 and then go over the questions with the students.

## **EXTENSION**

Teacher can invite an entrepreneur from the community to discuss the risks and benefits of starting a business.

---

## ACTIVITY 1 – OUR NEW AND IMPROVED CLASSROOM

---

how to have students line up to go to lunch

---

how to have students line up to go to recess

---

how to have students line up to go home

---

how to get students to write down homework

---

how to get students to remember to do homework

---

how to decide who gets to do classroom jobs

---

how to decide who gets computer time

---

how to decide who gets the first use of games, balls, jump ropes, etc.

---

---

## ACTIVITY 2 – WAS THERE VALUE ADDED?

Describe the classroom activity on your first strip and on your second strip.

First strip:

Second strip:

What was your group's idea for improvement?

First strip:

Second strip:

What was the value added?

First strip:

Second strip:

Is this an improvement that the students in your classroom will like? Why or why not?

First strip:

Second strip:

What is an entrepreneur?

---

# Barrett A. Toan

## Express Scripts

By M. Karen Hubbard

Express Scripts was created in 1986 in Saint Louis, Missouri. A health insurance company, Sanus Corporation Health Systems got together with a pharmacy company that had more than 100 stores and formed Express Scripts. Express Scripts was purchased by the New York Life Insurance Company in 1989 and became a publicly traded company in 1992. The company's headquarters is located on the University of Missouri – St. Louis campus, and is a pharmacy benefit management company. It serves managed health care organizations, insurance carriers, employers, and union-sponsored benefit plans. These organizations work to provide health care to people.

Express Scripts started with mail pharmacy services, meaning that customers who needed medication would order prescriptions from Express Scripts and the company would mail the medications to the customers. Soon the company grew to provide more services, such as designing medication coverage for various companies' employees.

It was Barrett A. Toan who helped the company make a profit and expand. He was the chairman and chief executive officer by 1992 when the company became publicly traded. Express Scripts revenues increased when Toan joined the company, and he was referred to as a "Pharmaceutical Genius" by St. Louis Commerce Magazine in 2001.

As a teenager in the 1960's in Briarcliff Manor, New York, Barrett Toan was fascinated by an article in the New Yorker magazine. The article presented information about Medicaid and Medicare. These are health care programs for low-income and elderly people that we support by paying taxes. The article encouraged his interest in health care policies and influenced his career choices. He earned a bachelor's degree at Kenyon College and a master's degree at The Wharton School of Finance and Commerce at the University of Pennsylvania. He then went to work for Illinois Governor Dan Walker's Bureau of the Budget for three years, gaining experience in government finance. Mr. Toan helped Bill Clinton prepare his first budget, Arkansas' state budget, during Mr. Clinton's campaign for governor. Mr. Toan stayed on as Arkansas' Commissioner of the Division of Social Service. At the end of Governor Clinton's first term, Missouri's Governor Christopher (Kit) Bond recruited Toan to become the director of the Missouri Department of Social Services. Toan lists the Children's Trust Fund and Parents As Teachers as two of his legislative accomplishments which he helped pass. At the end of Governor Bond's second term, Toan had served ten years in public service and felt it was time to try working in private business.

Toan served as executive director and chief operating officer from 1985-1991 for Sanus of Missouri, Inc., a health care insurance company. He was also working part time at Express Scripts, the company that provided medications by mail to

---

Sanus members. He began working with Express Scripts full time in 1992 and became its Chairman and CEO.

When Toan arrived, Express Scripts was losing millions of dollars a year. He led a thorough analysis of how they could stay in business. He redefined the company as a pharmacy benefit manager (a company that would help others organize and manage their medication costs). Toan feels that this is how Express Scripts was able to get many new contracts and make money. The company also created a national program that had the same pricing for local pharmacies and mail order in all 50 states.

Toan says that what made a difference in the early days of mail pharmacy was the invention of medications for chronic illnesses. Chronic illnesses are those that aren't cured but whose bad effects are helped by medicines. He explains that people go to the local drug store for medications they expect to have to take for only a short time. However, for medications that people have to take for a long time, or maybe for the rest of their lives, it makes sense to order through the mail. Express Scripts was probably one of the first to do this.

Toan said that the company is always looking for new products and services that have a similar fit. Stuart Greenbaum, dean of the Olin School of Business at Washington University, states that, "Toan is able to strategize at a high level of sophistication."

Toan retired in May 2006. He came to the company when it was losing millions of dollars a year and left the company with a net income of \$474.4 million, employing over 11,000 people and ranked #132 on the Fortune 500 which is a list of the country's top 500 companies. Express Scripts received the Fortune 500 first ever "Streetie Award" for best overall performance by any company. Through Toan's guidance, great value was added to the company through mail pharmacy services and designing pharmacy benefit plans, among other innovations. Needless to say, Barrett A. Toan contributed much to getting Express Scripts to this point in its growth and development.