DRUG TREND AND THERAPY CLASS REVIEW

CuraScript Specialty Pharmacy Management Guide & Trend Report

Drug Trend and Therapy Class Review

The growth of specialty drugs continues to outpace the traditional drug market. According to IMS Health data, specialty-drug sales increased by 17% during 2004. This growth was due to increased utilization, new product introductions and new disease-treatment indications for existing specialty products (Exhibit 18).

Exhibit 18

New Specialty-Drug Approvals 2004

Generic Name	Brand Name	Manufacturer	Disease State	FDA Approval Date
somatropin	Zorbitive™	Serono	Short Bowel Syndrome	Dec. 2003
cetuximab	Erbitux™	Imclone	Cancer	Feb. 2004
somatropin	Tev-Tropin™	Teva	Pituitary Dwarfism	March 2004
etanercept*	Enbrel®	Amgen	Psoriasis	April 2004
ribavirin	N/A	Geneva	Hepatitis C	April 2004
apomorphine	Apokyn™	Beretek	Parkinson's Disease	April 2004
azacitidine	Vidaza®	Pharmion	Myelodysplastic Syndrone	May 2004
luteinizing hormone, recombinant	Luveris®	Serono	Infertility	Oct. 2004
erlotinib	Tarceva™	OSI	Cancer	Nov. 2004
natalizumab	Tysabri®	Elan/Biogen Idec	MS	Nov. 2004
bevacizumab	Avastin™	Genentech	Cancer	Dec. 2004
pegaptanib sodium	Macugen®	Eyetech	Macular Degeneration	Dec. 2004

*Indicates existing drug with new indication approval.

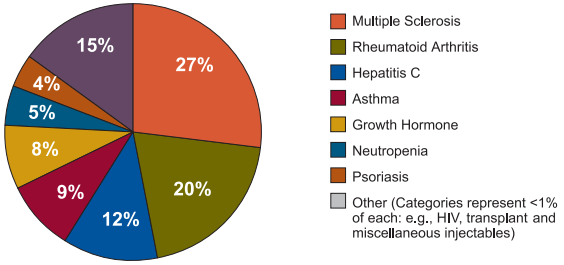
SPECIALTY-DRUG SPEND PROFILE

In 2004, the average cost of a specialty drug among CuraScript clients was $1,400 for a 30-day supply. When antineoplastic drugs are excluded from specialty spend, the average cost for a 30-day supply drops slightly to $1,348.

Excluding antineoplastics, treatments for the top five diseases (MS, RA, hepatitis C, asthma and growth hormone deficiency) comprise 76% of specialty spend. The analysis of specialty spend among CuraScript clients includes specialty drugs covered under both the prescription-drug and medical benefit (Exhibit 19).

Exhibit 19

Specialty Drug Spend by Disease (Excluding Oncology), CuraScript Clients 2004



The treatment of asthma moved from number seven in 2003 to the fourth-highest specialty class in 2004, due to the launch of Xolair® in June 2003. Because Xolair, a subcutaneous injection, is given by a health professional in an office setting, it is generally covered under the medical benefit. Specialty prescription-drug programs can be used to manage the use of Xolair in cost-effective ways.

Exhibit 20 reflects trends for all specialty-drug utilization with Express Scripts claims data and is thus only representative of prescription-drug benefit specialty utilization. This analysis differs from Exhibit 19, as CuraScript data is more comprehensive of both prescription-drug and medical benefit specialty-drug utilization trends.

Exhibit 20

Express Scripts PBM Specialty-Drug Claims Data

Top 5 Specialty Drug Therapy Classes					Percent Change		
Therapy Class	**Condition(s) Being Treated**	**Common Specialty Drug(s)**	**2003 PMPY**	**2004 PMPY**	**PMPY**	**Utilization**	**Cost**
Anti-Rheumatics (NSAIDs)	RA	Enbrel® Humira® Kineret®	$7.19	$10.89	51.5%	37.7%	10.1%
Miscellaneous CNS Agents	MS	Avonex® Betaseron® Rebif® Copaxone®	$8.64	$10.10	17.8%	5.4%	11.8%
Miscellaneous Endocrines	Infertility		$7.06	$7.79	10.3%	13.8%	-3.1%
Hematopoietic Agents	Anemia from Chronic Renal Failure or Chemotherapy	Epogen® Procrit®	$5.77	$6.73	16.6%	0.7%	15.9%
Antivirals	Hepatitis C	Ribavirin	$6.81	$5.09	-25.2%	-20.9%	-5.5%
Total Specialty Drug Utilization			**$44.55**	**$52.94**	**18.8%**	**8.9%**	**9.1%**

RA treatment accounts for the highest cost among specialty drugs. The use of self-injected products for RA has contributed to the 37.7% growth in utilization for specialty drugs in the anti-rheumatics (NSAIDs) class. As new data emerge for these products, more people are being treated earlier in their disease process and for longer periods of time; therefore, continued utilization increases are likely. In addition, the classification of these products in the RA therapy class may be misleading, as new indications increase the use in other disease states. For example, Enbrel®

received a new indication in 2004 for the treatment of psoriasis, which is a skin condition previously treated with topical products. Other drugs in this class are also being studied for psoriasis indication.

Second in total cost is the miscellaneous CNS agent class, with most specialty products in that class used to treat MS. PMPY increases were slower in this class than in the anti-rheumatics and slightly lower than the overall specialty-drug trend. The MS market is more stable than the anti-rheumatic market. MS drugs are not used for other diseases, and MS treatment guidelines have not changed significantly in recent years. Future PMPY spending was expected to decrease in this class in 2005 as a new product, Tysabri®, was expected to take a significant number of MS patients away from other therapies and shift costs to the medical benefit. However, Tysabri marketing was suspended in February 2005 due to a potential severe side effect, and its re-introduction to the market is uncertain.

Specialty drugs in the other top classes primarily are used to treat:

- Anemia associated with chronic renal failure, chemotherapy or other disease state (hematopoietic agents)
- Infertility agents (endocrines)
- Hepatitis C (antivirals and interferons)
- Oncology

Drugs used to treat hepatitis C were the only class within the top five to show a decline in both utilization and total cost. The drop in cost was largely due to the release of generics to the brand Rebetol® and an increase in use of the less-expensive interferon products. Utilization decreases were harder to pinpoint. However, two factors were likely at play. First, when the newer pegylated interferon products were introduced there was a significant "warehousing" of patients, which increased utilization in previous years at higher-than-normal rates. As the backlog of patients decreased, there were fewer patients to start on the drugs, thereby lowering utilization at the same increased rate. Second, the majority of hepatitis C patients are treated for one year or less. Many of the patients treated a year or two ago, when utilization rates were highest, are now off therapy, and there are fewer patients starting therapy.

The antineoplastics, one of the broadest drug categories, also carry a high average cost per prescription. Oral drugs, such as Gleevec®, Temodar® and Iressa®, that have been launched in the last few years carry a substantially higher price than other orals on the market. Based upon the most commonly prescribed dosage, Gleevec costs approximately $2,500 per 30-day supply, for example. The market share for these products is less than 3% of overall oncology utilization in the prescription-drug benefit. The bulk of oncology-drug utilization remains under medical benefit management.