

▪ *TREND*

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2003

EXPRESS SCRIPTS DRUG TREND REPORT

## Overall Drug Trend

In 2003, PMPY ingredient costs for unmanaged prescription drugs, including specialty drugs that were reimbursed as part of the pharmacy benefit, rose to \$676.50, a non-discounted (i.e., prior to network and formulary discounts) 15.5% increase over 2002. Just over 48% of the increase was due to higher cost per prescription, 47.2% was due to more utilization of drugs, and 4.5% was due to the use of drugs that were not available in 2002. Express Scripts clients now manage these costs extensively, experiencing lower trends of between -5% and 10%, depending on the extent of management.

Many of the new drugs introduced in recent years are specialty drugs — mainly products of biotechnology, developed to treat conditions that previously had few, if any, effective drug therapies. At the same time, the number of specialty drugs to treat specific conditions has expanded, often giving prescribers and patients new options for drug treatment. In addition to growing prevalence of use, specialty drugs are increasingly likely to be covered under the prescription drug benefit rather than the medical benefit. However, the substantial development costs, the relatively small populations that need these products, and the special handling required for their transport and administration makes prescriptions for these products considerably more expensive than most other types of drugs. Against this backdrop, we present trend for specialty drugs separately this year.

As shown in Exhibit 9, PMPY drug trend was 14.5% from 2002 to 2003, with specialty drugs excluded. This trend is 4 percentage points lower than the previous year, primarily due to less movement towards the use of more expensive brands. In contrast, trend for specialty drugs was 38.7%, which was lower on a percentage basis compared to 2001 versus 2002, but the same on a dollar basis. The vast majority of growth in specialty spend was due to greater utilization. A more detailed discussion of trends in specialty drugs follows the discussions of individual components, which make up unmanaged drug trend.

Exhibit 9

## Components of Unmanaged PMPY Cost Trend 1998 to 2003\*

	1998v1999	1999v2000	2000v2001	2001v2002	2002v2003	2002v2003 (EXCLUDING SPECIALTY)
Inflation	5.4%	5.4%	5.6%	7.5%	6.9%	6.6%
x Units per Rx	0.2%	1.0%	0	-0.1%	-0.1%	0.3%
x Brand/Generic Mix			-1.4%	-2.3%	-2.5%	-2.6%
x Therapeutic Mix	3.1%	5.1%	4.4%	5.3%	3.2%	2.6%
x Utilization	6.2%	3.7%	6.3%	6.3%	6.8%	6.8%
= Common Drugs	15.6%	15.9%	15.6%	17.5%	14.8%	14.0%
+ New Drugs	1.8%	0.3%	1.0%	1.0%	0.7%	0.5%
= All Drug	17.4%	16.2%	16.7%	18.5%	15.5%	14.5%

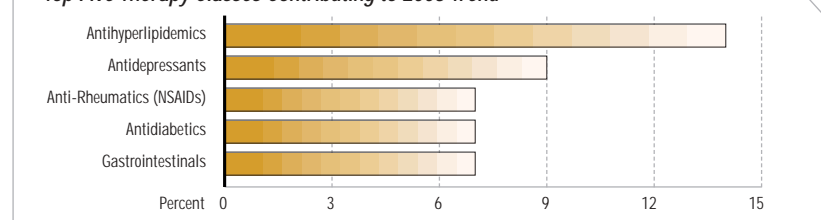
\* The percentage contribution of each factor does not total to the All Drug percentage increase. The calculation takes the base cost for a given year and multiplies it by one times the percentage contributed by the first factor (inflation). The resulting total is then multiplied by the percentage contributed by the second factor (number of units dispensed) and so on for each Common Drug factor. The percentage contribution of the New Drugs is then added to the total Common Drug percentage to yield an All Drug percentage increase. The final results may differ due to rounding.

The prevalence of prescription drug use increased by 3 percentage points from 2002 to 2003, consistent with last year's increase. Of the 2.1 million members in the *2003 Drug Trend Report* sample, 61.1% filled at least one prescription, up from 58% in 2002. Small changes were seen in the intensity of use, with its impact on trend increasing from 3.3% to 3.7%. In actual numbers, the average prescription drug utilizer in the *2003 Drug Trend Report* sample took 15.5 prescriptions in 2003, up from 15.1 in 2002.

Interesting but not surprising was that a small number of therapy classes accounted for most of the growth in drug spend. As shown in Exhibit 10, antihyperlipidemics alone accounted for nearly 14% of the growth in prescription drug spend. The second greatest contributor was antidepressants, which were responsible for nearly 10% of the 2003 drug trend. The top five therapy classes were responsible for nearly 45% of the growth in drug spend, and the top 10 classes accounted for more than two-thirds of the increased drug spend. This concentration was even greater than last year, when the top 10 classes accounted for 58% of growth in costs, due to the dramatic decline in spending for several classes.

Exhibit 10

## Top Five Therapy Classes Contributing to 2003 Trend



## COMPONENTS OF DRUG TREND

The 2002 to 2003 PMPY ingredient cost trend was analyzed in terms of the following three major dimensions:

- Changes in the utilization of common drugs (prescription medications that were dispensed in both 2002 and 2003)
- Changes in the ingredient cost per prescription of these common drugs
- Introduction of new products to the market (prescription drugs dispensed in 2003 but not in 2002)

Utilization of common drugs was further divided into two components: prevalence and intensity. Prevalence tracks the proportion of members who fill one or more prescriptions from one year to the next (i.e., users). Intensity is the number of prescriptions filled by users from one year to the next.

Per-prescription costs were separated into the relative effects of four factors:

- Inflation
- Units per prescription
- Brand/generic mix
- Therapeutic mix

The impact of new drugs was divided into two independent contributions. First is the change in per-prescription cost (the differential between the cost of new drugs and the average cost of common drugs). The second new drug factor is the added costs associated with increased utilization of new drugs.

The remainder of this section presents general discussions for the 25 most costly therapy classes according to each of the trend components: utilization, inflation, therapeutic mix, units per prescription and new drugs. Detailed reviews for each therapy class are included in the following section.

### UTILIZATION OF COMMON DRUGS

Despite decreases in common drug utilization among three classes — antihistamines, estrogens and migraine products — overall utilization of common drugs grew in 2003. At 6.8%, the increase was the greatest utilization growth in the last five years. Of the top 25 classes, 22 experienced increased utilization — 13 reached 10% or higher. Miscellaneous endocrines demonstrated the greatest growth in utilization due to continued consumer advertising as well as to patients switching from estrogens, which met with further safety concerns in 2003. The antihyperlipidemics continued to show significant growth in use due to more aggressive treatment guidelines.

The overall prevalence rate (the change in the proportion of members utilizing drugs) increased by 3%, accounting for about 44% of the overall utilization increase. Changes by therapy class largely mirrored the changes in utilization, with only seven classes showing declines.

Intensity, the change in the numbers of prescriptions filled among members utilizing drugs in a given class, increased by 3.7%, accounting for 55% of the overall utilization change. Only three classes — antiasthmatics, antivirals and estrogens — experienced a decline in intensity. While the estrogen decline was further evidence of the decreasing popularity of hormone replacement therapy, the declines in the other two classes may be due in part to increasing use of more combination products.<sup>12</sup> Miscellaneous CNS agents, antineoplastics and stimulants/anti-obesity — three classes with inconsistent changes in both prevalence and utilization — also were the only classes with intensity changes of 10% or more.

Exhibit 11

#### Utilization of Common Drugs for the Top 25 Therapy Classes 2002 to 2003 Ranked by 2003 Percent Change

Rank	Therapy Class	Rxs PMPY		% Change		
		2002	2003	Prevalence	Intensity	Total
1.	Misc. Endocrines	0.16	0.19	14.9%	6.0%	21.8%
2.	Antihyperlipidemics	0.65	0.76	13.2%	3.6%	17.4%
3.	Beta Blockers	0.42	0.48	11.1%	2.4%	13.8%
4.	Anticonvulsants	0.17	0.20	12.1%	1.2%	13.5%
5.	Antivirals	0.06	0.07	22.9%	-8.3%	12.7%
6.	Antihypertensives	0.86	0.96	10.7%	1.5%	12.4%
7.	Misc. CNS Agents	0.03	0.03	-3.2%	16.0%	12.3%
8.	Oral Contraceptives	0.40	0.45	6.1%	5.7%	12.1%
9.	Gastrointestinals	0.50	0.56	6.8%	4.8%	12.0%
10.	Antidiabetics	0.44	0.49	10.4%	1.2%	11.7%
11.	Antidepressants	0.72	0.80	6.6%	4.2%	11.2%
12.	Antineoplastics	0.05	0.05	-0.6%	10.7%	10.0%
13.	Macrolides	0.18	0.20	8.8%	1.1%	10.0%
14.	Antiasthmatics	0.37	0.40	10.4%	-0.5%	9.9%
15.	Antipsychotics	0.06	0.06	3.5%	5.3%	9.0%
16.	Narcotic Analgesics	0.46	0.50	4.5%	2.8%	7.4%
17.	Decongestants	0.15	0.16	4.1%	2.4%	6.6%
18.	Anti-Rheumatics (NSAIDs)	0.40	0.43	1.0%	4.5%	5.6%
19.	Stimulants/Anti-Obesity	0.09	0.09	-9.1%	13.4%	3.1%
20.	Calcium Blockers	0.31	0.32	1.3%	0.4%	1.7%
21.	Dermatologicals	0.30	0.31	-0.1%	1.3%	1.3%
22.	Quinolones	0.10	0.11	6.2%	0.3%	0.4%
23.	Migraine Products	0.06	0.06	-2.7%	2.1%	-0.6%
24.	Antihistamines	0.37	0.31	-17.3%	3.3%	-14.6%
25.	Estrogens	0.43	0.31	-27.1%	-3.4%	-29.6%
	Top 25	7.77	8.33	2.9%	4.1%	7.2%
	Other	3.54	3.76	3.2%	2.8%	6.1%
	<b>Total</b>	<b>11.31</b>	<b>12.09</b>	<b>3.0%</b>	<b>3.7%</b>	<b>6.8%</b>

<sup>12</sup> Ault A. Two for whom? Combo pills may help patients — and are sure to help drug firms. *Washington Post*. February 17, 2004. p. HE01. Available at: <http://www.washingtonpost.com/wp-dyn/articles/A46660-2004Feb16.html>. Accessed: February 23, 2004.

## INFLATION

The calculation of inflation is based on the AWP for each unit of a given product as reported on the day each prescription was filled. AWP was discounted by 12% for brands and 36% for generics. The inflation rate represents the difference between the weighted average discounted AWP per unit in 2003 for common drugs, while holding constant product market share, units per prescription and the brand/generic ratio. The inflation rate of 6.9% for 2003 was slightly lower than the 7.5% reported last year.

Therapy class inflation rates ranged from a high of 19.2% for estrogens to only 3% for antihistamines. Ironically, when ranked by drug cost rather than by number of prescriptions, estrogens were first last year with an inflation rate of 12.2%, and antihistamines were second at 11.8%. This disparity points out different strategies used by pharmaceutical manufacturers to cope with declining utilization. While manufacturers of estrogens apparently tried to preserve profits as their products fell out of favor, manufacturers of antihistamines kept prices in check, perhaps to remain competitive with OTC alternatives.

As seen in previous years, the 7.6% inflation rate for brands far exceeded the generic inflation rate of 3.3%, even though the brand rate was slightly lower than last year. Generic inflation increased only slightly from the 3.1% reported last year.

Exhibit 12

### Price Changes Due to Inflation for the Top 25 Therapy Classes 2002 to 2003 Ranked by Percent Change

Rank	Therapy Class	% Price Change		
		Brand	Generic	All
1.	Estrogens	20.2%	1.0%	19.2%
2.	Antineoplastics	13.6%	-5.4%	11.1%
3.	Decongestants	9.3%	1.3%	9.3%
4.	Quinolones	9.2%	N/A	9.2%
5.	Stimulants/Anti-Obesity	10.3%	1.4%	9.0%
6.	Misc. CNS Agents	8.3%	18.7%	8.4%
7.	Dermatologicals	9.3%	6.2%	8.4%
8.	Oral Contraceptives	9.1%	3.7%	7.9%
9.	Antiasthmatics	8.5%	1.6%	7.6%
10.	Anticonvulsants	8.2%	1.1%	7.5%
11.	Antidiabetics	9.0%	-0.1%	7.4%
12.	Migraine Products	7.2%	0.5%	7.1%
13.	Beta Blockers	6.5%	7.0%	6.8%
14.	Antivirals	6.9%	-0.8%	6.5%
15.	Antipsychotics	6.7%	3.3%	6.5%
16.	Antihypertensives	8.0%	0.5%	6.3%
17.	Antidepressants	7.3%	1.1%	6.2%
18.	Antihyperlipidemics	6.2%	2.9%	6.1%
19.	Narcotic Analgesics	8.7%	0.5%	5.8%
20.	Anti-Rheumatics (NSAIDs)	6.8%	0.9%	5.8%
21.	Macrolides	5.2%	6.0%	5.2%
22.	Misc. Endocrines	5.0%	0.4%	4.9%
23.	Gastrointestinals	4.4%	0	4.0%
24.	Calcium Blockers	4.1%	1.4%	3.2%
25.	Antihistamines	2.9%	23.7%	3.0%
	Top 25	7.3%	1.7%	6.5%
	Other	9.3%	6.4%	8.5%
	<b>Total</b>	<b>7.6%</b>	<b>3.3%</b>	<b>6.9%</b>

### THERAPEUTIC MIX

Changes in the cost per prescription, due to the use of more expensive or less expensive drugs and drug strengths, make up the component of therapeutic mix. The therapeutic mix change from 2002 to 2003 indicates a 3.2% growth in costs due to the use of more expensive drugs. Of the top 25 classes, seven experienced a decline in therapeutic mix while only two, antipsychotics and narcotic analgesics, rose by double digits. Mix changes among the antipsychotics were driven by increased use of the atypical antipsychotic medications, while increased use of sustained-release products, such as OxyContin® and Duragesic®, was responsible for much of the change in narcotic analgesics.

Particularly large decreases from last year were seen in the antihistamine and cough/cold product classes due to the launch of OTC Claritin. Claritin-D®, an antihistamine/decongestant combination product was included in the cough/cold class. Antihistamines were down by 7.6% from last year, and the cough/cold class dropped out of the top 25 with a -23.3% mix trend. Just as significant was the dramatic reversal in the antiviral class. Last year the antiviral class experienced a mix trend increase of 22.8%, but in 2003, its mix trend was actually a negative 7.1%.

Exhibit 13

#### Price Changes Due to Therapeutic Mix for the Top 25 Therapy Classes 2002 to 2003 Ranked by Percent Change

Rank	Therapy Class	% Change Therapeutic Mix
1.	Antipsychotics	13.0%
2.	Narcotic Analgesics	11.0%
3.	Stimulants/Anti-Obesity	9.8%
4.	Anticonvulsants	8.7%
5.	Anti-Rheumatics (NSAIDs)	6.8%
6.	Misc. CNS Agents	6.7%
7.	Antiasthmatics	6.1%
8.	Dermatologicals	3.8%
9.	Antidiabetics	3.3%
10.	Oral Contraceptives	3.3%
11.	Antineoplastics	2.8%
12.	Gastrointestinals	2.7%
13.	Antihypertensives	2.7%
14.	Beta Blockers	2.6%
15.	Decongestants	1.2%
16.	Antidepressants	1.1%
17.	Calcium Blockers	0.9%
18.	Macrolides	0.6%
19.	Antihyperlipidemics	-0.3%
20.	Quinolones	-0.9%
21.	Migraine Products	-1.3%
22.	Misc. Endocrines	-2.6%
23.	Estrogens	-4.3%
24.	Antivirals	-7.1%
25.	Antihistamines	-10.1%
	Top 25	3.6%
	Other	1.0%
	<b>Total</b>	<b>3.2%</b>

**BRAND/GENERIC MIX**

Brand/generic mix reflects the cost impact of increased generic use. At -2.5%, the offset of trend by brand/generic mix reached its greatest impact in the three years that this component has been measured. As shown in Exhibit 14, negative brand/generic mix trends (i.e., increased use of generics) were seen in 19 of the 25 top classes for 2003. Only two classes experienced a positive brand/generic mix, while four of the top 25 classes showed no appreciable change. Contributing substantially to this trend was the 2003 introduction of generics for blockbuster brands, such as Ortho-Novum® 7/7/7 and Paxil®. Additionally, the generic equivalents for drugs such as Prilosec® and the pain drug Ultram®, which both lost patent protection in 2002, continued to erode brand market share.

In 2003, the effects of generic substitution were felt in classes outside of the top 25 as well. For example, penicillins dropped from 24th to 30th place in the ranking by cost as a result of a 20.4% decrease in brand/generic mix. In the next few years, other classes of antibiotics, such as quinolones and macrolides, may also drop out of the top 25 in drug spend as generic competition becomes available for key products.

As discussed in the pharmacy benefit guide section, plan sponsors that implemented step therapy were able to benefit more fully from generic introductions in the gastrointestinal, antihypertensive, antidepressant and antidiabetic classes.

Exhibit 14

*Brand/Generic Mix for the Top 25 Therapy Classes 2002 to 2003  
Ranked by Percent Change*

Rank	Therapy Class	Key Patent Expirations In 2003	% Change Brand/Generic Mix
1.	Oral Contraceptives	Ortho-Novum® 7/7/7	-7.8%
2.	Gastrointestinals	Prilosec, Axid®	-7.4%
3.	Narcotic Analgesics	Ultram®	-6.8%
4.	Antineoplastics	Nolvadex®	-5.8%
5.	Antihypertensives	Prinivil® / Zestril®	-5.1%
6.	Dermatologicals	Accutane®	-4.5%
7.	Stimulants/Anti-Obesity	Adderall®	-4.0%
8.	Antidepressants	Paxil®, Serzone®	-2.1%
9.	Calcium Blockers	Adalat®CC, Tiazac®	-2.1%
10.	Antidiabetics	Glucophage®	-1.2%
11.	Anticonvulsants	Mysoline®	-0.9%
12.	Estrogens	Climara®, Estrace®	-0.8%
13.	Beta Blockers	Kerlone®, Betapace®	-0.6%
14.	Antihistamines	N/A	-0.4%
15.	Anti-Rheumatics (NSAIDs)	Relafen®	-0.3%
16.	Antiasthmatics	Volmax®	-0.2%
17.	Decongestants	Atrovent®	-0.2%
18.	Antivirals	Flumadine®	-0.1%
19.	Antipsychotics	N/A	-0.1%
20.	Antihyperlipidemics	Mevacor®	0
21.	Quinolones	N/A	0
22.	Migraine Products	N/A	0
23.	Misc. CNS Agents	N/A	0
24.	Macrolides	N/A	0.1%
25.	Misc. Endocrines	N/A	0.3%
	Top 25		-2.4%
	Other		-3.1%
	<b>Total</b>		<b>-2.5%</b>

### UNITS PER PRESCRIPTION

The impact of units per prescription traditionally has been the least significant factor influencing overall trend. In 2003, this pattern did not change as units reduced trend by 0.1%. More variability, however, was seen between the classes. Narcotic analgesics, with an increased units trend of 6.2%, and antineoplastics, with a units trend of -6.6%, demonstrate that this component can have a significant impact on individual class trend even though the overall impact is small.

The units trend is particularly interesting for narcotic analgesics. From 2.7% two years ago, it rose to 4.7% in 2002 and then to 6.2% in 2003. This pattern suggests that more members are taking narcotics on a maintenance basis rather than on an acute basis.

Exhibit 15

#### Changes in Units per Prescription for the Top 25 Therapy Classes 2002 to 2003 Ranked by Percent Change

Rank	Therapy Class	% Change Units per Prescription
1.	Narcotic Analgesics	6.2%
2.	Dermatologicals	3.3%
3.	Stimulants/Anti-Obesity	2.3%
4.	Gastrointestinals	0.7%
5.	Beta Blockers	0.6%
6.	Antidiabetics	0.6%
7.	Macrolides	0.6%
8.	Antihistamines	0.5%
9.	Antiasthmatics	0.4%
10.	Antihypertensives	0.3%
11.	Quinolones	0.2%
12.	Misc. Endocrines	0.1%
13.	Antidepressants	0.1%
14.	Anti-Rheumatics (NSAIDs)	0
15.	Calcium Blockers	-0.1%
16.	Oral Contraceptives	-0.1%
17.	Antihyperlipidemics	-0.5%
18.	Antivirals	-0.6%
19.	Migraine Products	-0.6%
20.	Decongestants	-1.5%
21.	Antipsychotics	-1.6%
22.	Misc. CNS Agents	-1.8%
23.	Anticonvulsants	-1.9%
24.	Estrogens	-3.7%
25.	Antineoplastics	-6.6%
	Top 25	0.1%
	Other	-0.6%
	<b>Total</b>	<b>-0.1%</b>

### NEW DRUGS

In 2003, the influence of new drugs accounted for a relatively modest 0.7% rise — 0.3% in utilization and 0.4% in cost. As shown in Exhibit 16, only 10 of the top 25 therapy classes had a measurable change due to new drugs. In half of these 10 classes, greater change was due to high cost of the new drugs relative to other drugs in the class. In the remaining five classes, the utilization of the new drugs exceeded their cost-per-prescription impact. Only two of the 10 classes actually decreased in per-prescription cost due to the introduction of new drugs.

The stimulants/anti-obesity class exhibited by far the largest growth in spend due to new drugs. This growth was driven by Strattera®. Although it is not a stimulant, Strattera is included in the class because it is indicated for the treatment of attention-deficit/hyperactivity disorder (ADHD). Other ADHD treatments and anti-obesity drugs are stimulants. Despite having comparable efficacy to currently available treatments, Strattera's dramatic uptake was fueled by being the first non-narcotic treatment for ADHD and by the heavy use of direct-to-consumer advertising to promote the product.

In 2003, 21 new molecular entities and 22 new biologic agents were approved by the FDA.<sup>13</sup> This substantial increase over the previous year's approvals may be due to the steps taken by the FDA to shorten the new drug review process. It should be noted that two of the new products, Relpax® and Crestor®, actually reduced costs in their respective therapy classes (migraine products and gastrointestinals) because they were introduced at lower costs than already-established drugs in their classes.

Exhibit 16

#### Changes in New Drugs per Prescription for the Top 25 Therapy Classes 2002 to 2003 Ranked by Percent Change

Rank	Therapy Class	Significant New Drug(s)	% Utilization	% Cost	% Change
1.	Stimulants/Anti-Obesity	Strattera®	15.5%	5.5%	21.0%
2.	Antineoplastics	Iressa®	0.4%	4.2%	4.7%
3.	Anti-Rheumatics (NSAIDs)	Humira™	0.2%	3.0%	3.2%
4.	Misc. Endocrines	Forteo®, Somavert®	0.3%	1.8%	2.1%
5.	Migraine Products	Relpax®	1.9%	-0.1%	1.8%
6.	Antivirals	Reyataz™	0.3%	0.5%	0.8%
7.	Dermatologicals	Finacea™	0.3%	0.1%	0.5%
8.	Antiasthmatics	Xolair®	0	0.4%	0.4%
9.	Antihyperlipidemics	Crestor®	0.4%	-0.1%	0.3%
10.	Misc. CNS Agents	Xyrem®	0.3%	0	0.3%
11.	Oral Contraceptives	N/A	0	0	0
12.	Antihistamines	N/A	0	0	0
13.	Antihypertensives	N/A	0	0	0
14.	Antidiabetics	N/A	0	0	0
15.	Decongestants	N/A	0	0	0
16.	Gastrointestinals	N/A	0	0	0
17.	Antidepressants	N/A	0	0	0
18.	Narcotic Analgesics	N/A	0	0	0
19.	Anticonvulsants	N/A	0	0	0
20.	Calcium Blockers	N/A	0	0	0
21.	Beta Blockers	N/A	0	0	0
22.	Quinolones	N/A	0	0	0
23.	Antipsychotics	N/A	0	0	0
24.	Macrolides	N/A	0	0	0
25.	Estrogens	N/A	0	0	0
	Top 25		0.3%	0.4%	0.8%
	Other		0.3%	0.2%	0.5%
	<b>Total</b>		<b>0.3%</b>	<b>0.4%</b>	<b>0.7%</b>

<sup>13</sup> FDA sees rebound in approval of innovative drugs in 2003 new innovative initiative anticipated to speed approvals in years ahead. [press release]. Washington, DC: US Food and Drug Administration; January 15, 2004.

### SPECIALTY DRUGS

As shown in Exhibit 17, increased utilization was the principal reason for the nearly 40% growth in spending for specialty drugs in 2003. While spending slowed in 2003 on a percentage basis, the dollar increase in the last two years has been nearly \$10 PMPM. However, the increase in specialty drug spend is due primarily to the transfer of specialty prescription management to the pharmacy benefit and away from the medical benefit, rather than to radically increased use of these drugs. For this reason, Exhibit 9 on page 26 shows 2002 to 2003 trend both including and excluding specialty products.

Exhibit 17

#### Specialty Drug Trend 2001 to 2003

Year	PMPY Rxs	Trend	Avg Cost per Rx	Trend	PMPY Cost	Trend
2001	0.014	N/A	\$1,091.40	N/A	\$15.44	N/A
2002	0.020	44.5%	\$1,193.90	9.4%	\$24.42	58.1%
2003	0.028	35.3%	\$1,223.59	2.5%	\$33.87	38.7%

The PMPY cost of \$33.87 shown in Exhibit 17 reflects only a relatively small percentage of the actual overall cost of specialty drugs to plan sponsors. Express Scripts' subsidiary, CuraScript, estimates that approximately 70% of specialty drug spend is still included in the medical benefit. Increasingly, however, plans are carving specialty drugs out of the medical benefit, so their costs can be managed better through more effective price negotiation as part of the pharmacy benefit.

The top five specialty drugs for the 2003 drug trend population sample are shown in Exhibit 18. Each of the top five drugs has at least one competing product that has comparable, if not identical, clinical results. Additionally, the FDA is investigating ways to change the current expensive and time-consuming approval process for generic biotechnology drugs. Increased development of new products and generic equivalents for established products will help somewhat in moderating cost growth in future years.

Exhibit 18

#### Top Five Specialty Drugs 2003

Brand Name (Approval Date)	PMPY Cost	Indication	Main Competitor(s) (Approval Date)
Enbrel® (1998)	\$5.40	Rheumatoid Arthritis	Humira™ (2002)
Rebetol® (2001)*	\$2.60	Hepatitis C	COPEGUS® (2002) Ribasphere™ (2004) ribavirin (2004)
Copaxone® (1997)	\$2.37	Multiple Sclerosis	Betaseron® (1993) Avonex® (1996) Rebif® (2002)
PEG-Intron® (2001)	\$2.08	Hepatitis C	Pegasys® (2002)
Procrit® (1990)	\$1.70	Anemia	Epogen® (1989) Aranesp™ (2001)
Other	\$16.11		
<b>Total</b>	<b>\$33.87</b>		

\* Although Rebetol has been approved since 1998 as part of the combination product Rebetron®, it was not approved by the FDA as a separate drug until 2001. Generics were launched in 2004.

## *Notes*