

New Drugs... the calm before the storm?

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5th Annual Outcomes Conference



Presentation Outline

- **Pharmaceutical (Brand) Strategies**
- **New Drugs**
- **Specialty Pharmacy**





Key Messages

- **Drug plan costs will continue to increase because new drugs are more costly**
- **Pharmaceutical companies have very specific marketing strategies**
- **Generics will not fully mitigate future trend**
- **Modern strategies for a modern world**





Pharmaceutical Companies' Strategies

- **Focusing on aging Baby Boomers**
- **Creating new medical management options**
- **Improving medical management options**
- **Focusing on drug life extension**



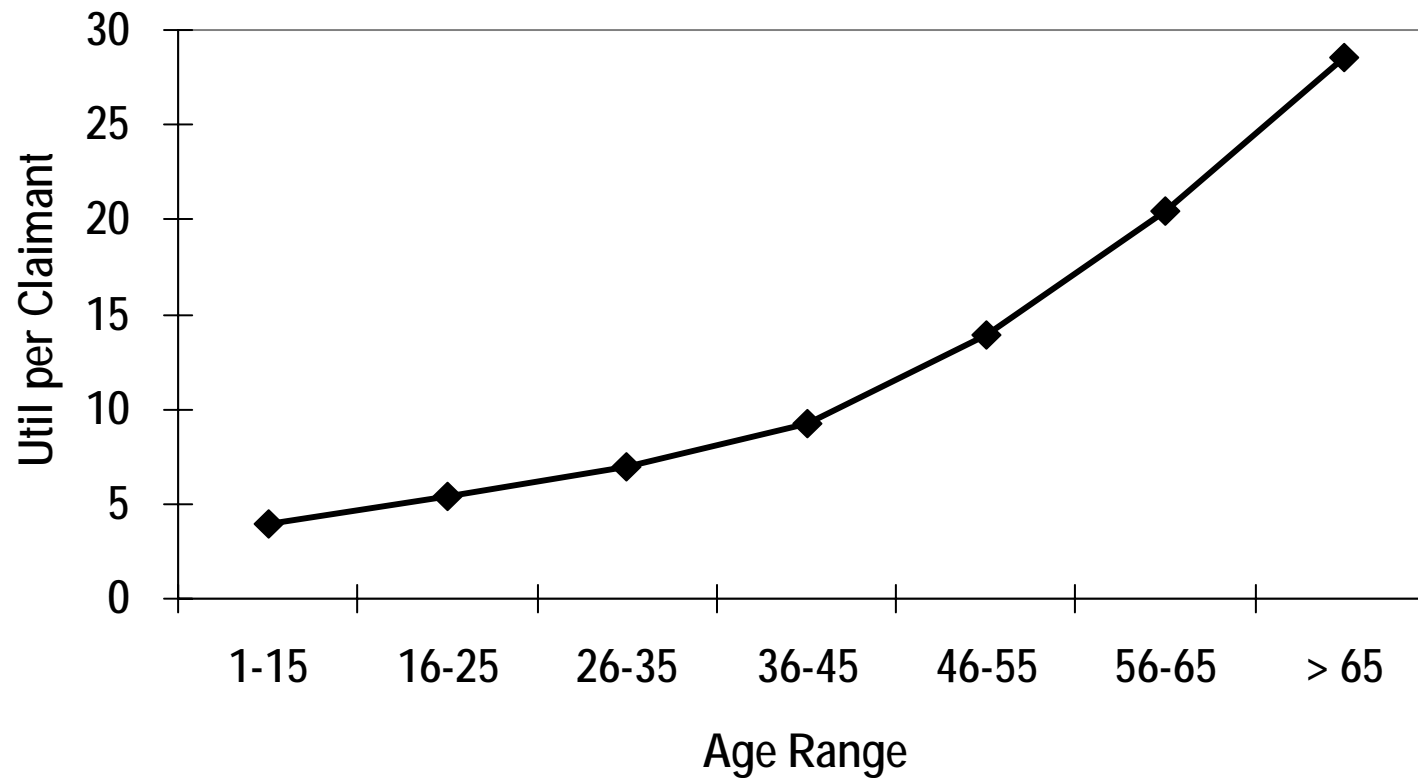


Pharmaceutical Focus: Baby Boomers

- **Large population**
- **Increase in chronic health conditions**
- **Creating patient demand**
 - **Affluent**
 - **More awareness, education**
 - **Life-style drugs**



Utilization Increases as We Age

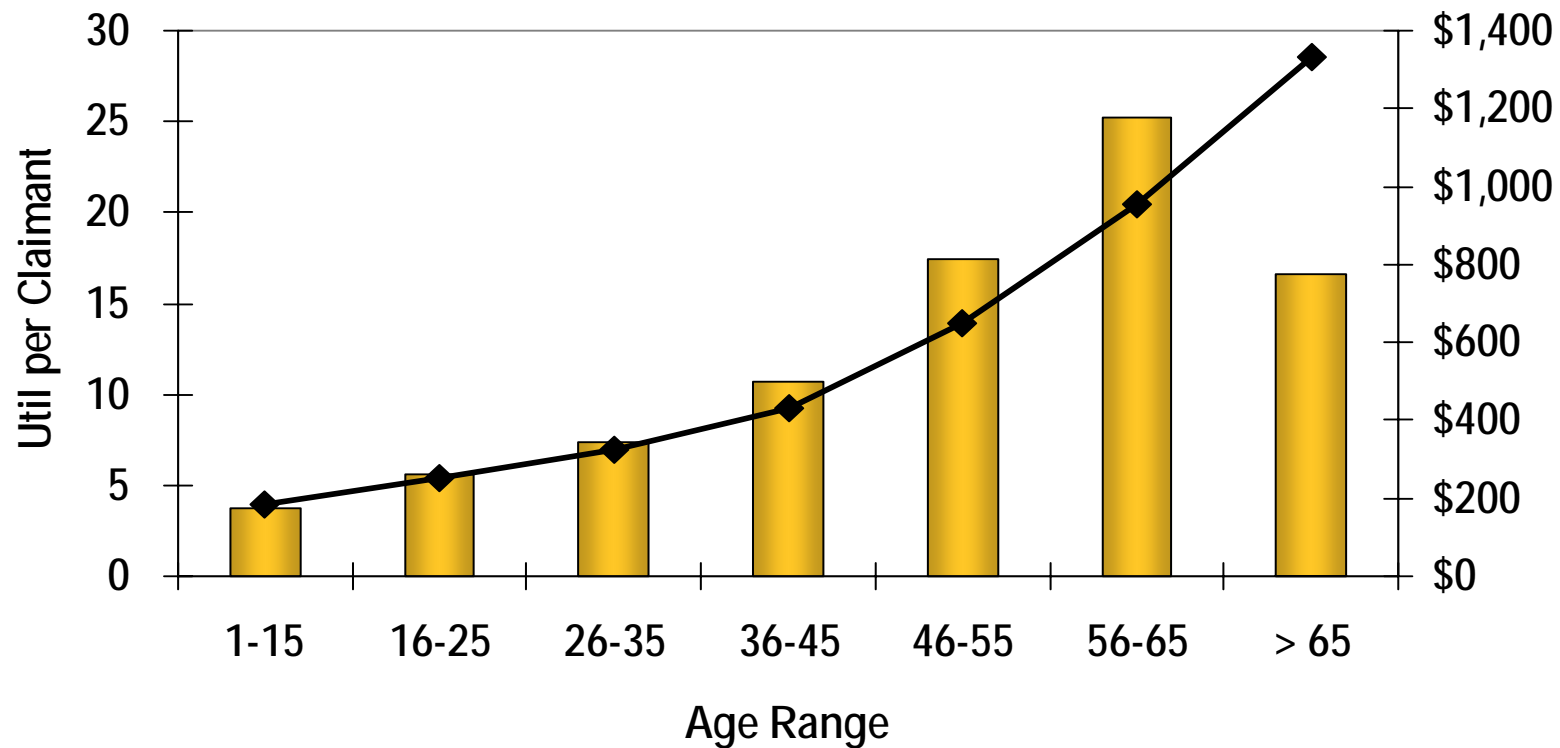


**Utilization per
Claimant 2005**

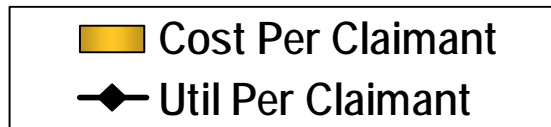


Optimizing the value of drug and dental benefits

Costs Increase as We Age



2005





Pharmaceutical Focus: Creating New Medical Management Options

- **Diseases never treated with drugs before**
 - e.g., Age-related visual loss
 - e.g., Fabry disease





Pharmaceutical Focus: Improving Medical Management Options

- **Creating alternative treatments**
 - **New pain relievers, i.e., COX-2s**
 - **Biologics for arthritis**
 - **Biologics for psoriasis**



Biologics: What are these?



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Biologic Agents

- **Use to treat chronic diseases/conditions**
- **Possibility of multiple indications**
- **Self administration and less frequently**
- **Preventative vaccines**
- **More difficult to genericize... built-in market protection!**





Pharmaceutical Focus: Life Extension

- **Increased indications**
- **Formulation changes**
- **Improving patient compliance**
 - **Easier routes of administration**
 - **Combination medications**
 - **Reducing frequency of administration**





Future Generics

- **Drugs coming off patent**
 - **Biaxin, Duragesic, Prevacid, Altace, Flonase/Flovent**
- **New generics**
 - **Opportunities for financial savings**
- **Future of generics?**
 - **Refined strategies for delaying market entry**



New Drugs



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New Drug Introductions 1997 to 2005



2005 = 27

2004 = 31

2003 = 20

2002 = 25

2001 = 26

2000 = 29

1999 = 37

1998 = 28

1997 = 46

New Drugs Approved by Health Canada 1997 - 2005



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Optimizing the value of drug and dental benefits

Biologics in the Pipeline

Orencia (abatacept)

- **Indications:**
 - Rheumatoid Arthritis
 - Crohn's, Psoriasis
 - Multiple Sclerosis
 - Lupus
 - Organ Transplants
- **Advantages:**
 - Once monthly administration
- **Impact:**
 - Expect more users



Biologics in the Pipeline

Mylinax (cladribine)

- **Indications:**
 - **Multiple Sclerosis (MS)**
- **Advantages:**
 - **First oral drug for MS**
- **Impact:**
 - **Expect more users**





High Blood Pressure Drugs

Rasilez (aliskiren)

- **Indication:**
 - High Blood Pressure
- **Advantages:**
 - More effective than existing therapies
- **Impact:**
 - Initially will be added onto existing therapy
 - May become drug of first choice



Diabetes Drugs

Byetta (exenatide)

- **Advantages:**
 - Better blood sugar control
 - Weight loss
- **Impact:**
 - Add-on therapy
 - Additional cost



Diabetes Drugs

Exubera (inhale insulin dry powder)

- **Advantages:**
 - **Ease of administration**
- **Impact:**
 - **High-cost**
 - **Potentially high-use**





Osteoporosis Drugs

Oporia (lasofoxifene; oral drug)

- **Advantages:**
 - **Cholesterol lowering**
 - **Cardiac and breast cancer protection!**
- **Impact:**
 - **Displacement of less costly agents**
 - **New users**
 - **May be cost-neutral**





Parkinson's

Duodopa (levodopa & carbidopa)

- **Advantages:**
 - Improved control of symptoms
- **Impact:**
 - Potential for wider use

Note: Not a traditional drug





“We cannot change the direction of the wind, but we can adjust our sails to ensure that we continue on our planned journey.”





The Calm Before the Storm...

- **Are we prepared for the perfect storm?**
- **We need to actively manage our drug plan costs**





But we have always done it this way!

**How many have standard contracts
that will automatically incorporate all
of these new drugs?**





Current & Future Strategies

- **Managed formularies (e.g., DTF)**
- **Tiered formularies**
- **Mandatory generic plans**
- **Future strategies.... Specialty Pharmacy**



Specialty Pharmacy



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What are Specialty Drugs?

Specialty drugs are high-cost injectable, infused, oral or inhaled drugs that generally require close supervision and monitoring of the patient's drug therapy.



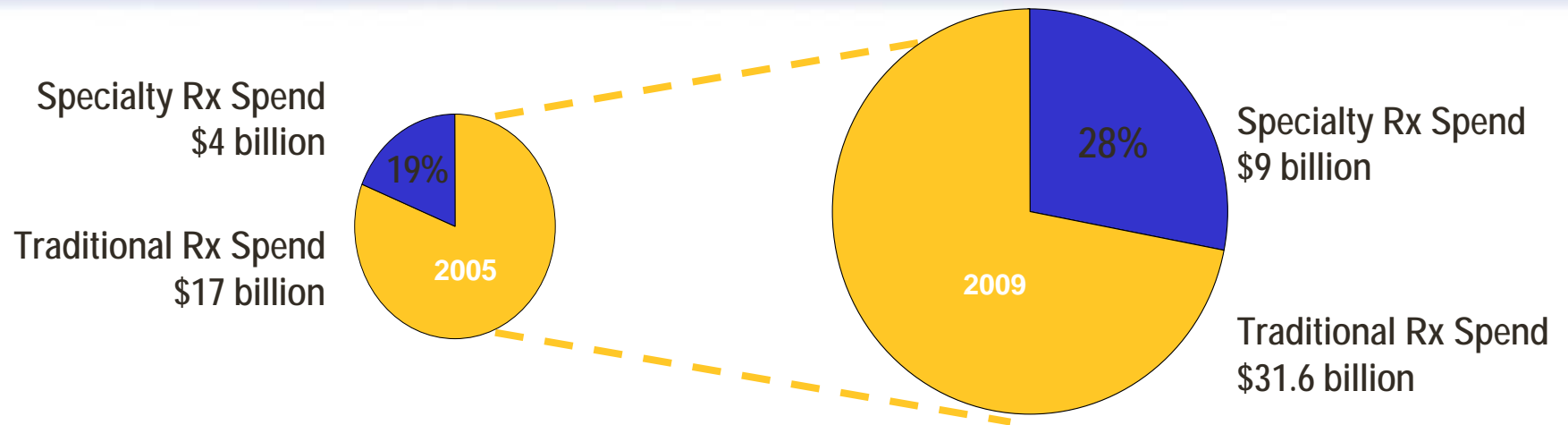


Specialty Pharmacy

- **Prevalent in U.S.**
- **Provide specialized services**
- **Help to manage patient safety and cost**



Specialty Pharmacy Rapid Growth Projected



Key drivers:

- **New products**
- **New indications**
- **Expansion into chronic illnesses**

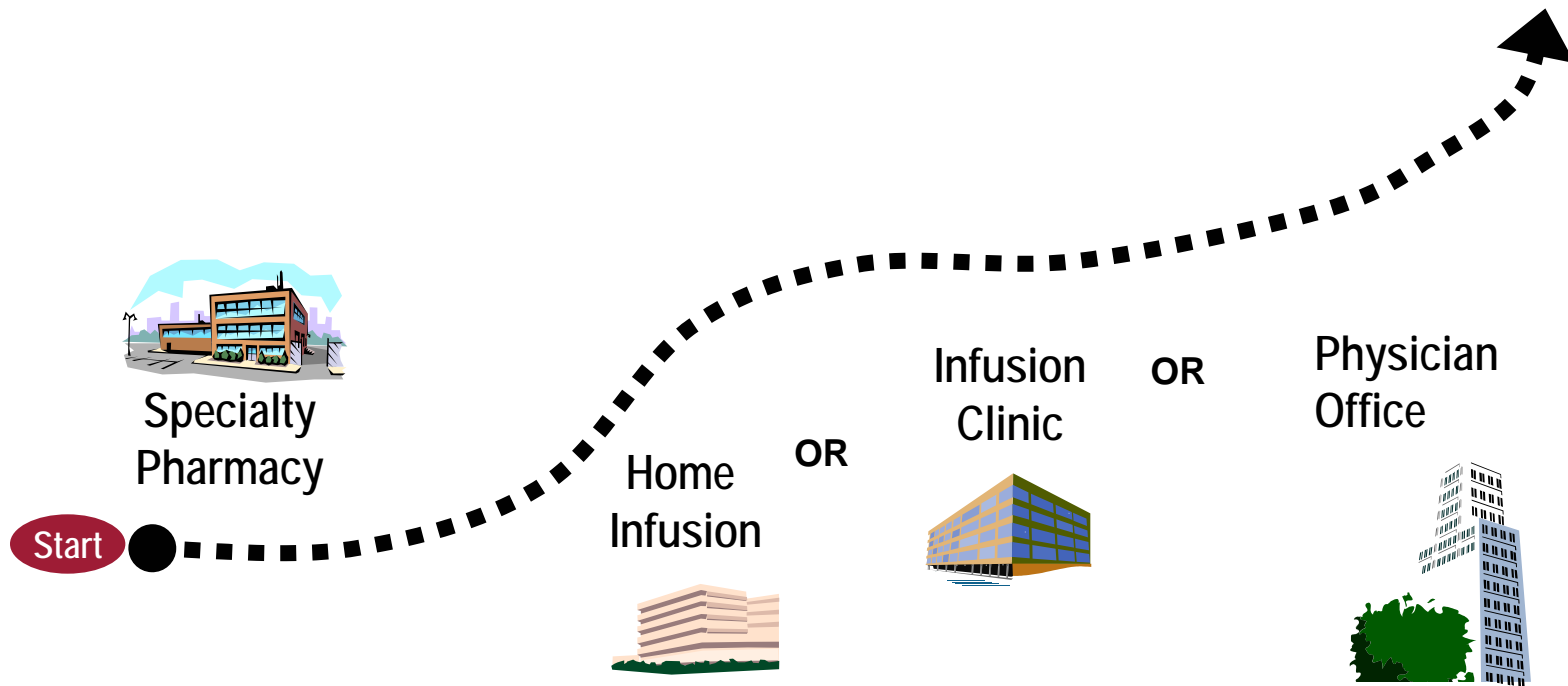
Sources:

Based on US Experience adjusted for Canada



Specialty Pharmacy Pathway

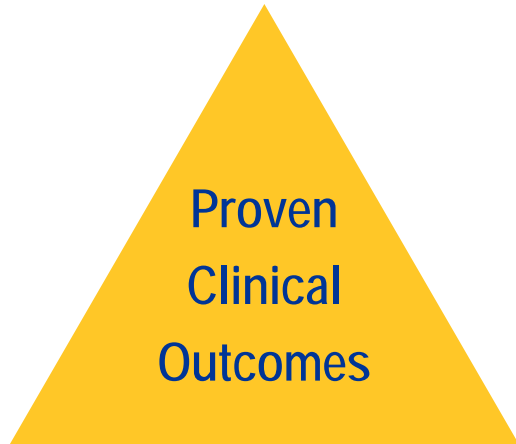
Pharmacy Benefit



Optimizing the value of drug and dental benefits

Specialty Pharmacy Care Model

Care



Care

- Disease specific programs
- Personalized care and ongoing patient support
- Experience

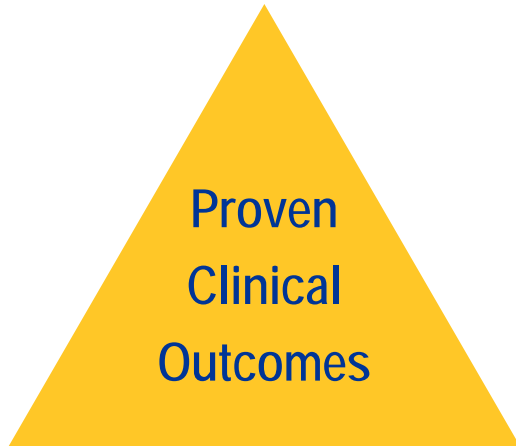
Cost Savings

Convenience



Specialty Pharmacy Care Model

Care



Cost Savings

Convenience

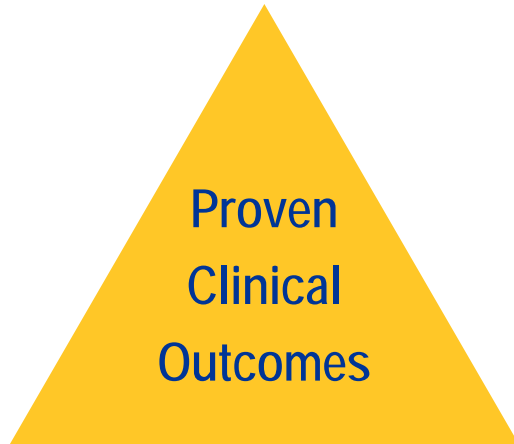
Cost Savings

- **Unit cost savings – Canadian experience**
- **Cost savings through clinical management**
- **Medical savings**



Specialty Pharmacy Care Model

Care



Convenience

- Patient and physician focused communication campaign
- Co-ordination of entire benefit

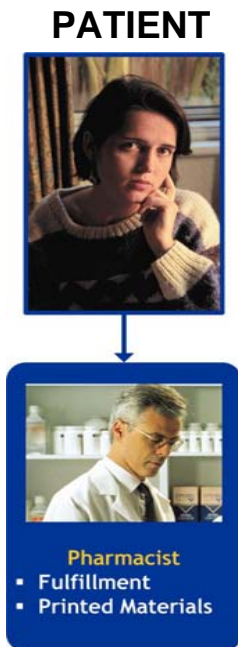
Cost Savings

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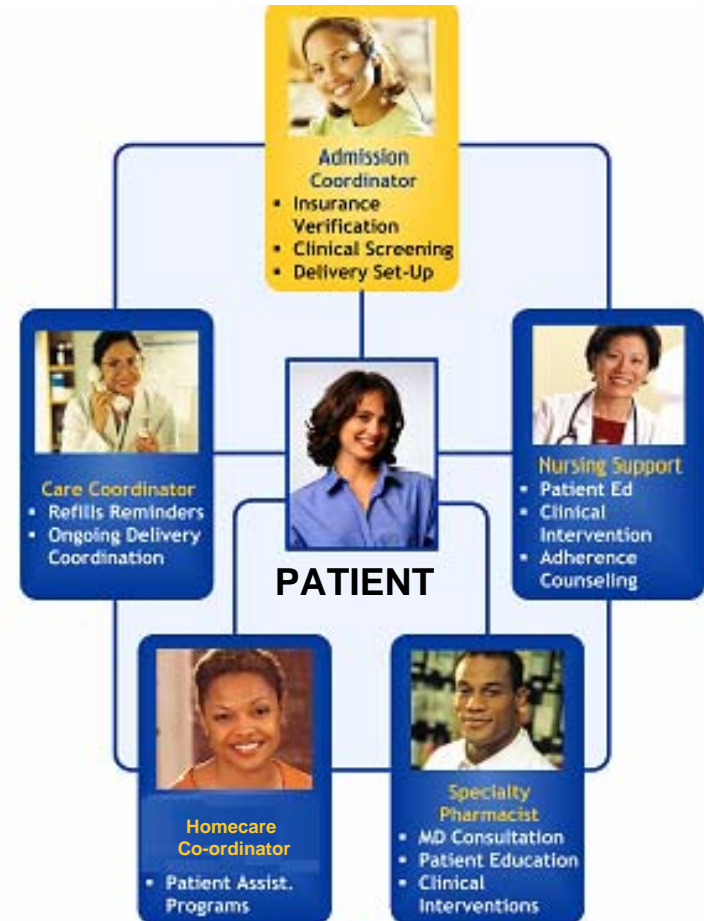


The Value of Patient Management

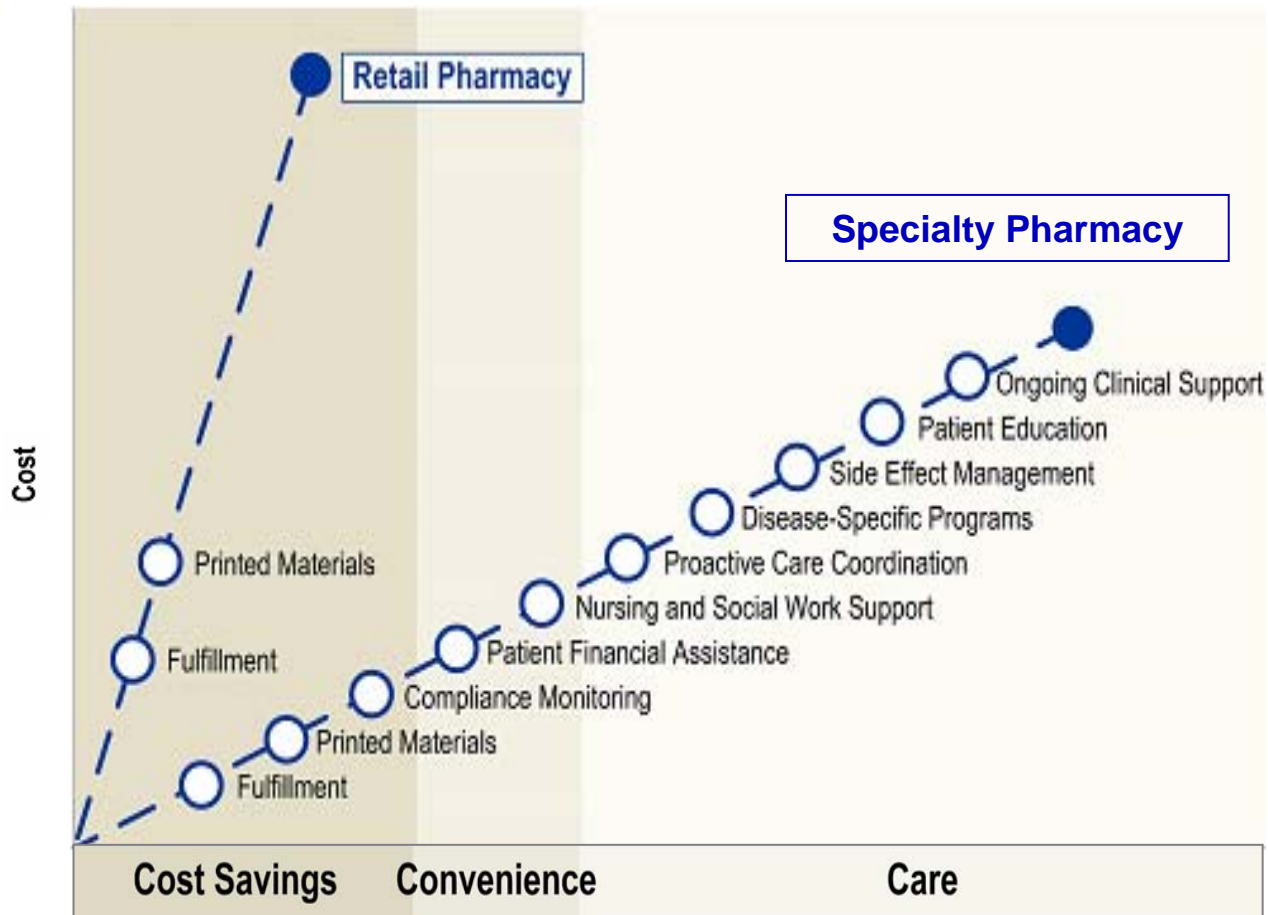
Retail Pharmacy



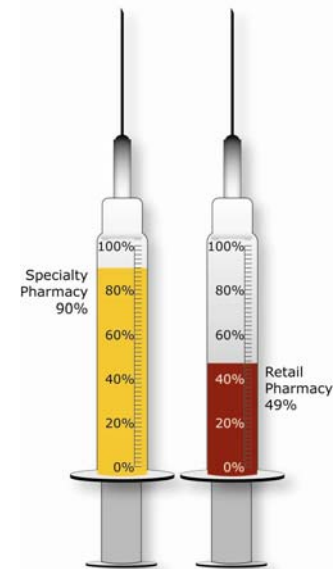
Specialty Pharmacy



Better Care, Lower Costs



Adherence to MS treatment based on refill rates





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