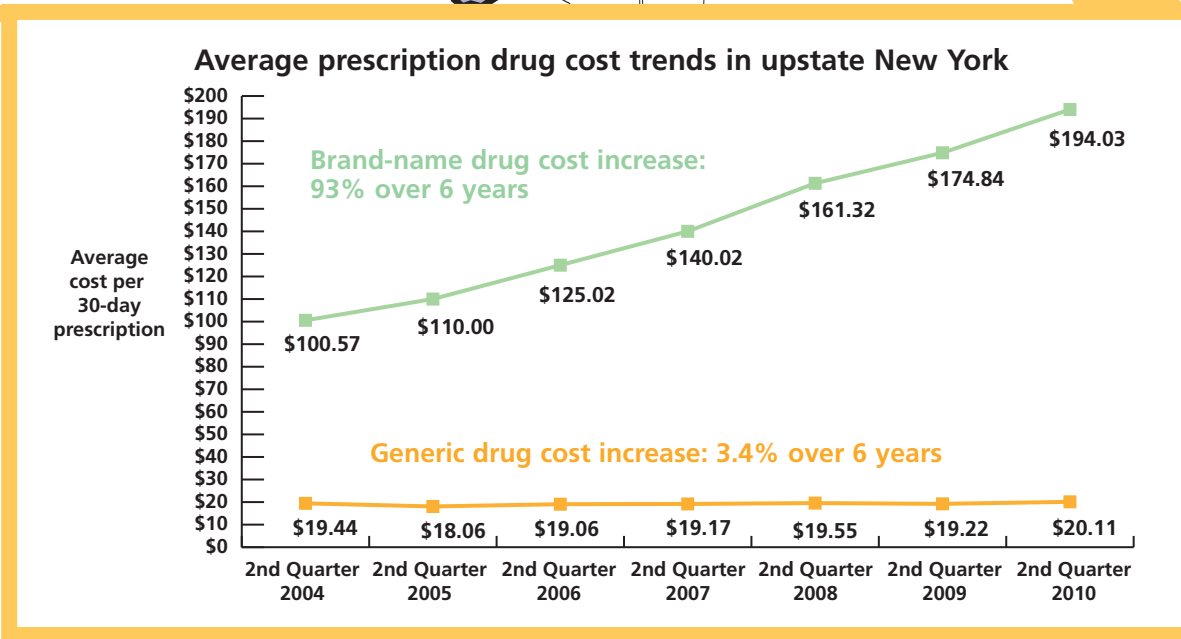
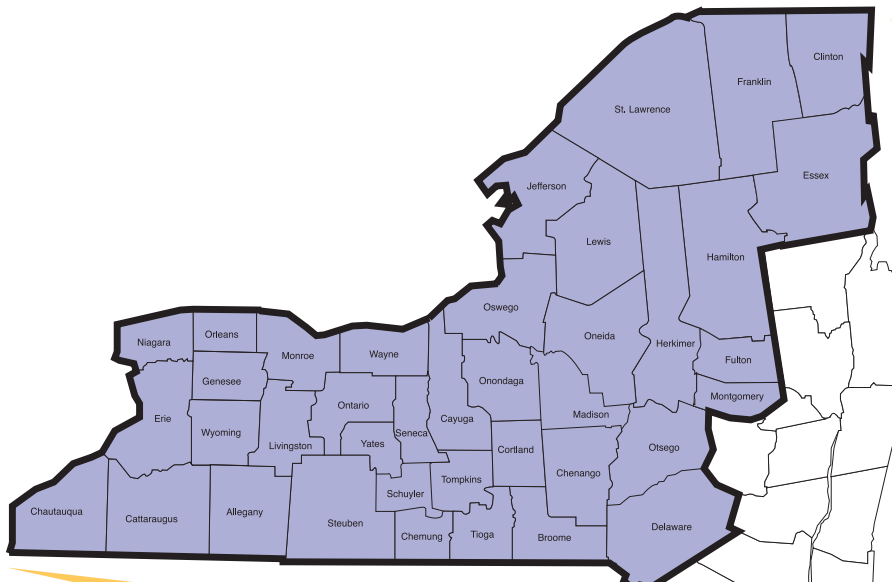


Cost trends of prescription drugs in upstate New York

Specialty and brand-name drug costs continue to rise



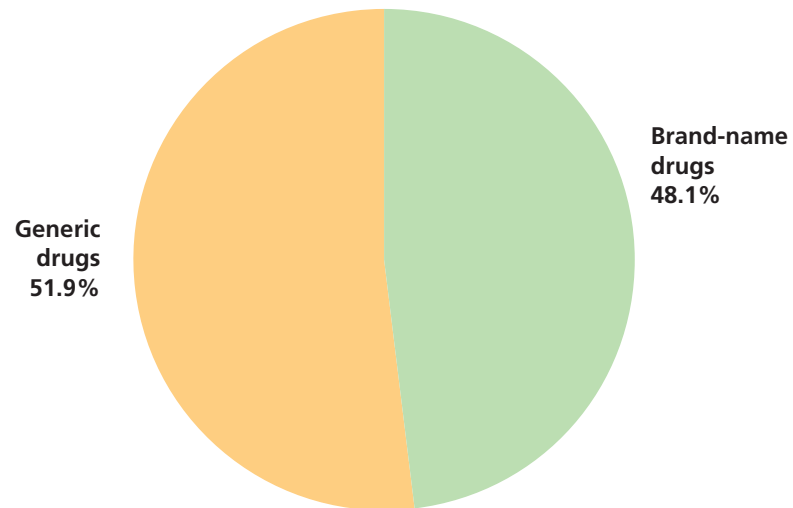
- Between 2004 and 2010, the average cost of a 30-day supply of a generic drug increased by \$1.
- Between 2004 and 2010, the average cost of a 30-day supply of a brand-name drug increased by \$93.

Based on drug utilization data from FLRx, which provides pharmacy benefit management services for more than 1.1 million people across upstate New York.

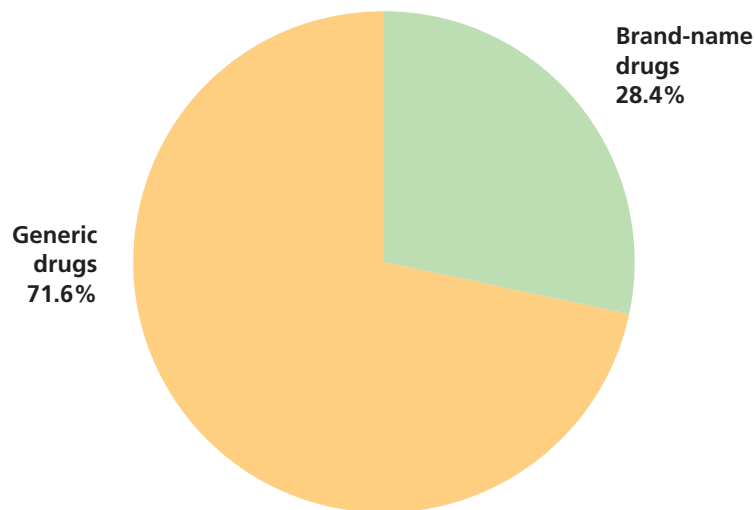


A nonprofit independent licensee of the BlueCross BlueShield Association

Brand-name drugs now represent a smaller share of all prescriptions written



2005



2010

Based on drug utilization data from FLRx, which provides pharmacy benefit management services for more than 1.1 million people across upstate New York.

- From 2005 to 2010, the share of generic medicines among total prescriptions written rose from 51.9 percent to 71.6 percent.
- Brand-name drugs as a percent of all prescriptions written by physicians in upstate New York fell from 48.1 percent in 2005 to 28.4 percent in 2010.

Cost increases for the most commonly used brand-name drugs

Brand-name drug	Use	Four-week Average Wholesale Price July 2005	Four-week Average Wholesale Price July 2010	Percent increase over 5 years	Average per-year percent increase
Singulair 5mg	Asthma/allergy	\$103	\$140	35.9	7.2
Nexium 20mg	Heartburn	\$153	\$195	27.5	5.5
Lipitor 20mg	High cholesterol	\$118	\$154	30.5	6.1
Actos 45mg	Diabetes	\$196	\$274	39.8	8
Advair 250/50mcg	Asthma	\$176 (2006)	\$240	36.4	9.1

The average wholesale price is a prescription drug term referring to the average price at which wholesalers sell drugs to physicians, pharmacies and other customers.

- The table above shows the cost trends of a 30-day supply for some of the most commonly used brand-name drugs that have the greatest impact on prescription drug spending in upstate New York. The five-year trend column is the percent increase in brand-name drug costs over the past five years, while the last column is the average percent increase per year.

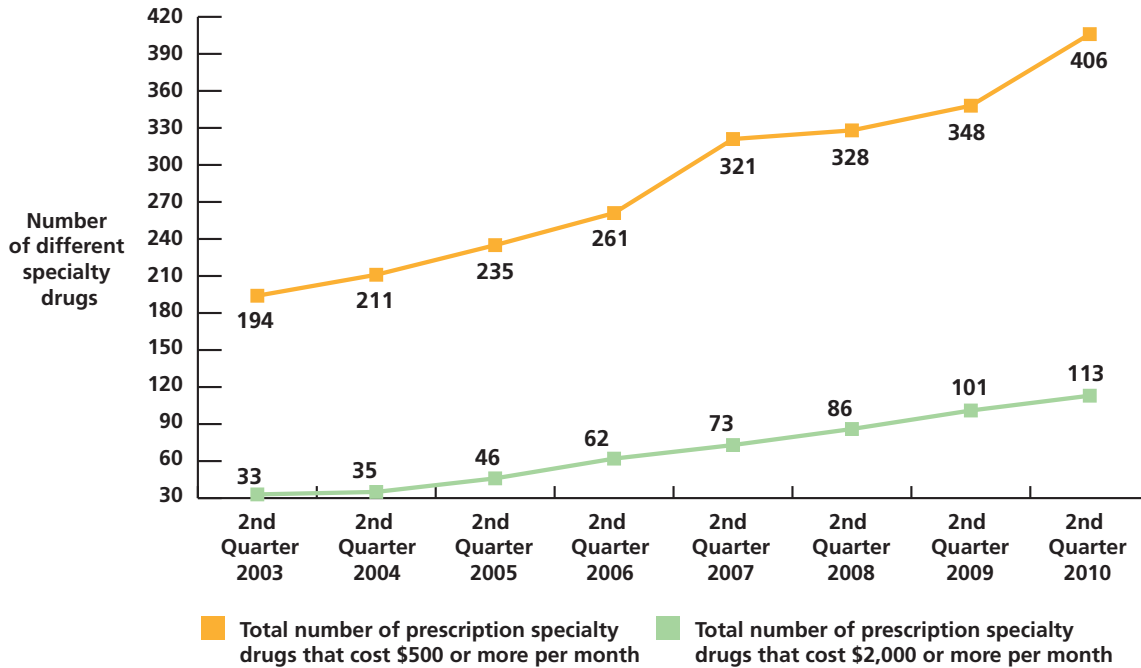
Examples of brand-name drugs with high cost trends

Brand-name drug	Use	Four-week Average Wholesale Price July 2005	Four-week Average Wholesale Price July 2010	Percent increase over 5 years	Average per-year percent increase
Gleevec 400mg	Multiple myeloma	\$3,061	\$5,249	71.5	14.3
Tracleer 125mg	Pulmonary hypertension	\$3,885	\$6,876	77.0	15.4
Xeloda 500mg	Cancer treatment	\$1,272	\$2,386	87.6	17.5
Pegasys 1 kit	Hepatitis C	\$1,684	\$2,584	53.4	10.7
Nexavar 200mg	Cancer (kidney)	\$5,416	\$8,736	61.3	12.3
Acthar Gel 5mg	Infantile seizures	\$1,297	\$29,086	2,142.6	428.5
Entocort EC	Inflammatory bowel disease	\$430	\$941	118.8	23.8
Zyprexa 10mg	Mental health	\$345	\$505	46.4	9.3
Abilify 15mg	Depression/mental health	\$360	\$545	51.4	10.3
Copaxone	Multiple sclerosis	\$1,573	\$3,630	130.8	26.2

The average wholesale price is a prescription drugs term referring to the average price at which wholesalers sell drugs to physicians, pharmacies and other customers.

- The table above lists common brand-name drugs that have been among the prescription drugs that have experienced the largest rate of increase in costs for a 30-day supply. The five-year trend column shows the percent increase in brand-name drug costs over the past five years, while the last column is the average percent increase per year.

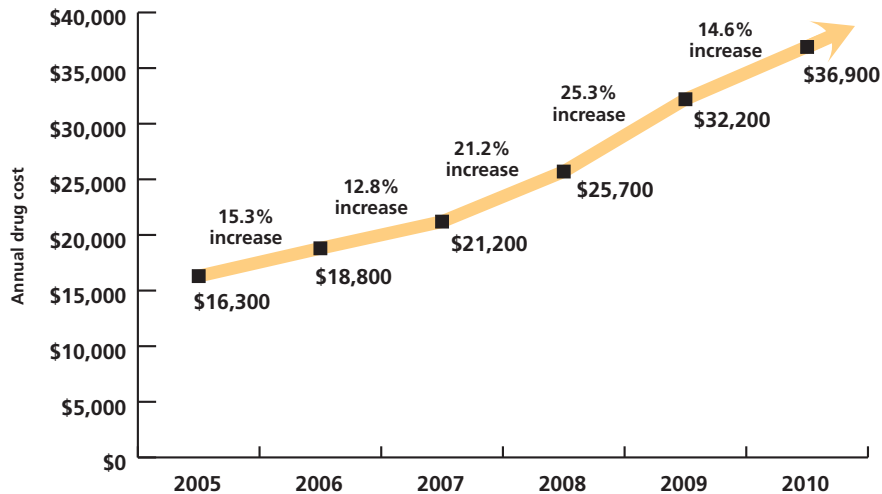
Increases in the number of high-cost specialty drugs



- Since 2003, the total number of prescription specialty drugs that cost \$500 or more per month has more than doubled.
- The total number of prescription specialty drugs that cost \$2,000 or more per month has more than tripled.

An example of a high-cost specialty drug category

Per-person mean annual prescription drug cost to treat multiple sclerosis



- The five-year period from 2005 to 2010 saw a \$20,600 (or 126.4 percent) increase in per-person mean annual prescription specialty drug costs to treat multiple sclerosis.

Please see [The Facts About The Rising Cost of Prescription Drugs to Treat Multiple Sclerosis in Upstate New York](http://www.excellusbcb.com) at www.excellusbcb.com.

Methodology used to determine cost increases

Analysis for this report was performed by FLRx, Excellus BlueCross BlueShield's pharmacy management division. FLRx provides pharmacy benefit management services for more than 1.1 million people across 39 counties of upstate New York.

This methodology differs in two ways from published drug-cost analyses (such as the "Rx Watchdog Report" series published by the AARP) that select a subset of prescription drugs as the "market basket," then assess trends in manufacturers' list prices for drugs in this market basket. First, the FLRx methodology estimates trends for the entire set of prescription drugs (rather than a selected subset) used by the upstate New York population and is weighted by the (changing) relative and absolute use of these drugs by the population (rather than assuming fixed rates of use of specific drugs in the market basket). Second, the FLRx methodology is based on contracted prices paid to pharmacies by an insurer, adjusted to represent a broader, average community price in order to estimate overall cost. These estimates are not intended to provide precise measures of drug utilization or cost. They are presented to illustrate the magnitude and relative importance of expense for the described prescription drugs. This expense affects patients through higher out-of-pocket costs, which influences the affordability of health insurance; companies and organizations through higher health insurance premiums (which also influences the affordability of offering health insurance coverage); and taxpayers through the higher cost of publicly supported pharmacy benefits, such as those for Medicaid recipients and government employees.

Additional information on prescription drug savings:

www.go.excellusbcs.com/generics