

Pharmacy passages

First Quarter 2003

Pharmacy Passages

*is a quarterly newsletter for
Innoviant customers.*

*Pharmacy Passages will
update you on changes to the
Innoviant Preferred Products
List. The Innoviant Pharmacy
and Therapeutics (P&T)
Committee meets quarterly to
evaluate product status and
new prescription products
approved by the FDA. The
P&T Committee is comprised
of independent physician
providers and pharmacists.*

*The most current information
related to Innoviant and its
offerings is available on the
Innoviant Web site at
www.innoviant.com. A copy
of this newsletter, as well as
updated information regarding
the Preferred Products List
(PPL) can also be found on
the Web site.*



Your Innoviant quarterly update

A mission with you in mind...

We pride ourselves on going the extra mile for our customers. As the administrator of your pharmacy benefits plan, it is our goal to provide you with useful information as well as guidance on cost savings opportunities. We'd like to take this opportunity to outline some of those services as well as provide some additional information. By delivering the best combination of well-balanced discounts, administrative efficiencies, clinical program options, educational outreach and member-focused services, we are here to serve you.

Our goal is to surpass our customers' expectations

Our customer service professionals take great pride in their responsibilities and the result is top-notch service. Our knowledgeable staff is here to respond to your pharmacy inquiries, Monday through Friday from 7:30 a.m. to 7:00 p.m. CST. The superior quality of our customer service is evident in these recent statistics:

- Average no. of calls received per day - 300
- Average speed to answer - 16.2 seconds
- Call abandonment rate - less than 4%
- Customer service surveys - 97% customer satisfaction level

Seeing things from your viewpoint

In addition to our member service staff, we have account managers (AM) who service your account. Your first contact with the AM is during the transition of your group, but it doesn't stop there. The AM is responsible for the ongoing management of your pharmacy benefits program. This includes services such as benefit and plan design consultation and interpretation of industry updates that could affect your plan spend.

Effectively balancing clinical decisions with lowest appropriate cost

We manage our Preferred Products List through quarterly reviews of new medications to the market. Our Pharmacy and

Therapeutics Committee, comprised of physicians and pharmacists, is responsible for reviewing all new agents and determining if a medication should be covered under the prescription benefit. In addition, they may recommend preferred status, quantity limits and prior authorization to ensure appropriate use.

Recommendations are made based, first and foremost, on clinical efficacy and safety profiles. However, when two or more products are considered equally effective and have similar side effect profiles, the product with the lowest net cost will be selected for preferred status.

You will also hear about new clinical program options being made available to assist you in managing prescription benefit costs. These offerings are afforded to you, without additional service fees, as a part of our belief that anticipating your expectations sets us apart from our competitors. Providing you with access to programs that encourage cost savings choices creates a unique path of cost management. Watch for more information about cost saving step edit program opportunities and contact us with any questions.

Communicating with you

Our goal is to assist in improving the level of knowledge about prescription benefits for both you and your members. We provide a number of communication pieces in a variety of formats throughout the year. For employers, we have newsletters and bulletins intended to update you on key issues in pharmacy benefits management. For members, we provide topic-specific newsletters as often as 2-4 times per year. As always, additional communication materials may be crafted at the request of an employer.

Product Reviews

Product	Indications	Standard Plan	Select Plan	Closed Plan
Metaglip	New antidiabetic agent (is a limited category). Indicated as initial and second-line therapy to improve glycemic control in patients with type 2 diabetes. Metaglip is a combination of glipizide and metformin, previously available as two separate agents.	Brand co-pay	Second tier preferred	Second tier preferred
Fluzone	New influenza vaccination. Administered via intramuscular injection by a healthcare professional.	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent
Zetia	New cholesterol lowering agent (is a limited category). Indicated to be administered alone (monotherapy) or in combination with HMG-CoA therapy (another cholesterol lowering agent). The efficacy of the product in monotherapy is below that of HMG therapy alone. Preferred agent in this class is Lipitor for initial monotherapy.	Brand co-pay, when added to HMG therapy Prior authorization required for monotherapy	Second tier preferred, when added to HMG therapy Prior authorization required for monotherapy	Second tier preferred, when added to HMG therapy Prior authorization required for monotherapy
Avodart	New benign prostatic hypertrophy (BPH) agent (is a limited category). Indicated as treatment for symptomatic BPH in men with an enlarged prostate. Not indicated for use in women or children. Preferred agent in this class currently is Flomax.	Brand co-pay	Second tier preferred	Second tier preferred
Abilify	New antipsychotic agent (not a limited category). Indicated for the treatment of schizophrenia.	Brand co-pay	Second tier preferred	Second tier preferred
Forteo	New bone formation stimulation agent (not a limited category). Indicated for treatment of osteoporosis in high-risk patients over age 50. Self-injectible product not indicated for therapy beyond 24 months.	Brand co-pay	Second tier preferred Limited to patients over age 50 24 month length of therapy limit	Second tier preferred Limited to patients over age 50 24 month length of therapy limit
Avage	New topical vitamin-A derivative. Cream indicated for cosmetic treatment.	Not covered under prescription benefit Cosmetic medications excluded by benefit plan language	Not covered under prescription benefit Cosmetic medications excluded by benefit plan language	Not covered under prescription benefit Cosmetic medications excluded by benefit plan language

Products being added to preferred status were effective as of February 17, 2003. Products being removed from preferred status were effective March 21, 2003, unless otherwise noted. Members currently using a product designated to be removed from preferred status will receive advanced notice of the change and will not be impacted with higher co-pays until June 1, 2003, unless otherwise noted.

Product Reviews

Product	Indications	Standard Plan	Select Plan	Closed Plan
Strattera	New treatment for Attention Deficit/Hyperactivity Disorder (ADHA) (not a limited category). Non-controlled substance agent indicated for the treatment of ADHD. Cost of new product is significantly higher than existing products available.	Brand co-pay Prior authorization required	Second tier preferred Prior authorization required	Second tier preferred Prior authorization required
Humira	New antiarthritic agent (not a limited category). Indicated for the treatment of rheumatoid arthritis in patients who have had an inadequate response to one or more disease modifying antirheumatic drugs (DMARDs). Self-injectible limited to a quantity of two syringes per month.	Brand co-pay Quantity limit applies	Second tier preferred Quantity limit applies	Second tier preferred Quantity limit applies
Fento/Ropiva	Existing analgesic agent. Available as an injectible administered by a healthcare professional.	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent	Not covered under prescription benefit Subject to medical plan - specific plan benefit intent
Celebrex	Existing COX-II inhibitor (is a limited category). Available in a 400mg strength. COX-II agents not indicated for first line therapy under current edits recommended to each employer group. Step therapy edits program available for groups managing cost in this category.	Brand co-pay Subject to step therapy edits, if applicable	Second tier preferred Subject to step therapy edits, if applicable	Second tier preferred Subject to step therapy edits, if applicable
Depakote ER	Existing anticonvulsant agent (is a limited category). Available in 250mg strength.	Brand co-pay	Second tier preferred	Second tier preferred
Kytril	Existing antiemetic agent (not a limited category). Available as an oral solution.	Brand co-pay	Second tier preferred	Second tier preferred
Cipro XR	Existing quinolone antibiotic agent (is a limited category). Available in 500mg strength (once a day dosing).	Brand co-pay	Second tier preferred	Second tier preferred
Teveten HCT	Existing hypotensive agent (is a limited category). Available in 600-12.5/600-25 strength. Preferred agent in this class is Diovan HCT.	Brand co-pay	Third tier nonpreferred	Not covered

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New Product Reviews

Product	Indications	Standard Plan	Select Plan	Closed Plan
Pegasys	Existing Hepatitis-C agent (not a limited category). Self-injectible product now available in a convenience pack.	Brand co-pay	Second tier preferred	Second tier preferred
Alphagan	Existing glaucoma ophthalmic agent (is a limited category). Previously NDC blocked. Generic launch expected, so conversion to less expensive alternative will be available. Preferred agents in this class are Travatan and Xalatan.	Brand co-pay	Third tier nonpreferred	Not covered
Remeron	Existing antidepressant agent (is a limited category). Previously NDC blocked to promote use of Remeron Sol-Tab. Remeron is now available generically (mirtazapine). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Klonopin	Existing anticonvulsant agent (is a limited category). Available generically (clonazepam). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Valium	Existing antianxiety agent (not a limited category). Available generically (diazepam). Conversion to less expensive alternative available.	Brand co-pay	Second tier preferred	Second tier preferred
Ultram	Existing narcotic analgesic agent (is a limited category). Available generically (tramadol hcl). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Diabeta	Existing hypoglycemic agent (is a limited category). Available generically (glyburide). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Glucophage	Existing hypoglycemic agent (is a limited category). Available generically (metformin hcl). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered

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Product Reviews

Product	Indications	Standard Plan	Select Plan	Closed Plan
Glucotrol	Existing hypoglycemic agent (is a limited category). Available generically (glipizide). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Glynase	Existing hypoglycemic agent (is a limited category). Available generically (glyburide micronized). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered
Micronase	Existing hypoglycemic agent (is a limited category). Available generically (glyburide). Conversion to less expensive alternative available.	Brand co-pay	Third tier nonpreferred	Not covered

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Don't let generic price increases change your strategy

Planning appropriately for cost increases that affect benefit plan coverage for prescription benefits is important. It's imperative not to allow media-hyped industry changes to distract you from managing drug spend sensibly.

As recently reported in the NY Times, prices of generic drugs are rising almost twice as fast as prices of brand-name drugs, even as many insurers and the Bush administration are pressing Americans to switch to generics in the name of saving money. The rapid price increases occurring come on heels of President Bush's proposal to help generic drugs reach market faster - a plan that is vehemently opposed by makers of brand-name drugs.

As a brand-name drug patent expires, drug makers introduce generic versions into the market. Prices of generic drugs are rising faster because makers of generics typically charge higher prices when the first generic version of an



expensive medication is offered. This practice is sustained by regulations that allow a generic manufacturer to have exclusivity, often for the first six months, when a generic is introduced to the market. In addition, the generic drug manufacturing industry is consolidating, leaving fewer companies to compete on prices of older generic drugs.

Wholesalers and pharmacies find they can make higher profits on generic drugs than on brand-name medicines and still offer prices that are typically well below those of brand-name drugs. When a brand medication loses patent protection and a generic becomes available, the potential cost savings opportunity to plans and members is represented by the difference in cost between the brand and generic. What cost saving will the plan sponsor see? On average, we can report that across our book-of-business, the plan sponsor saves \$0.40 per member per month (PMPM) for each 1% of increase in generic utilization.

The trend of rapidly rising generics is expected to continue over the next few years as a number of enormously popular brand-name drugs lose their patent protection and drug makers introduce generic versions. We will continue to monitor changes in the industry and keep you informed through our clinical bulletin, Rx Inform.

Dynamic enhancements to standard reporting package

The key to successfully managing your benefit plan includes providing you with prompt, accurate and meaningful information. We provide logically organized information that allows you to continually increase your understanding of the critical issues impacting your prescription plan performance. Our standard customer report package, provided at no additional cost, is generated and sent to you quarterly. In the past, you have received paper reports. In 2002, you will receive reports in an electronic format, and they will have a new look!

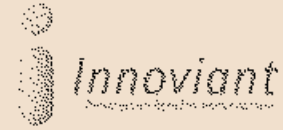
You will continue to receive the reports listed below, however, the new reports will incorporate charts that display your plan performance information and include supporting detail. We also understand you may have a need for customer-specific reports and have the flexibility to tailor reports to help you isolate certain areas of your prescription plan. These ad-hoc and drill-down reports are also available at no additional charge if additional programming is not needed.

- Executive Summary (Overview)
- Top 50 Drugs by Rx Count
- Top 50 Drugs by Cost
- Therapeutic Class
- Age Gender

Additions to Brands for Generic Program

Innoviant is pleased to announce the addition of the Ortho brand line of oral contraceptives to the Brands for Generic program effective April 1, 2003. While there are many oral contraceptives available as generics, their price is only slightly less than comparable brands. With that in mind, we have contracted with Organon and now Ortho to provide our customers with access to discounts

that make offering branded products at a generic co-pay a better deal for everyone. Ortho's product line includes ORTHO MICRONOR, MODICON, ORTHO EVRA, ORTHO TRICYCLEN, ORTHO TRICYCLEN LO, ORTHO-CEPT, ORTHO-CYCLEN and ORTHO-NOVUM. Please refer to the Web site for a complete current list of products available as a part of this program.



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