Submitter : **Ms. Mary Ellen Kleiman** **Date: 12/05/2007**

Organization : **National Association of Chain Drug Stores**

Category : **Pharmacist**

Issue Areas/Comments

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CMS-2238-FC3-10-Attach-1.PDF

#10

Hold

2005 Regional Chain Conference

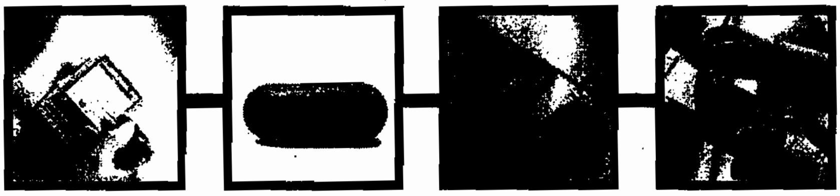
January 27-30, 2005
The Ritz-Carlton Naples
Naples, Florida

Electronic Prescribing

by

David Medvedeff, PharmD, MBA
Gold Standard

Schering-Plough



Presented to:
Regional Chain Meeting - NACDS
January - 2005

Agenda

- About Gold Standard
- eMPOWERx, our e-prescribing solution
- Medicaid programs
- Product demonstration

Why Medicaid? Why Now?

- Managed Care *v.* Medicaid
  - Commercial Plans = cost shifting to the patient
  - Government Funded Plans = complex strategies of cost control
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About the Program - FL

- Phase 1:
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GOLD STANDARD

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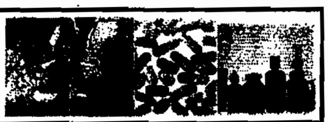

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GOLD STANDARD

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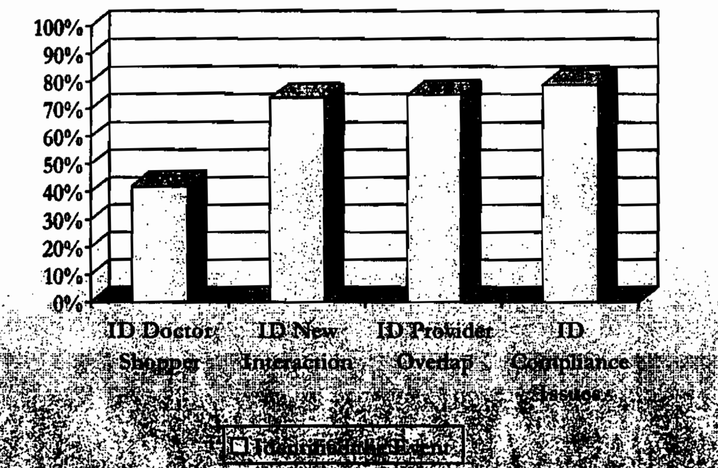
GOLD STANDARD

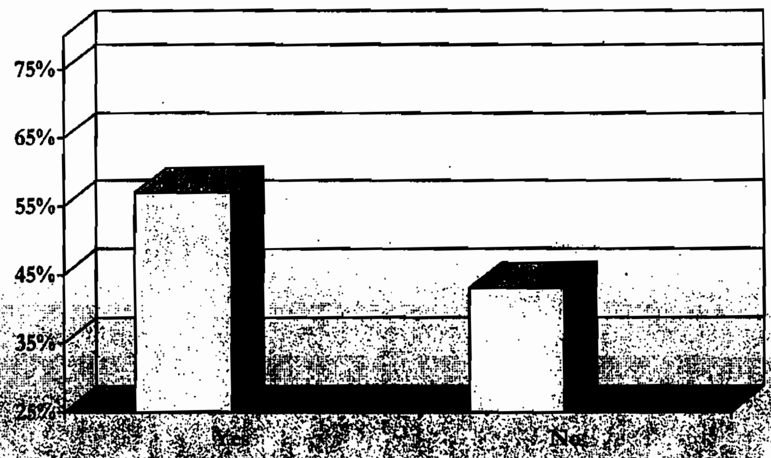
Provider Survey Results Florida Medicaid

GOLD STANDARD

Application of the Data



Decrease in Pharmacy Calls



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GOLD STANDARD

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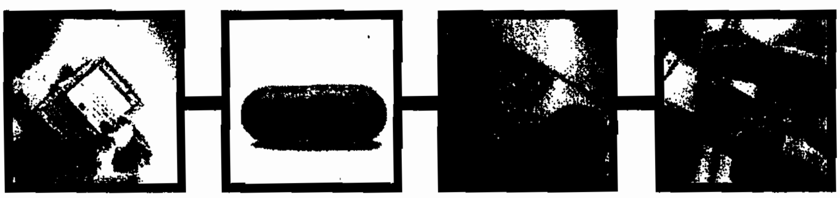
emPOWERx

A GOLD STANDARD PRODUCT



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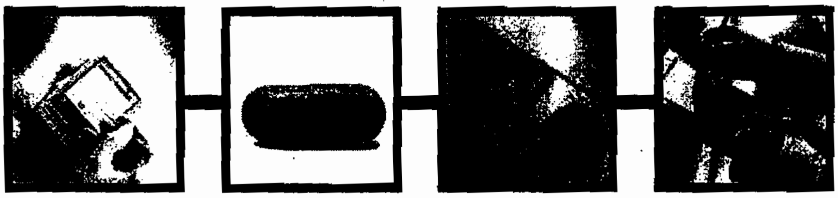

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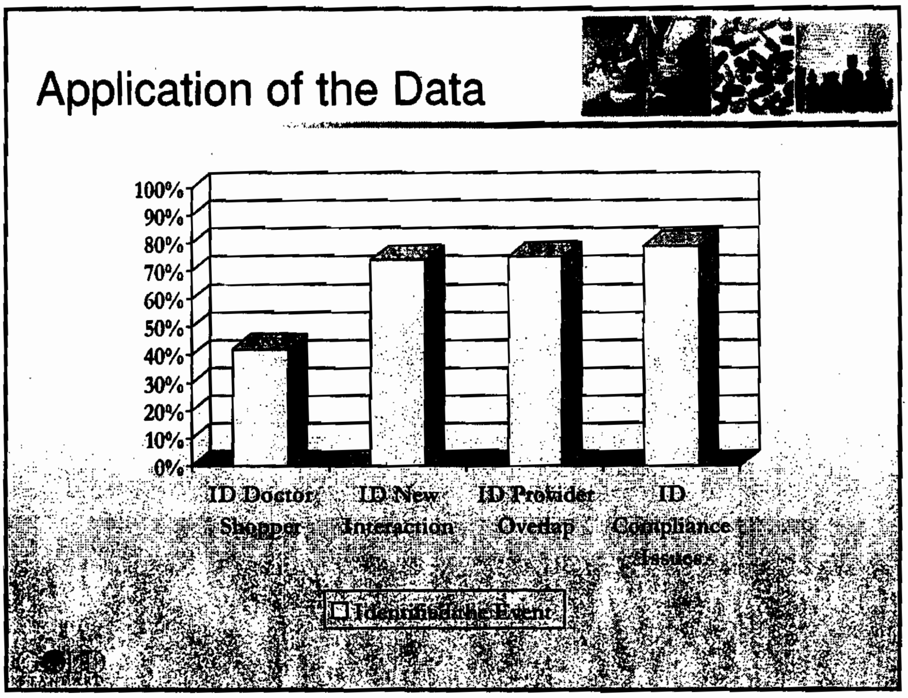
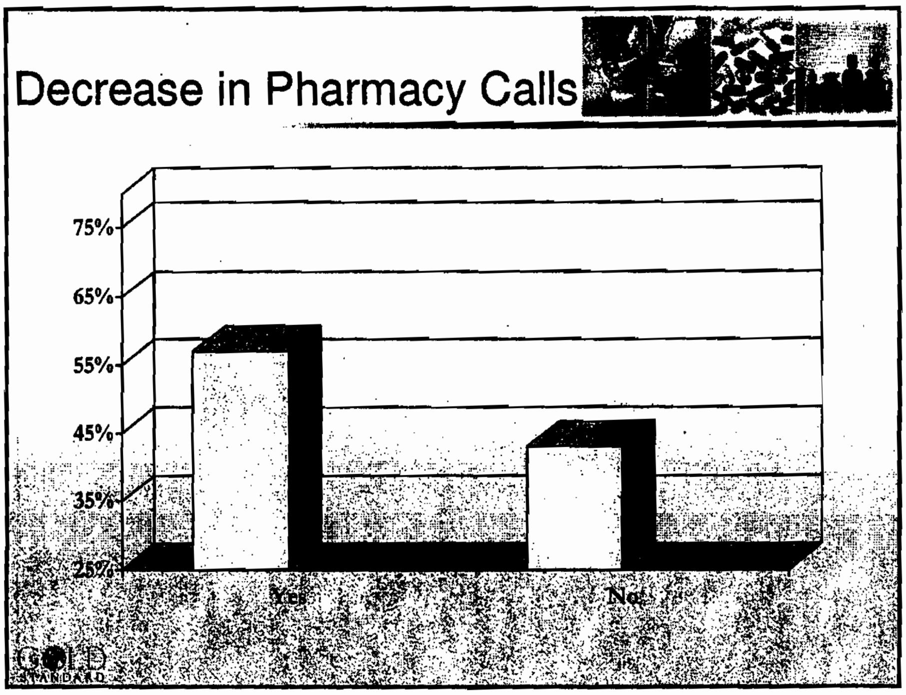

Application of the Data
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
ID Doctor Shopper
ID New Interaction
ID Provider Overlap
ID Compliance Issues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75%
65%
55%
45%
35%
25%
Yes
No

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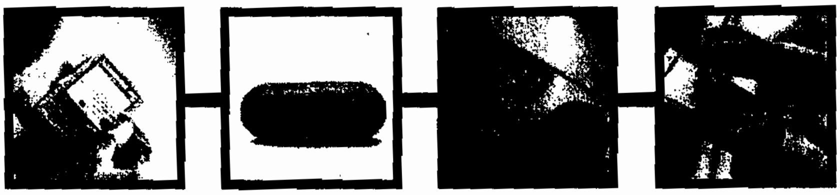

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CMS-2238-FC3-14-Attach-1.PDF

#14

Exhibit 9

DDD™ Annual Class-of-Trade Analysis 2003
IM Health

The 2003 DDD Annual Class-of-Trade Analysis examines the 10 channels of business across the retail and non-retail pharmaceutical market. It provides statistics relative to market share, growth and overall trends for the past seven years. The Analysis also highlights and reports prescription sales as tracked by IMS Retail Method-of-Payment™.

The dollars used in the Class-of-Trade Analysis (unless otherwise stated) are based on *wholesale acquisition cost (WAC)* – those set by each pharmaceutical manufacturer. These prices do not reflect rebates, discounts or charge backs. Direct sales, as reflected in this analysis, are only for those manufacturers who participate in and provide direct sales data to IMS.

As part of IMS's Sales Force Effectiveness offerings, DDD is the industry's premier source of pharmaceutical sales intelligence. Tracking subnational, direct and indirect sales information for pharmaceutical products across all retail and non-retail classes of trade — DDD provides comprehensive insight and accurate assessment of pharmaceutical product sales.

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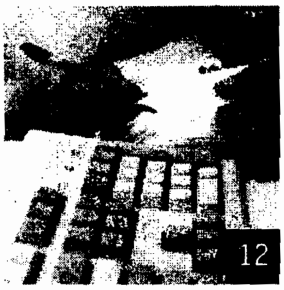
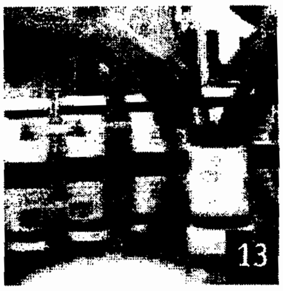

SUMMARY

Driven by consumer demand, the pharmaceutical industry reached annual sales of $233 billion in 2003. Fueled by strong sales across the top 10 therapy classes and the introduction of 21 new molecular entities (up from 17 in 2002), the industry overall grew at 8.8 percent. While this growth rate is slower than previous years, it is most telling considering the multitude of environmental factors influencing the U.S. market.

As in the recent past, the pharmaceutical industry is under the constant scrutiny of the government, media and the general public with politicians, health plans, and employers implementing new strategies to curtail drug spend. Further impacting growth is the reimportation of pharmaceutical products from Canada. Increasingly, brand products are moving to over-the-counter (OTC) status. And, switching from branded to generic products continues (growing by 9.2 percent on a total dispensed prescription basis in 2003).

The U.S. economy, tenuous at best, and marred by an unemployment rate of six percent (the highest it's been since 1995), also affected overall drug sales. Due to lack of disposable income, consumer polls indicate that patients are opting for non-compliance with recommended therapy treatments, including, cutting doses and ignoring prescription orders altogether.

In 2003, in spite of the many environmental factors and a slowed overall growth rate across the ten classes of trade, several channels faired well. Chain pharmacies and hospitals, the leaders within the retail and non-retail channels respectively, both achieved market share growth in 2003 – this after experiencing a decline in the previous year. Chain stores led all channels with a 28.3 percent market share, followed by hospitals with a 15.3 percent share, and mail service now up to 14.9 percent. This is good news for the chains and hospitals whose market share growth has fluctuated in recent years. As for mail service, while its growth rate has slowed somewhat, down from an average of 26% over the previous four years, its market share increase remains impressive.

Once again, based on DDD dollars, mass merchandisers and healthcare plans had negative growth rates and associated decreases in market share. This holds true for the miscellaneous channel as well, whose market share dropped by a full one percent.

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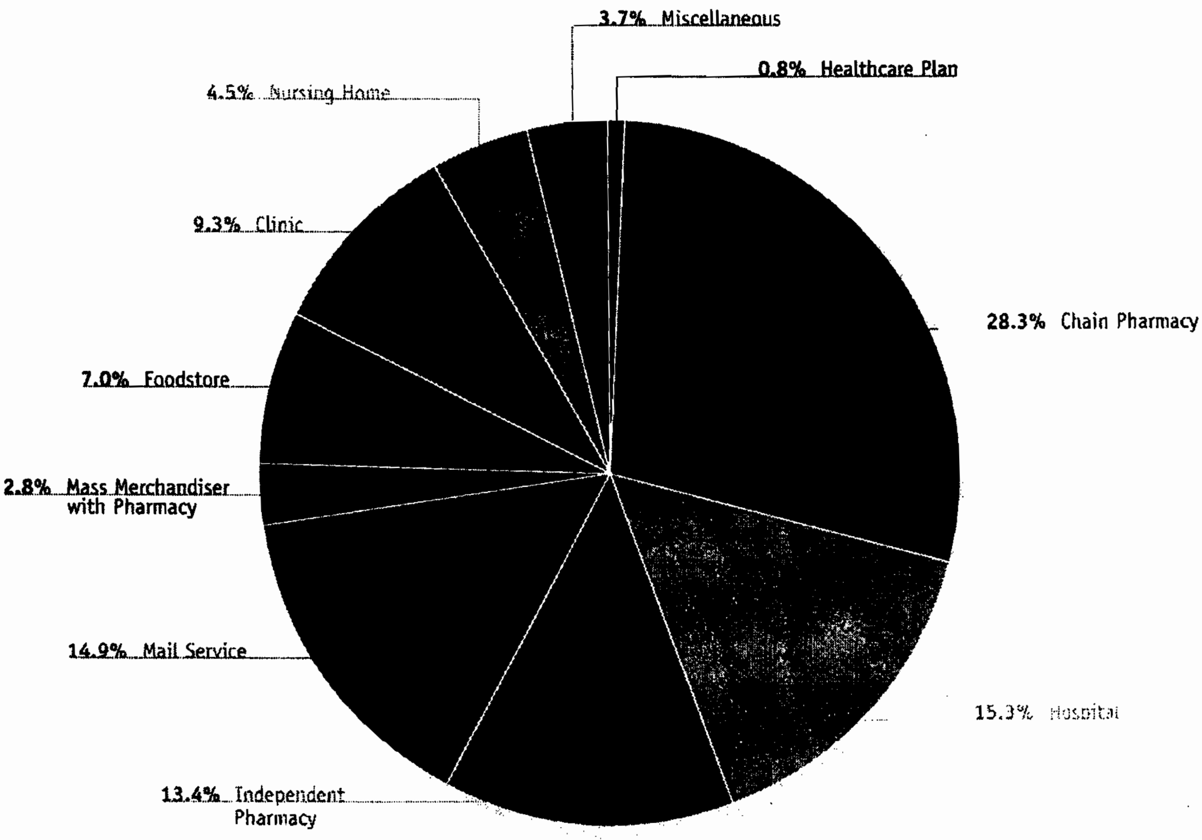
#15

DDD MARKET SHARE TRENDS

Across all channels, market share for 2003 remained relatively level. Only the mail service and clinic channels experienced notable growth of over one half of one percent. However, even for mail service, the change in market share has fallen off pace from its impressive growth over the past four years. Chain store pharmacies and hospitals, the leaders in the retail and non-retail channels (respectively), each showed an increase in 2003, rebounding from a market share decline in 2002. Market share for all other channels, with the exception of nursing homes, which was up slightly, fell for the year.

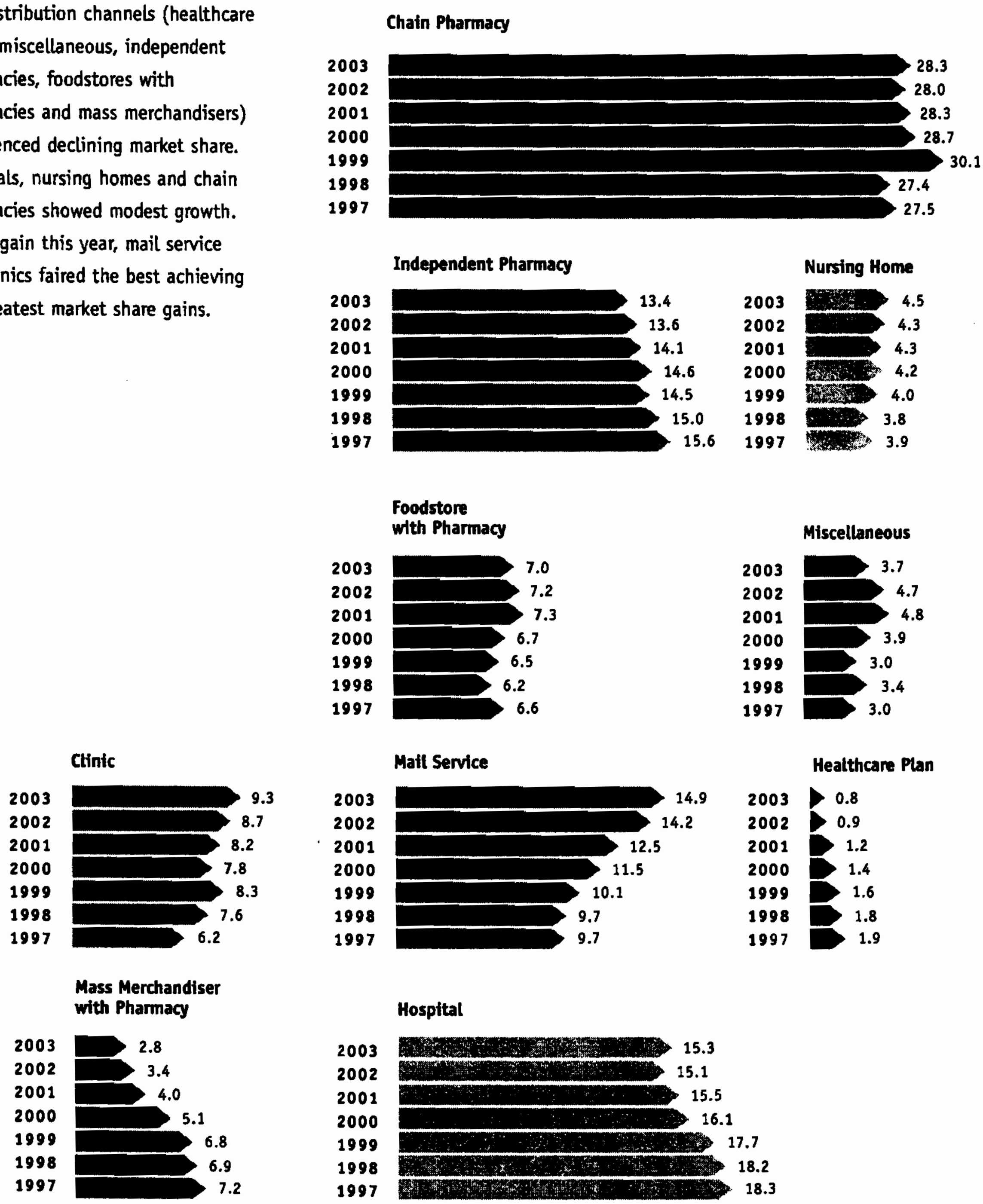
Color Key

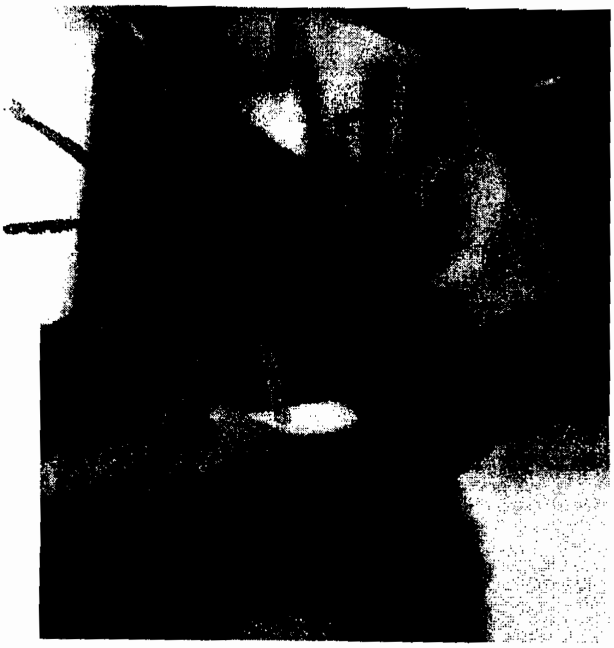
- Chain Pharmacy
- Mass Merchandiser with Pharmacy
- Mail Service
- Independent Pharmacy
- Foodstore with Pharmacy
- Hospital
- Nursing Home
- Miscellaneous
- Clinic
- Healthcare Plan



DDD MARKET SHARE TRENDS 1997-2003

Market share trends for 2003 were disappointing for the majority of distribution channels. Consistent with previously reported trends, five distribution channels (healthcare plans, miscellaneous, independent pharmacies, foodstores with pharmacies and mass merchandisers) experienced declining market share. Hospitals, nursing homes and chain pharmacies showed modest growth. Once again this year, mail service and clinics faired the best achieving the greatest market share gains.





DDD DOLLAR SALES 2003 vs 2002

Indicative of the industry overall, growth rates in general slowed across all channels with several channels showing negative results. For example, since 1999, mail service has experienced an average growth rate of 26 percent, significantly higher than 2003 where the growth rate was just over 14 percent. Chain pharmacies, hospitals and nursing homes all showed double digit increases in DDD dollars. Mass merchandisers, healthcare plans and the miscellaneous channels realized negative growth.

CLASS OF TRADE	2003 (000)	2002 (000)	Growth Rate %
Chain Pharmacy	$65,966,763	$59,928,028	10.1%
Independent Pharmacy	$31,282,187	$29,193,817	7.1%
Mail Service	$34,726,306	$30,412,912	14.2%
Mass Merchandiser with Pharmacy	$6,557,910	$7,248,063	-9.5%*
Foodstore with Pharmacy	$16,336,659	$15,429,904	5.9%
TOTAL Retail	**$154,869,825**	**$142,212,724**	**8.9%**
Hospital	$35,599,732	$32,220,315	10.5%
Clinic	$21,555,751	$18,629,455	15.7%
Nursing Home	$10,367,451	$9,171,616	13.0%
Miscellaneous	$8,713,417	$9,983,178	-12.7%
Healthcare Plan	$1,914,586	$1,929,052	-0.7%
TOTAL Non-Retail	**$78,150,937**	**$71,933,616**	**8.6%**
TOTAL	**$233,020,762**	**$214,146,340**	**8.8%**

* Growth rate is underestimated due to limited data access.

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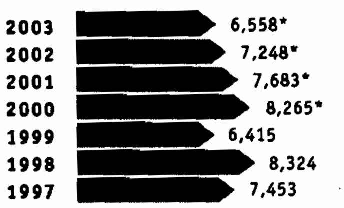
#16

RETAIL SALES DOLLAR TRENDS 1997-2003

All five of the retail channels, except for mass merchandisers, realized gains in dollar trends. Chain pharmacies led the pack followed by the mail service channel. Sales for independent pharmacies and foodstores with pharmacies increased consistent with previous years. Total retail sales increased by $12 billion over 2002 to nearly $155 billion in 2003.

Total Retail Sales in $ Millions	
2003	154,870
2002	142,213
2001	128,017
2000	107,356
1999	95,750
1998	79,873
1997	68,774

Mass Merchandiser with Pharmacy



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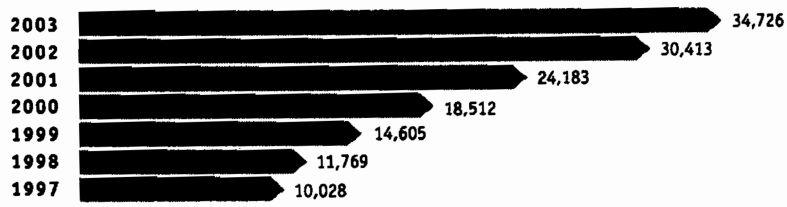

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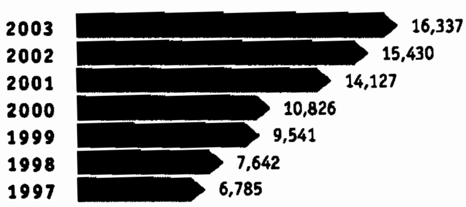

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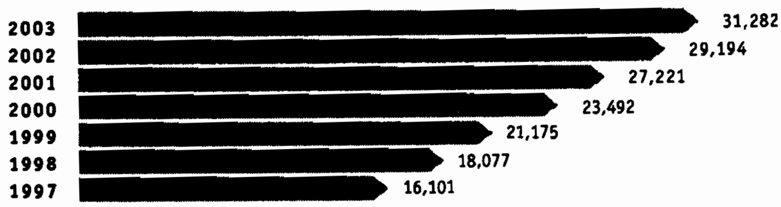
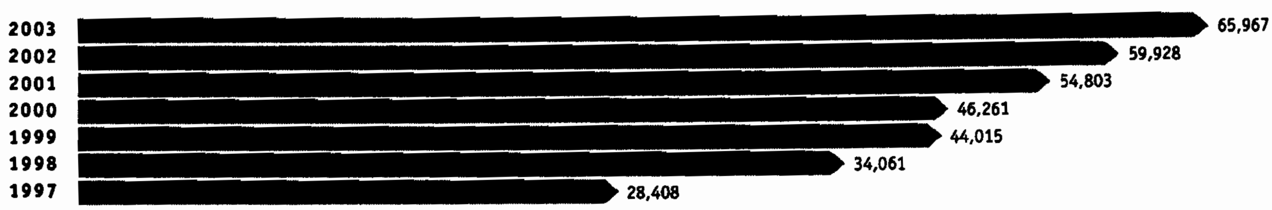


Chain Pharmacy



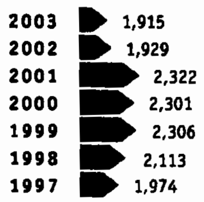
* Growth rate is underestimated due to limited data access.

NON-RETAIL SALES DOLLAR TRENDS 1997-2003

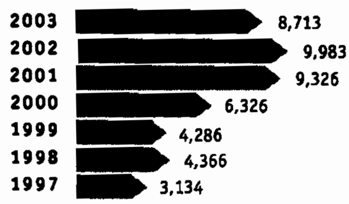
Total Non-Retail Sales in $ Millions	
2003	78,151
2002	71,934
2001	65,744
2000	54,095
1999	50,385
1998	40,641
1997	34,486

Hospitals, clinics and nursing homes had increases in DDD dollars, but at a more modest rate than the leading retail channels. Healthcare plans continued to decline, and the miscellaneous channel, which in recent years had shown increases, also experienced a decrease in dollars. For 2003, the non-retail market, which has historically shown variability in dollar trends, achieved over $78 billion in sales, up from $71 billion in 2002.

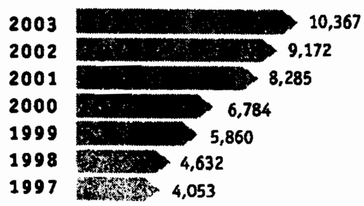
Healthcare Plan



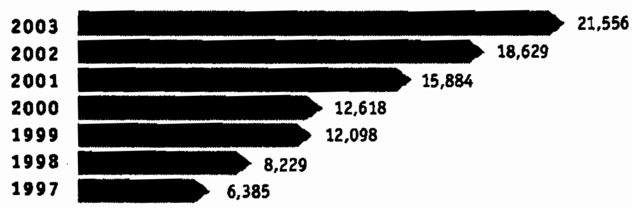
Miscellaneous



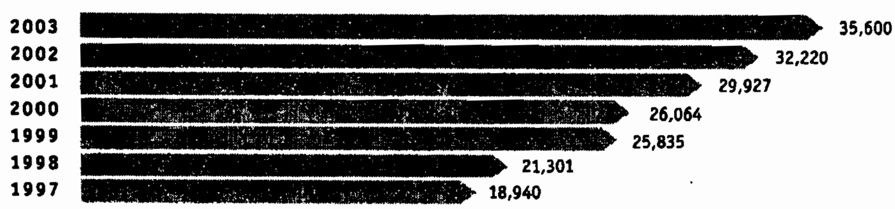
Nursing Home



Clinic



Hospital



CLASS-OF-TRADE DOLLAR GROWTH

Dollar growth by outlet varied significantly for each of the classes of trade with three channels showing negative growth — mass merchandisers, healthcare plans and the miscellaneous channels. Hospitals, clinics, nursing homes, and chain pharmacies all showed steady growth. Foodstores with pharmacies, mail service and independents realized a decline.