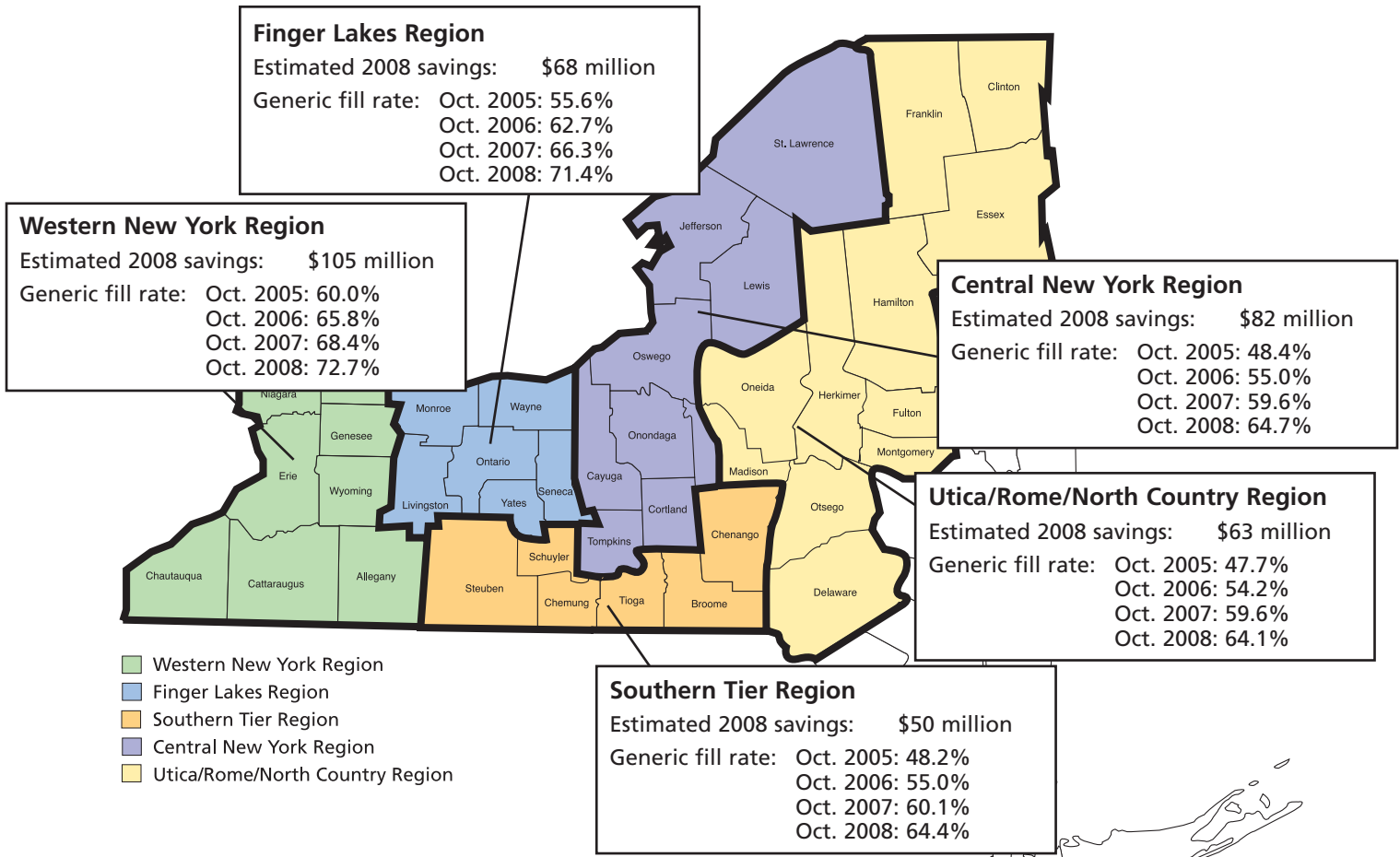


Realized Savings from Generic Drugs in Upstate New York

\$369 Million Saved in 2008 Compared With 2007



Estimate of realized savings in the 39 upstate New York counties based on a projection of what total prescription drug costs would have been if 2008 generic fill rates had remained at 2007 levels. Based on drug utilization data from FLRx, which provides pharmacy benefit management services for more than 1.2 million people across upstate New York.

Measurable increases in the use of generic drugs as alternatives to higher-priced brand name drugs continued to produce significant savings across upstate New York in 2008.

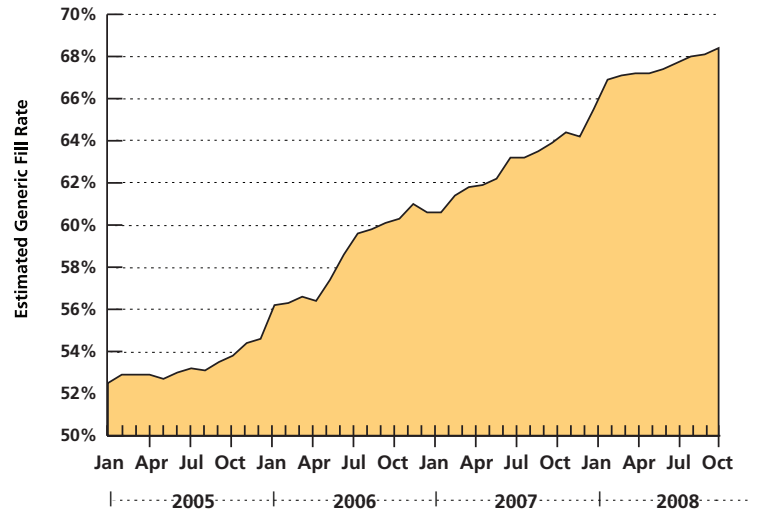
From October 2007 to October 2008, the overall “generic fill rate” across 39 upstate New York counties increased by 4.5 percentage points, from 63.9 percent to 68.4 percent. This increase represents realized savings totaling approximately \$369 million. Since October 2005, increases in upstate New York’s generic fill rate have resulted in savings totaling more than \$725 million, as reflected in previous fact sheets. In addition to these cost savings, studies show that the compliance rates for taking medications may be higher with generics than brand drugs due to the lower cost.

In 2008, there continue to be variations in the generic fill rates among the five upstate New York regions, as well as among the individual counties within each region. Estimated savings are based on the population and demographics of each region (see Methods section on page 5).

The graph to the right shows a continuing increase in the generic fill rate for the entire upstate NY population.

The generic fill rate is the percentage of all prescription drug "fills" that are generic drugs. One prescription fill is conventionally defined as a 30-day supply of drugs for the treatment of a chronic condition, such as high blood pressure, or a single course of therapy for drugs used to treat acute conditions, such as bacterial infection.

Estimated Generic Fill Rate for Total Population



Prescribing Variations by Region 2007 - 2008*

County	Est. Generic Savings: '08 vs. '07	Generic Fill Rate	
		2007 October	2008 October
Western region			
Allegany	\$2,650,000	68.0%	72.0%
Cattaraugus	\$6,160,000	67.8%	73.0%
Chautauqua	\$12,670,000	66.1%	72.0%
Erie	\$59,290,000	69.1%	73.0%
Genesee	\$4,400,000	66.1%	71.0%
Niagara	\$14,110,000	68.1%	73.0%
Orleans	\$3,610,000	69.2%	73.0%
Wyoming	\$2,620,000	67.2%	72.0%
Total	\$105,510,000	68.4%	72.7%
Finger Lakes region			
Livingston	\$3,700,000	67.8%	73.0%
Monroe	\$45,590,000	66.2%	71.0%
Ontario	\$7,700,000	66.7%	72.0%
Seneca	\$2,740,000	66.7%	72.0%
Wayne	\$5,680,000	66.1%	71.0%
Yates	\$2,400,000	65.0%	70.0%
Total	\$67,810,000	66.3%	71.4%
Southern Tier region			
Broome	\$20,850,000	58.4%	63.0%
Chemung	\$9,760,000	60.4%	65.0%
Chenango	\$3,920,000	62.8%	67.0%
Schuyler	\$1,630,000	65.0%	69.0%
Steuben	\$8,860,000	61.3%	65.0%
Tioga	\$4,800,000	58.6%	63.0%
Total	\$49,830,000	60.1%	64.4%

County	Est. Generic Savings: '08 vs. '07	Generic Fill Rate	
		2007 October	2008 October
Central NY region			
Cayuga	\$7,210,000	59.7%	65.0%
Cortland	\$3,580,000	61.7%	66.0%
Jefferson	\$7,350,000	63.3%	68.0%
Lewis	\$2,040,000	65.0%	71.0%
Onondaga	\$41,570,000	56.8%	62.0%
Oswego	\$10,170,000	59.4%	65.0%
St. Lawrence	\$5,160,000	64.5%	68.0%
Tompkins	\$5,230,000	62.3%	65.0%
Total	\$82,310,000	59.6%	64.7%
Utica/Rome/North Country region			
Clinton	\$6,390,000	58.1%	62.0%
Delaware	\$5,130,000	62.0%	66.0%
Essex	\$3,160,000	61.4%	66.0%
Franklin	\$3,820,000	63.7%	68.0%
Fulton	\$3,270,000	54.0%	59.0%
Hamilton	\$730,000	57.4%	62.0%
Herkimer	\$5,860,000	60.6%	65.0%
Madison	\$5,840,000	59.2%	64.0%
Montgomery	\$4,750,000	60.0%	63.0%
Oneida	\$19,840,000	58.0%	63.0%
Otsego	\$4,440,000	65.9%	70.0%
Total	\$63,220,000	59.6%	64.1%
39 Upstate NY counties			
Total	\$368,680,000	63.9%	68.4%

* Generic savings in 2006 (Oct '05 - Oct '06) and in 2007 (Oct '06 - Oct '07) are reported in prior fact sheets available at:

www.excellusbcbs.com/wps/portal/xl/gst/cnt/ppr/factsheets



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Generic Fill Rates within Drug Therapies for Common Conditions

There are significant savings opportunities available with generics within drug therapies for three common conditions: heartburn/acid reflux, high cholesterol, and depression. These three categories are typically responsible for 20-25 percent of a health plan's total drug expenditure.

As shown in the accompanying charts, the generic fill rates in these three categories increased significantly in all five regions of upstate New York due to the increasing availability of generic options and alternatives in these categories.

Condition	Brand	Generic (availability)
Heartburn/ Acid Reflux	Protonix	pantoprazole (early 2008)
High Cholesterol	Zocor Pravachol	simvastatin (mid-2006) pravastatin (mid-2006)
Depression	Zoloft	sertraline (late 2006)

Sample Cost Comparisons*

Proton Pump Inhibitors (PPIs)

Brand-name drugs: Aciphex, Nexium, Prevacid, Prilosec, Zegerid.
Average cost: \$159/month

Generic alternatives: omeprazole/Prilosec OTC,
pantoprazole
Average cost: \$98/month

Statin Drugs

Brand-name drugs: Crestor, Lipitor
Average cost: \$127/month

Generic alternatives: lovastatin, simvastatin,
pravastatin
Average cost: \$10/month

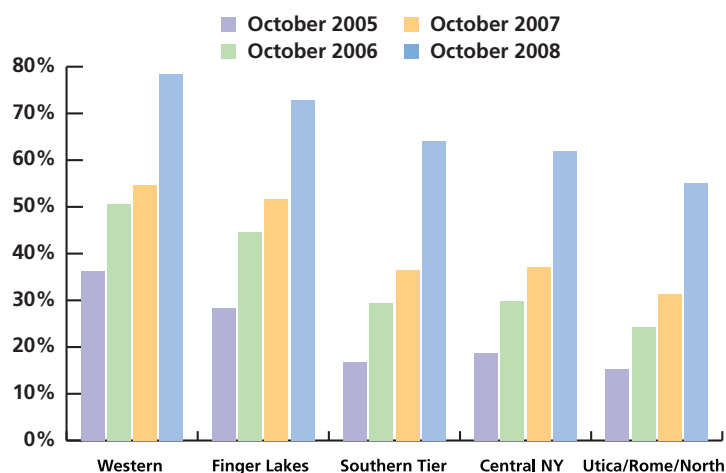
Second Generation Antidepressants

Brand-name drugs: Cymbalta, Effexor XR, Pristiq
Average cost: \$118/month

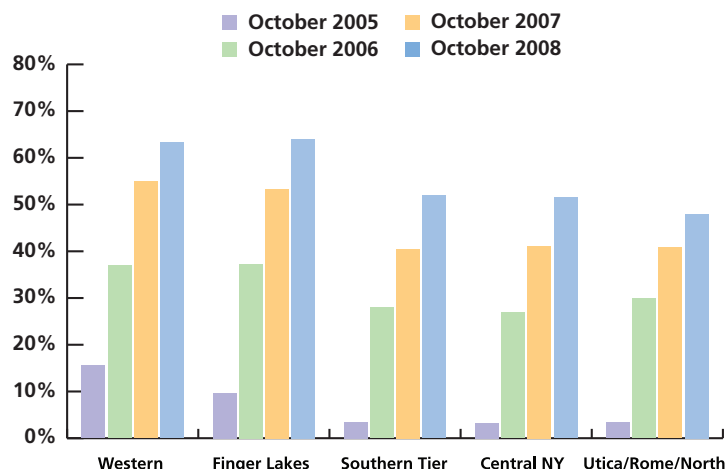
Generic alternatives: citalopram, fluoxetine,
sertraline, paroxetine,
Average cost: \$8/month

* Based on December, 2008 Medispan data (average wholesale price for brands and approximate discounted reimbursement rate for generics.)

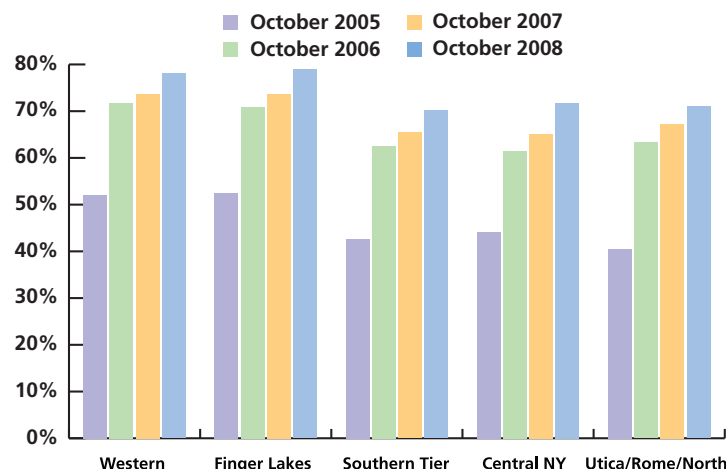
Heartburn, Ulcers and Stomach Acid Reflux Generic Fill Rates for Proton Pump Inhibitors (PPI)



High Cholesterol Generic Fill Rates for Statin Drugs



Depression Generic Fill Rates for Second Generation Antidepressants



Factors Driving the Increase in Generic Fill Rates

From October 2007 to October 2008, the generic fill rates across the five regions of upstate New York improved by 4.5 percentage points. This increase is due to a number of factors, including a growing public acceptance of generic drugs and the introduction of new generic alternatives to brand name drugs. During the one-year period covered in this analysis, the generic versions of the following drugs have become available as the patents for the brand drugs expired.

Generics Introduced in 2008

Brand Drug	Generic Name	Used for:
Activella	estradiol/norethindrone	Estrogen and Hormone Deficiency
Altace	ramipril	High Blood Pressure
Camptostar	irinotecan	Cancer
Cosopt	dorzolamide-timolol	Glaucoma
Depakote	divalproex sodium	Seizures
Fosamax	alendronate	Osteoporosis
Imitrex	sumatriptan succinate	Migraine
Inspra	eplerenone	Hypertension / Heart Failure
Keppra	levetiracetam	Seizures
Kytril	granisetron	Nausea and Vomiting
Lamictal	lamotrigine	Seizures
Marinol	dronabinol	Nausea
Olux Foam	clobetasol propionate	Psoriasis
Paxil CR	paroxetine SR	Depression
Phoslo	calcium acetate	Kidney Disease
Precose	acarbose	Diabetes
Protonix	pantoprazole	Heartburn
Razadyne/Razadyne ER	galantamine	Alzheimer's Disease
Requip	ropinirole	Parkinson's Disease / Restless Leg Syndrome
Risperdal	risperidone	Mental Illness
Sarafem	selfemra	Premenstrual Dysphoric Disorder / Depression
Sonata	zaleplon	Insomnia
Sular	nisoldipine	Hypertension
Trusopt	dorzolamide	Glaucoma
Wellbutrin XL	bupropion XL	Depression
Yasmin	ocella	Oral Contraception
Zyrtec	OTC Zyrtec	Allergies

METHODS

This fact sheet estimates the actual savings realized by upstate New York counties during a one-year period from October 2007 to October 2008.

The analyses for these fact sheets were done by FLRx, Excellus BlueCross BlueShield's pharmacy management division. FLRx provides pharmacy benefit management services for more than 1.2 million people across upstate New York. These estimates are based on FLRx utilization data for residents in the 39 counties described.

The analysis takes each county's monthly FLRx data for nine age groups and extrapolates it to each county's total population. This provides the total number of pharmacy fills, generic fill rate, and drug cost (patient's cost plus any pharmacy benefit) for each county by month. Total county populations by age are from the U.S. Census Bureau (County Characteristics Resident Population Estimates, Release date August 7, 2008)

Savings are estimated as the difference in generic fill rate (for each age/sex/county band) in each 2008 month compared with the same month of the previous year (e.g., January vs. January), multiplied by the estimated number of total fills, multiplied by the difference between average brand and average generic cost for the entire upstate FLRx population (for that month and age group). These estimated incremental savings per month are summed to generate the 2008 generic savings estimate. Due to the smaller sample size in western New York the projections for that region may not be as precise as the projections for the other upstate New York regions.

The results presented are "point estimates," each of which should be interpreted as having a confidence interval that would include errors such as those resulting from differences between FLRx members' drug use and use by the remainder of the upstate population, and differences in "pharmacy network discounts." (One of the ways that a health insurance plan affects the cost of medical care is by acting as a "shopper's club" that negotiates lower prices than are available to individuals without insurance coverage for prescription drugs. The upstate New York population buys the same drugs at varying prices due to differences in the discount rates that are used by pharmacies. This analysis did not attempt to adjust average FLRx prices to total population average prices.)

The generic drug savings identified in this analysis are realized by a variety of different stakeholders, including patients (less out-of-pocket cost for drugs), companies and organizations (lower health insurance premiums), and taxpayers (less for publicly supported pharmacy benefits, such as those for Medicaid recipients and government employees).

Additional Information about Prescription Drug Savings

go.excellusbcbs.com/generics