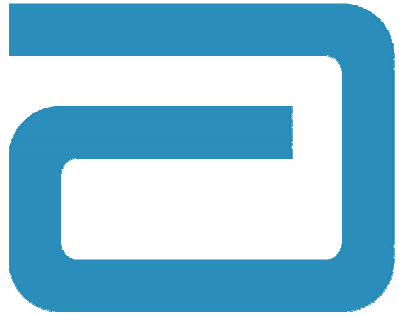


Third National Medicare Congress

Marta Schroeder
Divisional Vice President
Public Health Policy & Strategy
October 2006

Agenda

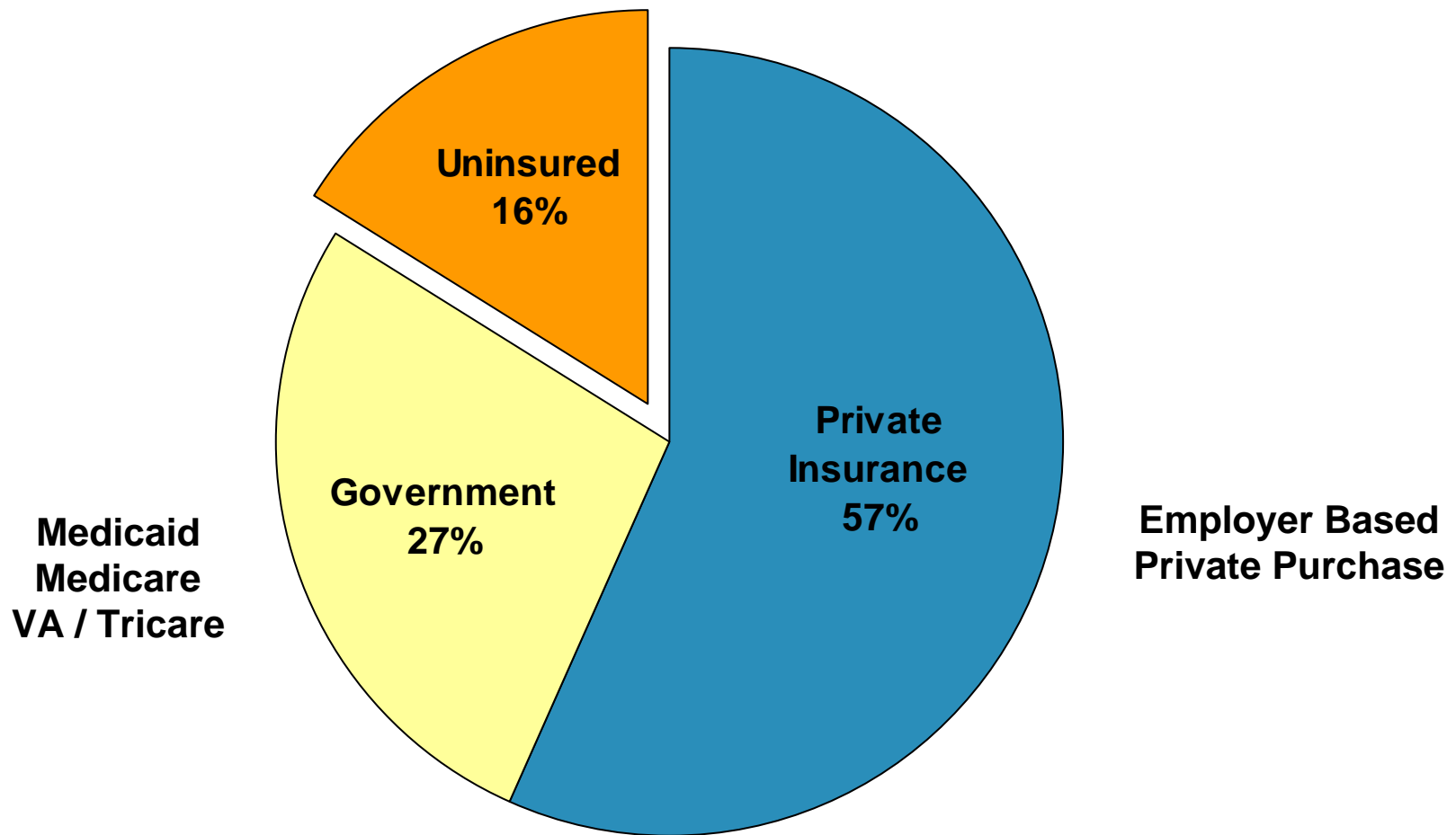
- Trends
 - Healthcare & Prescription Drug Coverage
 - Uninsured
 - 47 Million (8.6 Million are Children)
 - Medicaid
 - Under-insured
 - Evolution of benefit design: Coverage vs. Access
 - Population by FPL
- Manufacturer initiatives to address challenges
 - Partnership for Prescription Assistance
 - Together Rx Access
 - Savings on Branded Medications and Generics
 - Ambassador Program - Abbott
- Conclusions



Population Based Healthcare Trends

Healthcare Coverage

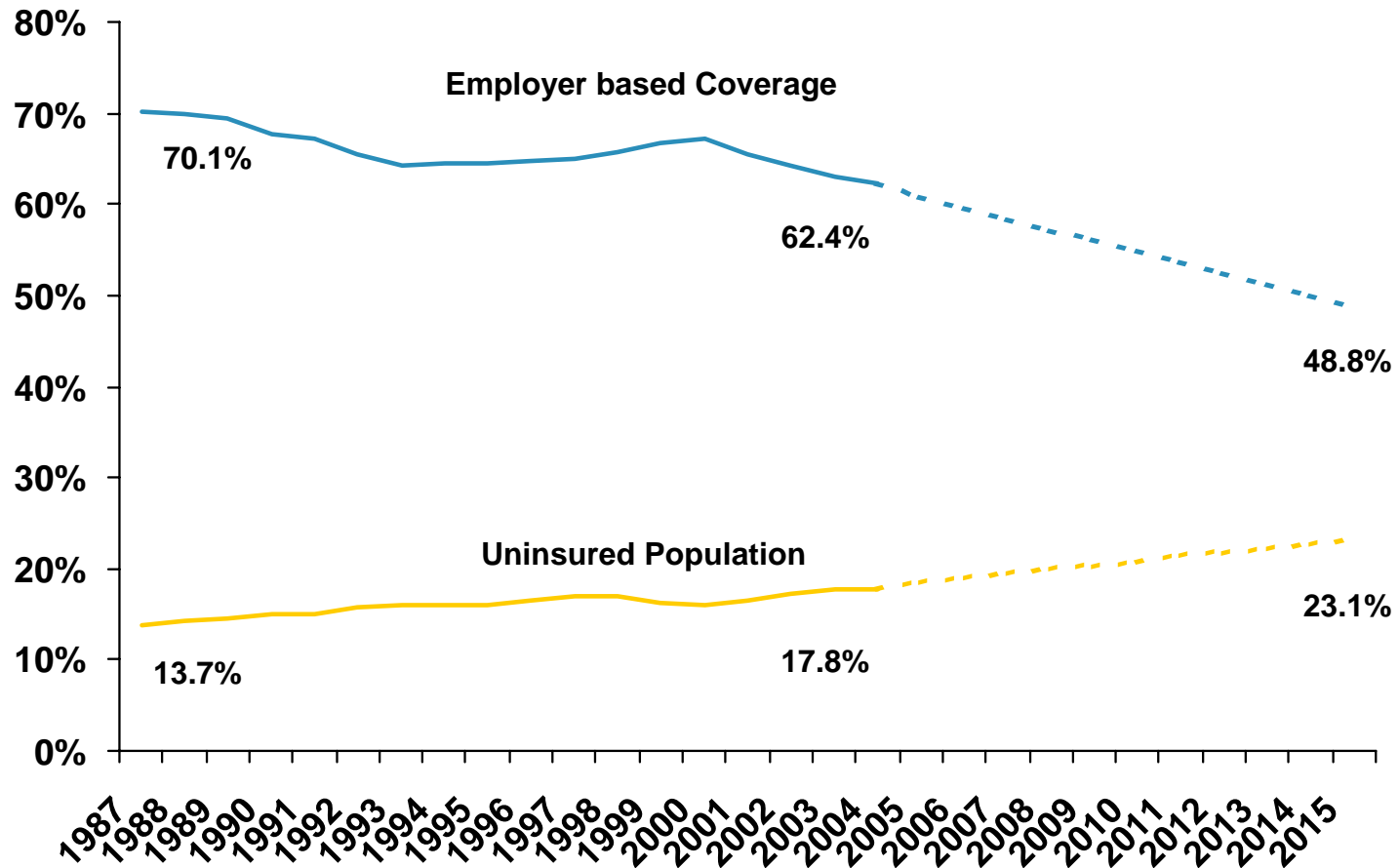
Total US Population – 2006 (296 MM)



Source: Employee Benefit Research Institute estimates of the Current Population Survey, 1995-2005, US Census Bureau

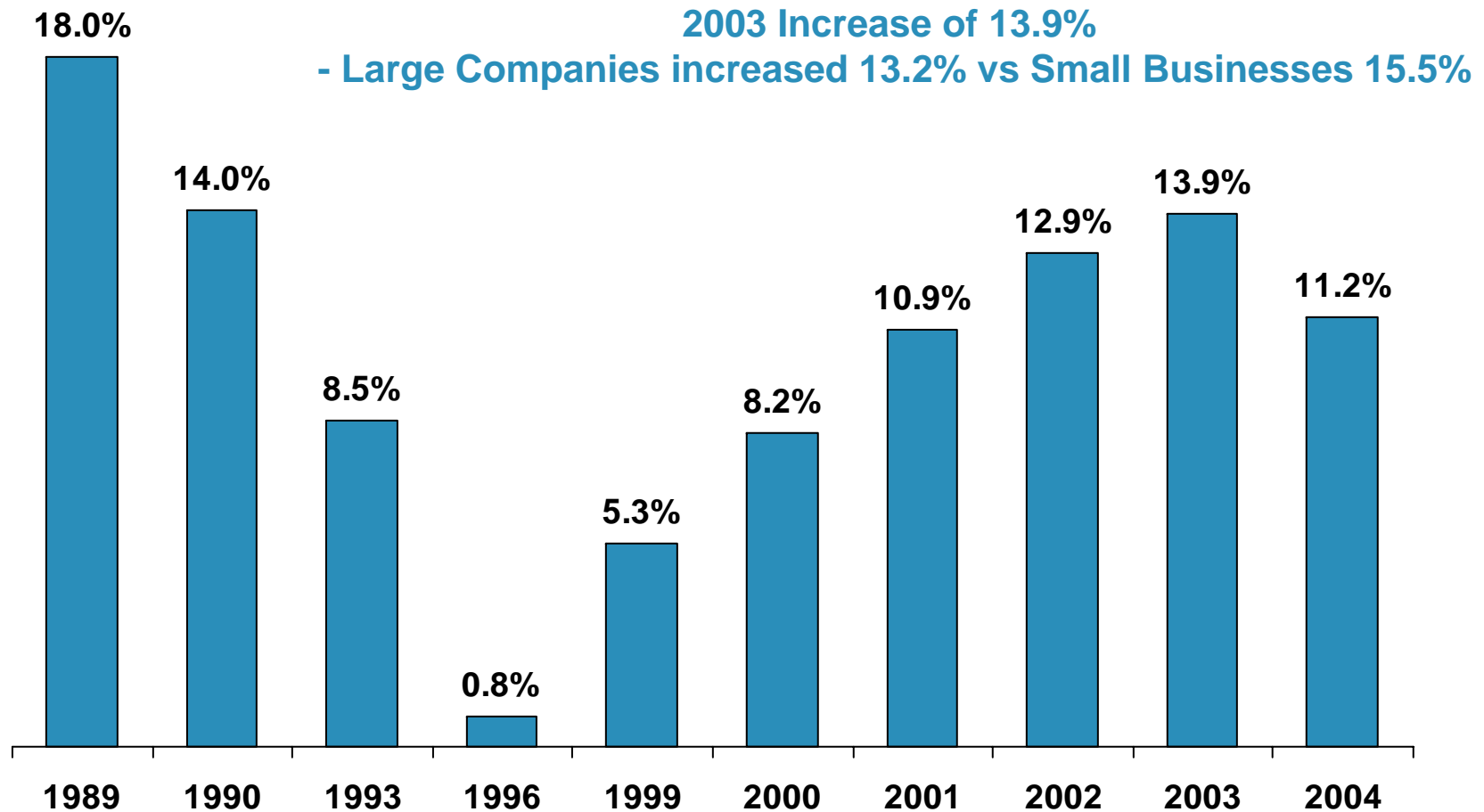
Projected trends in healthcare coverage

Non-elderly US Population (Under 65 years of age)

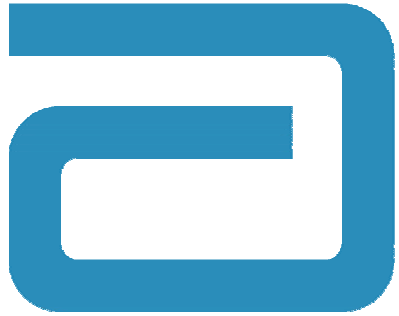


Source: Employee Benefit Research Institute estimates of the Current Population Survey, 1988-2005

Cost of Premiums – National annual growth in private health insurance premiums



Notes: Data on premium increases reflect the cost of employer-based health insurance coverage for a family of four as reported by employer. Percent increase represents the growth over the immediate prior year. Selected rather than continuous years of data are shown prior to 1999.
Sources: KFF/HRET Survey of Employer-Sponsored Health Benefits, 2004; CHCF/HRET California Employer Health Benefits Survey, 2004. California survey not conducted prior to 2000. Source: US Chamber of Commerce



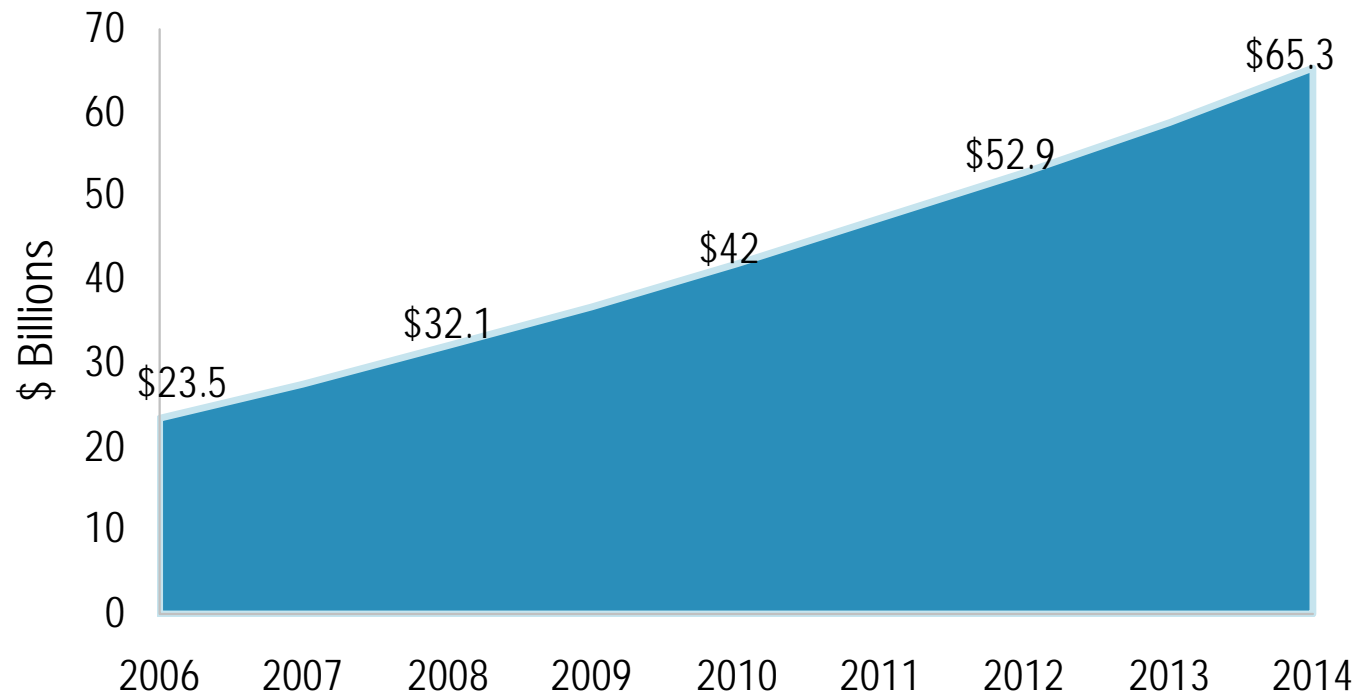
Medicaid Growth

Medicaid Spending Growth Will Remain High; States Will Continue to Focus on Prescription Drug Costs

Medicaid spending has increased dramatically over the last five years driven by a 40 percent increase in caseload and a 4.5 percent per year increase in the health care price index.

— National Governors Association Medicaid Reform Preliminary Report, June 2005

Projected Medicaid Prescription Drug Expenditures **13.6% Average Annual Growth Rate**



Source: Centers for Medicare and Medicaid Services. National Health Expenditures Projections, February 2005..., kff.org

State Medicaid Programs: Experiment with Reform Models

- Overview
 - Various states have designed programs to address economic, demographic and patient access issues inherent in their existing Medicaid or Public Health Programs
- Program themes
 - Tailored Benefit Packages for segregated populations
 - Higher dispensing fees for generics
 - Tiering expansion and increase in co-pays, co-insurance for non-preferred branded products



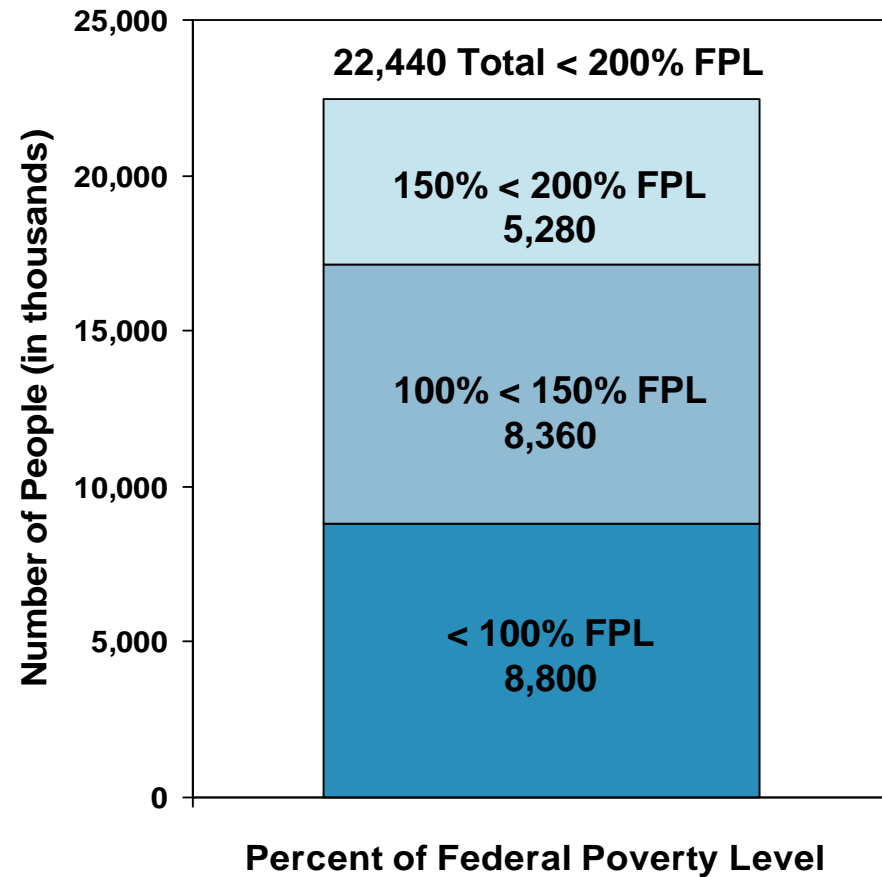
Medicare Trends

Vulnerable Beneficiaries and the Coverage Gap

Federal Poverty Level and Low-income Medicare Population

2006 Federal Poverty Level (FPL) Guidelines			
Family Size	100% FPL	150% FPL	200% FPL
1	\$9,800	\$14,700	\$19,600
2	\$13,200	\$19,800	\$26,400
3	\$16,600	\$24,900	\$33,200
4	\$20,000	\$30,000	\$40,000

Medicare Eligible Low Income Population by Federal Poverty Level



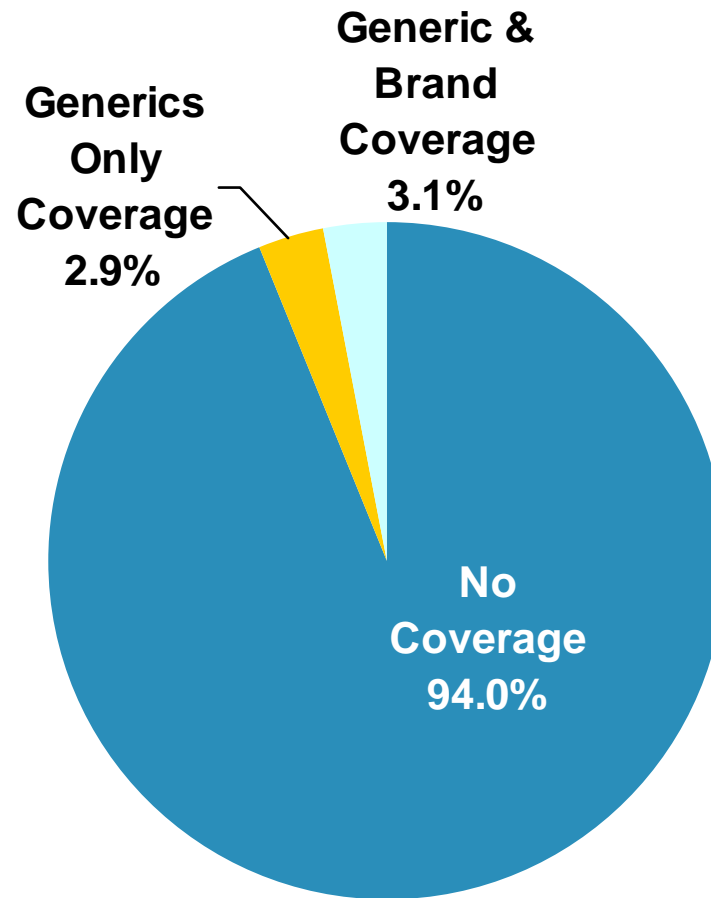
Sources: Federal Register: January 24, 2006, Volume 71, number 15, Page 38-48, 3849,

U.S. Census Bureau CPS Annual Demographic Survey, March 2006, Kaiser Family Foundation "Medicare at a Glance" Sep., 2005

http://pubdb3.census.gov/macro/032006/pov/new02_100.htm

Percent of Enrollment in PDPs Offering Coverage in the Gap

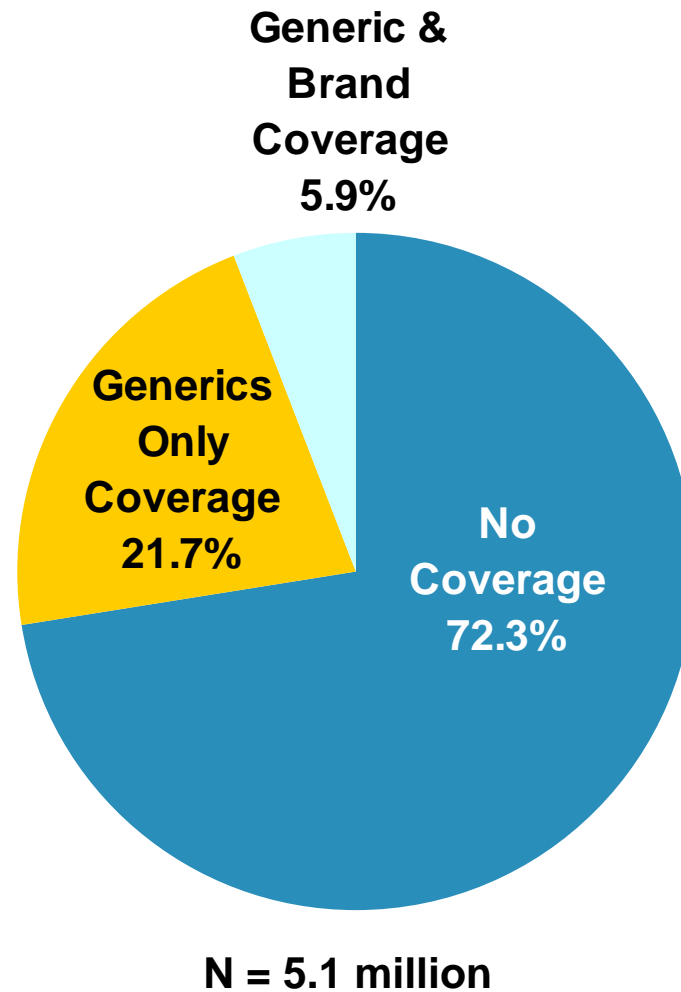
2006 Plan Year



N = 15.5 million

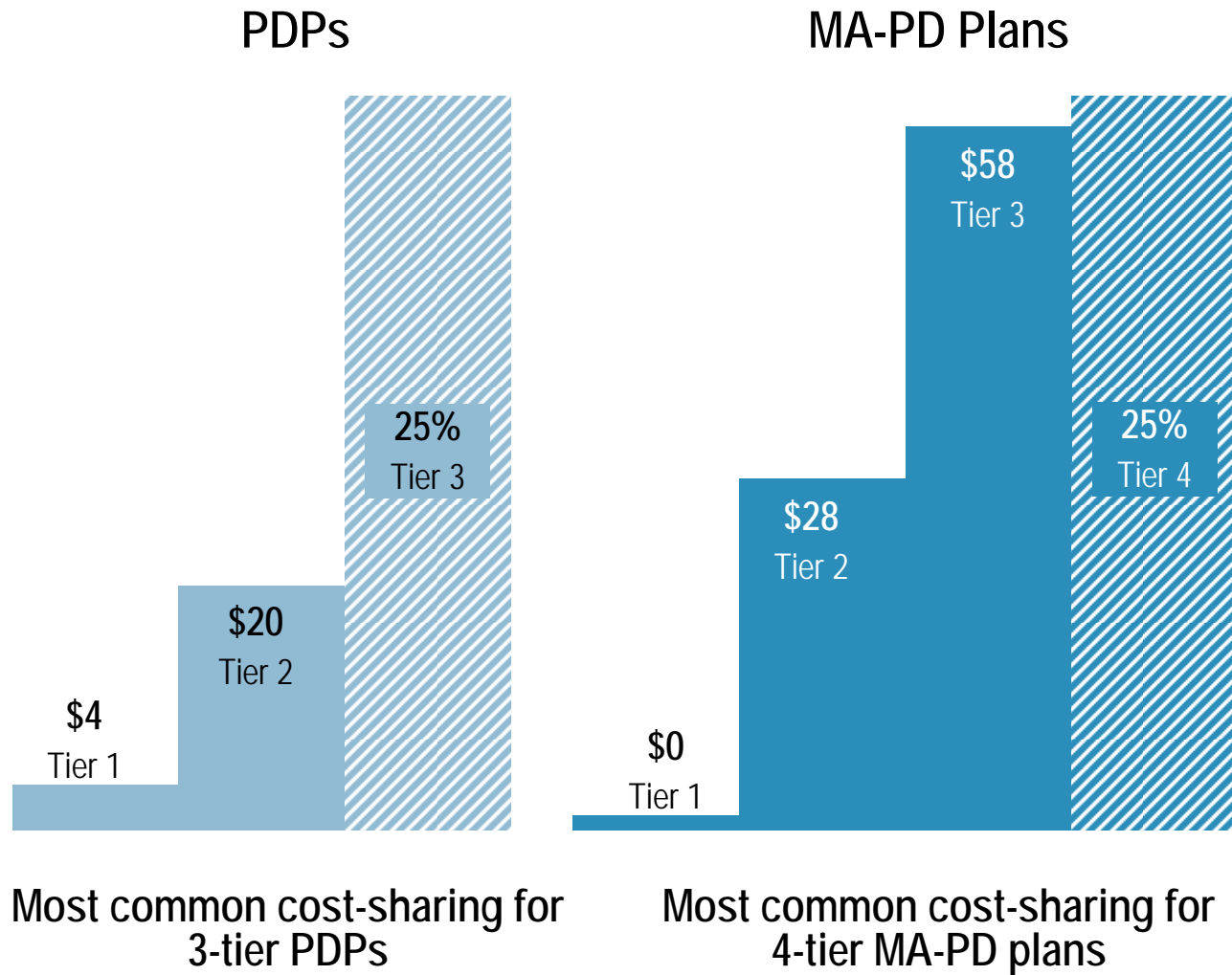
Source: Avalere Health analysis using DataFrame™, a proprietary database of Medicare Part D plan features. Plan benefit and formulary design data from April 2006. Enrollment data from July 2006. Analysis excludes lives in PDPs with fewer than 10 enrollees, lives in employer/union only Part D plans, and lives in the U.S. territories.

Percent of Enrollment in MA-PD Plans Offering Coverage in the Gap 2006 Plan Year



Source: Avalere Health analysis using DataFrame™, a proprietary database of Medicare Part D plan features. Plan benefit and formulary design data from April 2006. Enrollment data from July 2006. Analysis excludes lives in MA-PD plans with fewer than 10 enrollees, lives in employer/union only Part D plans, and lives in the U.S. territories.

Common Co-pays and Co-insurance on 2006 Part D Plans



* Kaiser Family Foundation. Employer Health Benefits. 2005 Annual Survey.

** BCBS is the national FEHB plan sponsor with the highest enrollment.

Source: Avalere Health analysis using DataFrame™, a proprietary database of Medicare Part D plan features. Data from February 2006.



Manufacturer Initiatives to address challenges

Patient Assistance Programs

- An estimated \$2 billion of free medication is given away annually through Pharmaceutical Patient Assistance Programs¹
- Partnership for Prescription Assistance
 - Largest private-sector program to help patients in need who lack prescription coverage get the medicines they require for free or nearly free.
 - Launched in April 2005, and has matched more than 2.4 million patients with assistance programs that likely will meet their needs
 - Provides assistance to more than 2,500 brand name medicines

¹Cost Containment Research Institute in Washington, DC, "Free and Low Cost Prescription Drugs 8th Edition."
www.phrma.org

Together Rx Discount Card

10 Companies participating in Together Rx Access:

ABT, AZ, Aventis, BMS, GSK, JNJ, Novartis, PFE, Takeda, TAP



Access Mission: FREE prescription savings card for individual and families without prescription drug coverage

Target Audience: Legal US residents with no private or public prescription drug coverage (or Medicare eligible), with incomes equal or less than \$30k/one person, \$40k/family of two, \$50k/family of three, etc.

Current enrollment is nearly 700,000

Abbott Ambassador Program

Key Initiatives



Ambassador Program

Facilitated Ambassador

"Get 10" Program

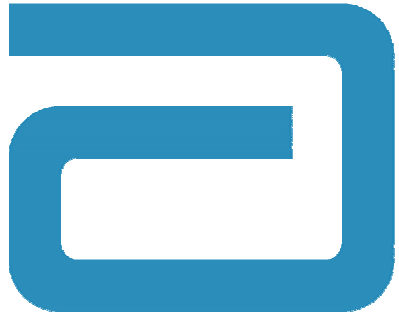
- Utilizes **trained Abbott employees and retirees** to educate and properly prepare people with Medicare for their enrollment decision/activities
- **Audience includes friends, family, neighbors and acquaintances of Abbott Ambassadors**

Targeted Ambassador

Healthcare Providers

Vulnerable Populations

- Utilizes **identified Abbott personnel as well as formed groups/coalitions** to educate and properly prepare the targeted audience on the Medicare Prescription Drug Coverage
- **Audience:**
 - Healthcare providers and other ancillary support personnel that interact with the Medicare population.
 - Vulnerable populations that may not be accessible by other outreach activities



Conclusions

Conclusions

- Vulnerable, low-income uninsured population continues to grow affecting all aspects of Public Health
- Industry stakeholders need to continue to evaluate ways to address access issues for this population.
- What steps are needed to address the under-insured population within the Medicare Part D framework?