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The Managed Care Benefit Design Index

Research on Payers, Employers and Benefit Design Evolution

Prospectus





The Evolving Role of Employers in Benefit Design Decisions

Today, the relationship between payers and employers plays a critical role in decisions about benefit design, cost-sharing, and even the coverage of individual products and services. In addition, employers have emerged as an important constraint on managed care organizations seeking to pass ever higher costs on to patients, while simultaneously demanding better outcomes and results. Understanding the relationship between employers and health plans represents an important prerequisite for marketers if they are to make sense of the evolving benefit design landscape.

Unique Features of the Study

Several well-designed studies address different aspects of the employer market, but *The Managed Care Benefit Design Index* is the only study that focuses on the drivers of benefit design and its collective impact on the management and use of medical technologies.

- ✓ Only large ongoing research project focusing on both payers and employers – two studies in one
- ✓ Timely analysis of changes in access, coverage, and benefit design and their impact on individual products and categories
- ✓ Tracks evolving product access in critical categories, including asthma, diabetes, depression, and arthritis, as well as specialty products
- ✓ Comprehensive analysis of the evolving priorities and objectives of both payers and employers, including areas of agreement and divergence
- ✓ Large sample ensures national representation and the ability to track key trends by payer and employer size, by industry, and by geography
- ✓ Survey conducted twice annually, ensuring accurate and up-to-date information

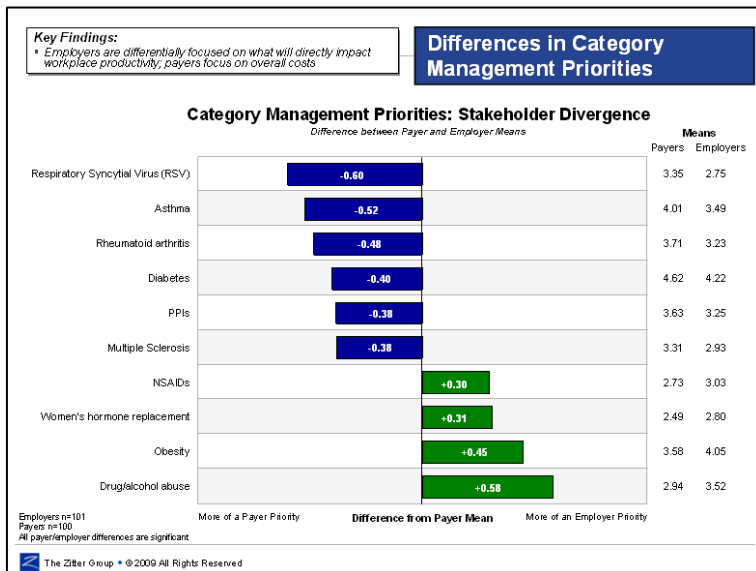


Key Research Issues

The **Managed Care Benefit Design Index** is the most comprehensive and up-to-date analysis of the drivers of benefit design decisions. The Zitter Group works closely with clients and subscribers to frame research questions, and to ensure that each semi-annual issue provides detailed, intelligent analysis of the most important current trends.

- ✓ How do payers and employers work together to craft benefit design policies?
- ✓ What role do Employer Benefit Consultants plan in benefit design creation?
- ✓ In what areas would stakeholders most value pharmaceutical manufacturer interaction?
- ✓ What role do stakeholders envision the government will play in benefit design policy?
- ✓ What impact has the economy had on health care offerings?
- ✓ How will benefit design interventions impact health care costs and patient outcomes?
- ✓ How do stakeholders evaluate Consumer Directed Health Plans?
- ✓ How do stakeholders evaluate Value-Based Benefit Designs?
- ✓ How do stakeholders differentiate between types of patient cost sharing?
- ✓ What benefit design strategies are currently in use?
- ✓ What drug management strategies are currently in use?
- ✓ To what extent do stakeholders integrate medical and pharmacy benefit data?
- ✓ What are the most common formulary/benefit designs?
- ✓ What disease states do stakeholders consider to be management priorities?
- ✓ How do stakeholders characterize demand elasticity for pharmaceuticals?
- ✓ How can employer segmentation inform market strategies?
- ✓ What insights can be gained through analyzing stakeholder decision making?

Divergent Management Priorities

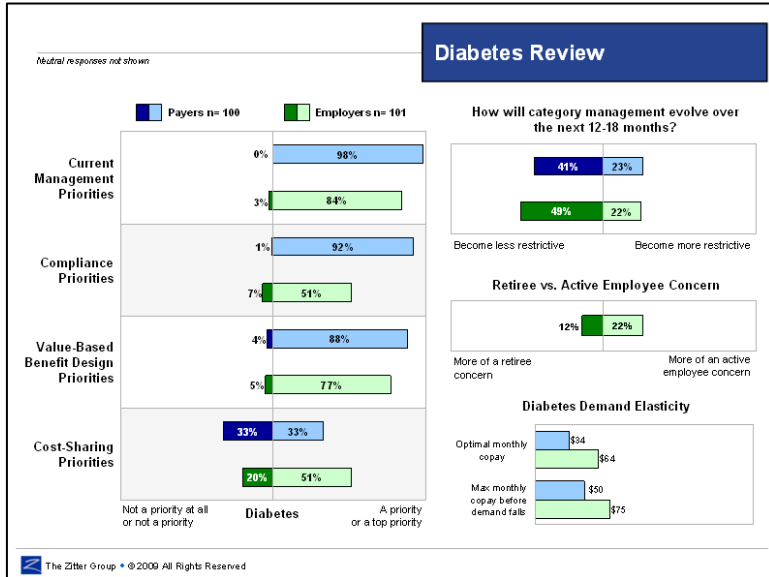


The *Managed Care Benefit Design Index* tracks and contrasts the reported priorities of employers and payers, noting important areas of agreement and disagreement, and providing a detailed analysis of the implications.

The *Index* also tracks the importance accorded individual categories and conditions and investigates the identified divergences. Based on the research, the *Index* provides a detailed analysis of the drivers behind each group's priorities.



Category Access and Management Profiles

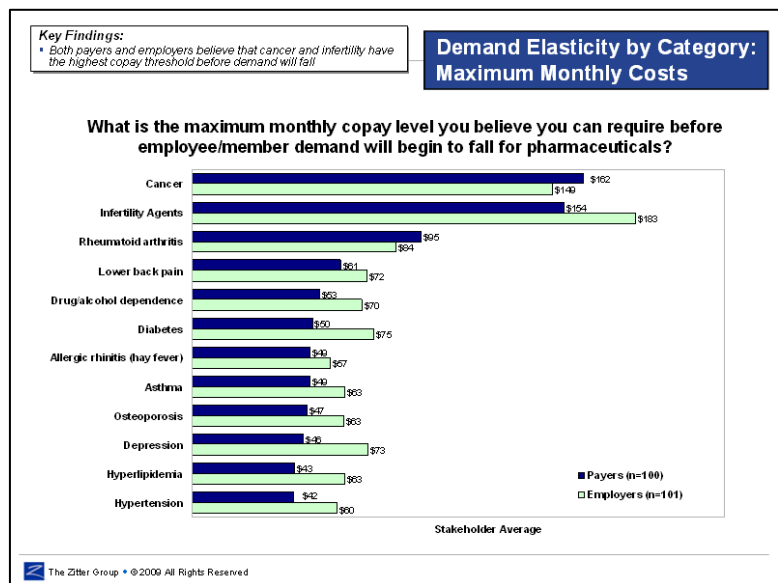


As benefit designs evolve and innovative strategies like Value-based Benefit Designs (VBBD), first pioneered by Pitney-Bowes, grow in acceptance, access to products in categories like diabetes, asthma, and hypertension has increased. The *Index* tracks these evolutions on an ongoing basis, identifying important trends and their implications for manufacturers. In addition, the *Index* draws on data from its sister publications – the *Managed Care Biologics Injectables Index* and the *Managed Care Oncology Index* –

to track trends across specialty categories ranging from multiple sclerosis to head and neck cancer.

Demand Elasticity, by Category

The *Index* provides a detailed understanding of current payer and employer perceptions of appropriate cost-sharing levels and the ability and willingness of employees/members to pay the out-of-pocket costs for their chronic therapies. The current *Index* shows that both payers and employers believe that they can continue to shift costs to members/employees through higher premium rates, deductibles, and copayments/coinsurance rates before negatively affecting the demand for health care or changing the composition of the risk pool. The *Index* explores this issue in detail including the implications for manufacturers.





Methodology

Valuable market research is accurate and actionable. That requires methodological rigor and an understanding of how pharmaceutical marketers develop and implement strategies and tactics. The Zitter Group has surveyed managed market executives to understand their perceptions, needs, and decision-making criteria across numerous product categories and strategic issues. Now you can access this sophisticated intelligence with a special focus on payer/employer collaboration.

- ✓ The study consists of two key components: a web-based survey of 100 top decision-makers in large national and important regional managed care plans, and a similar survey of 100 employers, including medical directors and benefits decision-makers.
- ✓ This two-armed approach provides a unique level of understanding about ongoing changes in benefit design, and their impact on product accessibility and patient health.

The Zitter Group uses multiple analytic methods, including rank-order (ordinal), Likert scales, discrete-choice analysis (including conjoint designs), and other techniques in order to produce reliable quantitative results. Quantitative data are augmented with extensive open-ended, qualitative information, included to enrich the understanding of this dynamic market.

Timing

The Benefit Design Index is published semi-annually:

Spring 2011: 6th Edition – May/June 2011

Fall 2011: 7th Edition – November/December 2011

Subscription Options

There are two ways to subscribe to the *Benefit Design Index*.

The **Live Subscription** includes:

- ✓ Two semi-annual editions
- ✓ Up to five printed copies of each edition
- ✓ Up to four formal presentations of findings (two on-site, two webcasts)
- ✓ Up to three customized reports/data cuts per edition (each containing up to five unique data cuts), and access to the research team for follow-up questions, data clarification, or additional insight (up to ten hours of telephonic support per edition)

The Live Subscription is available for \$78,950 annually.

Alternately, there is a basic subscription available that includes:

- ✓ Two semi-annual editions
- ✓ Up to five printed copies of each edition
- ✓ Two formal presentations of findings (one on-site, one webcast)

The basic subscription is available for \$66,950 annually.



Contents

Overview and Background

Includes a top line review of key events and trends, including recent market data.

- ✓ Current trends in employer coverage
- ✓ Top employer and payer management priorities
 - By management objective
 - By condition/category
- ✓ Review of payer and employer knowledge, attitudes, and practices
- ✓ Budgetary impact of the economic downturn
- ✓ Projected areas of government involvement
- ✓ Reliance on employer benefit consultants

Benefit Design and Cost-Sharing

Reviews current benefit designs and planned changes, particularly to cost-sharing burdens. Explores market attitudes towards and uptake of consumer-directed products.

- ✓ Current Benefit Designs
 - Cost-sharing burdens
 - Deductibles
- ✓ Anticipated changes to cost-sharing
 - Coinsurance
 - Changes to benefit classification
 - Impact on employees/members
- ✓ Planned changes to benefit design
 - CDHPs
 - Value Based Benefit Designs
 - Specialty carve-outs
 - OOP maximums and Deductibles
- ✓ Implications of benefit design changes
 - Projected impact on costs and patient outcomes

Current and Anticipated Health Management Programs

Provides a review of individual benefit and employee health management strategies, and assesses their likelihood of adoption.

- ✓ Employee programs
 - Health/wellness programs
 - Disease management
 - Health education
- ✓ Onsite services
 - Screening
 - Clinics

Current and Anticipated Product and Category Management

Provides a detailed analysis of current practices and planned changes to payer management of each key category, including coverage policies, OOP costs, benefit classification, and accessibility.

- ✓ Major chronic care categories
 - Asthma
 - Allergic rhinitis
 - Cancer
 - Diabetes
 - Depression
 - Drug/Alcohol Dependence
 - Hyperlipidemia
 - Hypertension
 - Infertility
 - MS
 - Musculoskeletal conditions
 - Proton Pump Inhibitors
 - RA



The Zitter Group

History of Proven Success Stories

Since 1989, The Zitter Group has worked with life science product manufacturers and managed care organizations to strengthen relationships, enhance appropriate product use, dramatically improve treatment results, and build brand allegiance.

Unmatched Payer Market Insight

Since its founding, The Zitter Group has worked in the payer market, developing unmatched domain expertise. Unlike other companies that dabble in the managed care world, we have lived there since the beginning, and that experience and insight informs everything we do.

Combining Insight and Expertise

Blending best-in-class expertise in the delivery of health care with rigorous and reliable analytic methods, The Zitter Group provides clients with the most actionable and reliable strategic insight possible. Whether you are launching a new product or seeking to maximize the performance of an existing product, The Zitter Group is uniquely qualified to provide the insight you need to ensure optimal decision-making.