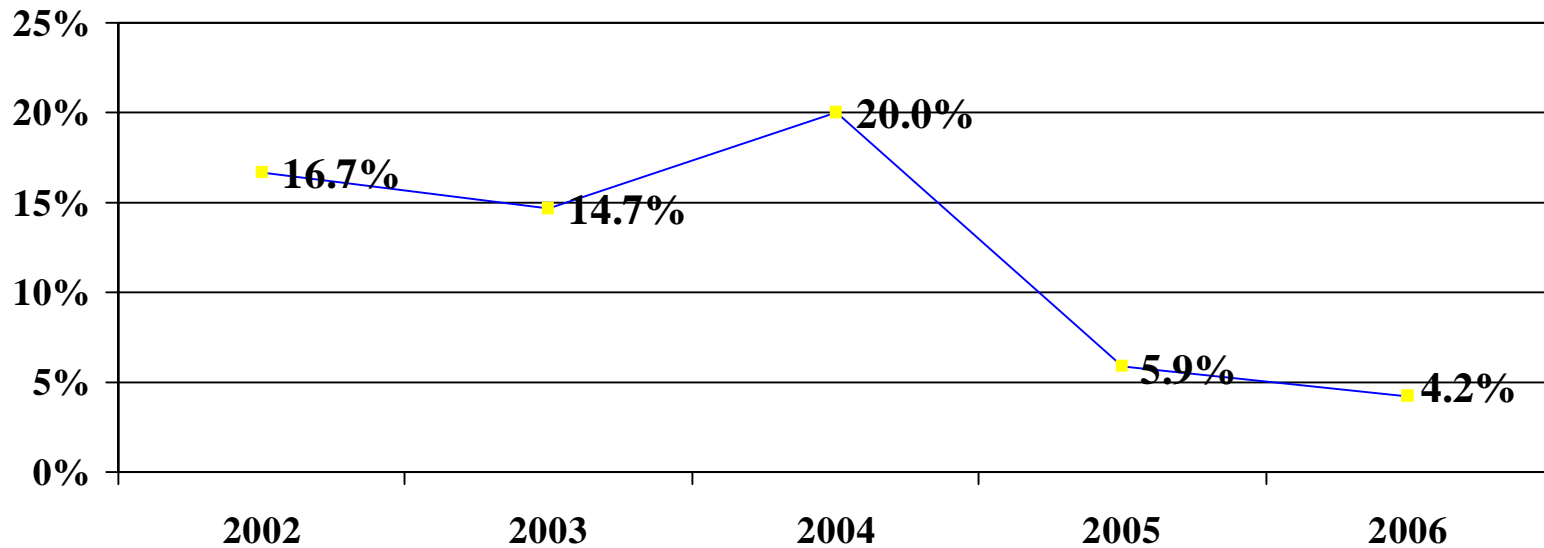




BCBSM Physician Group Incentive Program Increasing the Use of Generic Drugs

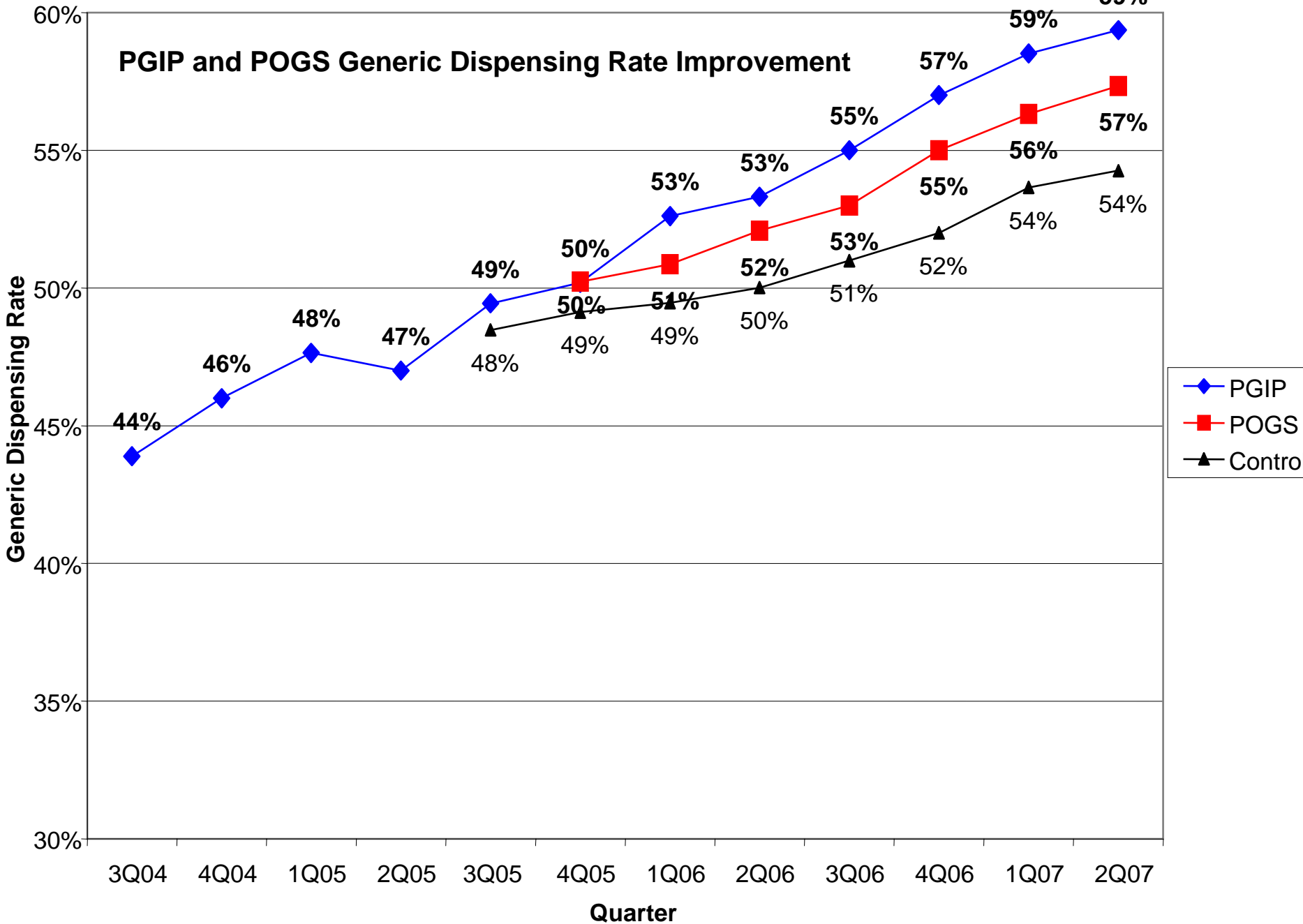
**Bob DeYoung, PharmD, BCPS
Advantage Health Physician Network and Saint Mary's Health Care
Grand Rapids, MI
deyoungg@trinity-health.org**

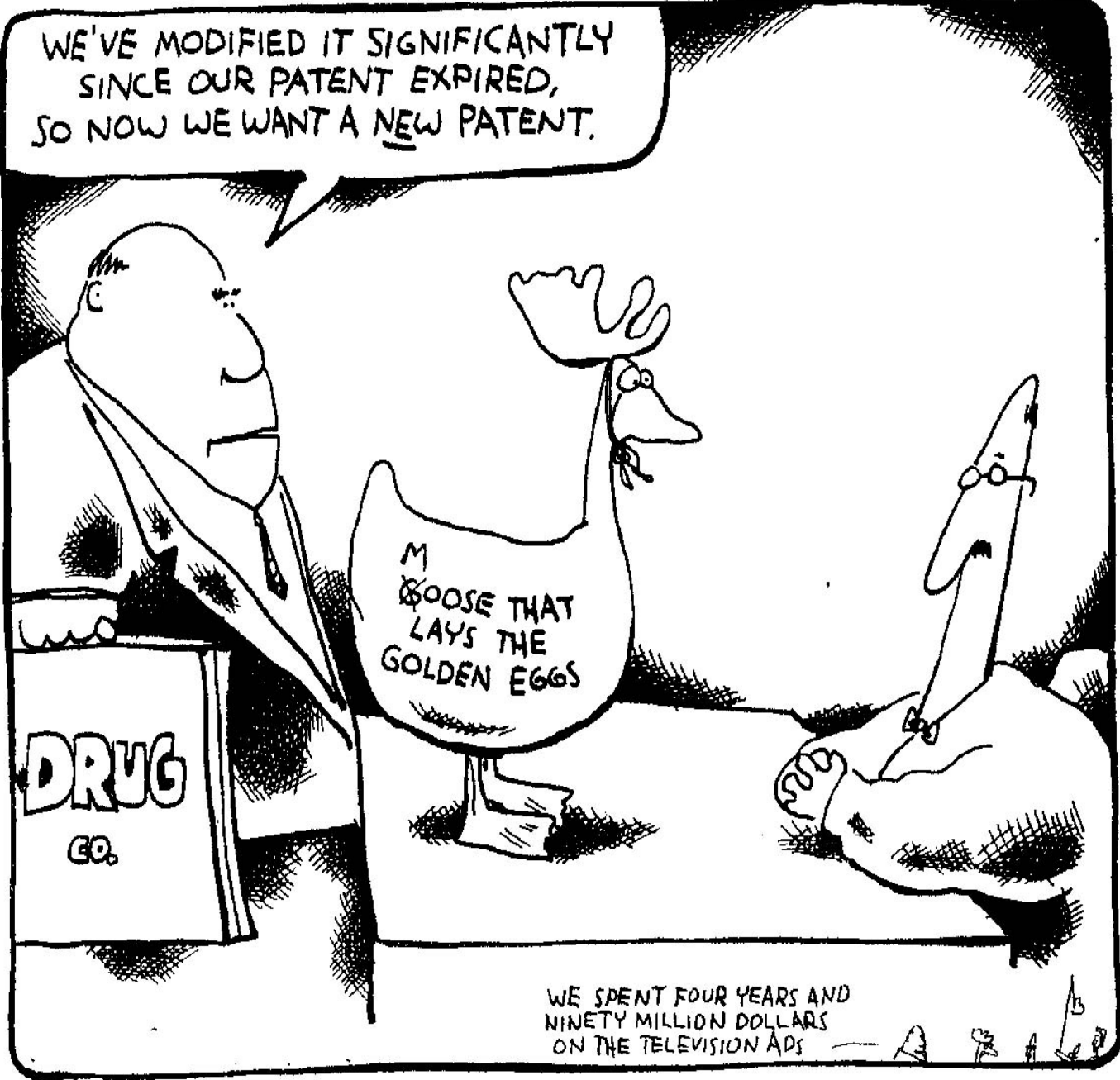
History of Benefit Adjusted Annual Drug Trend for BCBSM Book of Business*, 2002 – Dec. 2006



* Current drug trends exclude Chrysler and MPSR 65+

PGIP and POGS Generic Dispensing Rate Improvement





TOLES; Universal Press Syndicate, The Buffalo News

Select Patent Losses 2007



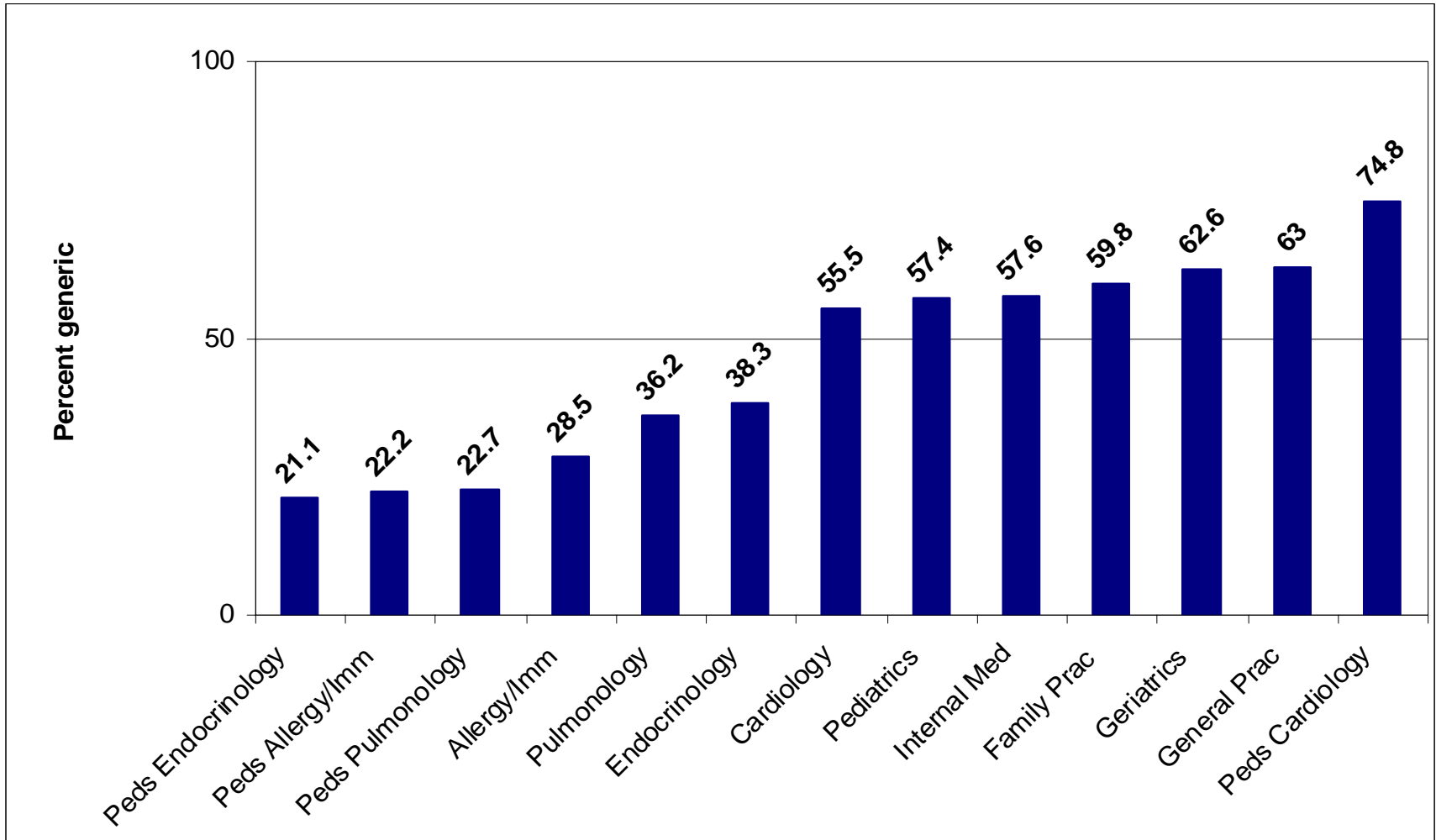
- Lotrel® [amlodipine/benazepril]
- Norvasc® [amlodipine]
- Aceon® [perindopril]
- Coreg® [carvedilol]

Select Patent Losses 2008



- Advair Diskus® [fluticasone/salmeterol]
- Serevent® [salmeterol]
- Risperdal® [risperidone]
- Zyrtec® [cetirizine]- OTC conversion
- Effexor XR® [venlafaxine]
- Depakote® [divalproex sodium]
- Fosamax® [alendronate]

GDR by Specialty through June 30, 2007



BCBSM Pharmacy Initiatives Implemented in 2007



- Dose optimization
- Brand-to-generic alternative interchange
 - Nexium® to omeprazole
- Generic copay waivers
- Member education focusing on
 - Generic drugs
 - Over-the-counter equivalents

2007 Pharmacy Initiatives

PGIP



- Non-sedating antihistamines (NSA) PMPM
- PPI cost PMPM
- Statin cost PUMPM
- Antidepressant cost PUMPM
- Overall GDR

2008 Pharmacy Initiatives

PGIP



- Overall Generic Dispensing Rate (GDR)
 - Weighted as 50% of pharmacy performance measure
 - NSA cost PMPM
 - PPI cost PMPM
 - Statin cost PUMPM
 - Antidepressant cost PUMPM
- } Weighted relative to potential savings

Methodology of performance targets and measurement is changing in 2008...

2008 Performance Measurement Overall GDR



- Comparison to control
 - For information purposes only
- Achievable Benchmarks of Care™ (ABC's)
 - Average performance for top 10 percent of physician groups (PGIP only)
- Group-specific improvement target
 - Improve by 10% of complement of current GDR
 - Current GDR 57% then new target =
 - $100\% - 57\% = 43\%$,
 - $43\% * 0.10 = 4.3\%$
 - $57\% + 4.3\% = 61.3\%$

2008 Performance Measurement Class Specific Measures



- Non-Sedating Antihistamines (NSA) PMPM & Proton Pump Inhibitors (PPI) PMPM
 - % improvement compared to control
 - PMPM below control or ABC
- Statin* Cost PUMPM & Antidepressant Cost PUMPM
 - % improvement compared to control
 - PUMPM below control or ABC

* Includes Vytorin® (simvastatin/ezetimibe)

Performance Payment Considerations



- Accomplishments in achieving measurable improvement in cost and GDR
- Completion of specified actions
 - Improvements in the structure or processes of care
- Collaboration
 - Sharing best practices
 - Promoting organized systems of care
 - Facilitating improvements by other groups
- Providing initiative and leadership for collaborative efforts

Looking Forward



- Quality focused pharmacy measures:
 - Adherence
 - Target dose attainment (e.g., ACE Inhibitors in CHF)