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High costs blamed on drug manufacturers

According to 70 percent of 2007 Arxcel Prescription Benefit Research Survey respondents, drug manufacturers are to blame for the high cost of prescription benefit programs.

The sixth-annual Arxcel survey was designed to measure trends in employers' perceptions of prescription benefit programs and their thoughts about rising drug costs.

The survey also measured the perceptions of Pharmaceutical Benefit Managers (PBM) for the first time.

When respondents were asked their opinion on the most significant cause of rising prescription costs, direct-to-consumer (DTC) advertising ranked first for 45.5 percent. Research and Development (R&D) was listed second, with 24.6 percent. When combined, these numbers reveal 70.1 percent of those surveyed blamed drug manufacturers for the high cost of prescription benefit programs. An aging population ranked third, with 16.8 percent.

Responding to these numbers,

Arxcel CEO Chris Robbins said, "Pharmaceutical companies need to take notice that they are being blamed for the continued rise in prescription costs, even though there are larger demographic issues contributing to a greater extent than DTC and R&D alone."

When asked what could be done to lower costs, 75 percent of respondents listed patient education about the cost effective use of a medicine. About 65 percent said educating physicians about the costs associated with prescription benefit plans would help.

Mail-order pharmacies continued to get a strong rating, with 69 percent rating them positively as a solution for rising costs. Clinical oversight also ranked high as a possible solution, garnering the support of 66 percent of those surveyed.

Sixty percent said they expect an increase in prescription plan costs of up to 15 percent in the coming year. Almost half expect to pass at least part of the increase to employees.

The top resources cited for gathering information about prescription benefit management choices were external consultants (chosen by 66 percent), trade and industry publications (11 percent) and in-house experts and staff (24 percent).

The survey showed a split perception of the PBM industry. Half of those surveyed rated the industry as "positive" or "very positive" while the other half rated it "neutral" to "very negative." While the industry got mixed reviews, individual PBMs fared somewhat better. Nearly two-thirds rated their PBM favorably as 52 percent displayed trust their PBM is operating in their company's best interest.

Pharmaceutical companies need to take notice that they are being blamed for the continued rise in prescription costs

"Everyone has a PBM, everyone needs a PBM consultant."

As TV prescription drug advertisements come under fire Name-brand drugs make more appearances in network television shows

Surgeon General Nominee James Holsinger said recently that advertisements of prescription drugs on television should be outlawed.

He advocates “rescind[ing] legislation that allows the direct advertising of pharmaceutical agents to the public” because “it puts an unconscionable pressure on America’s physicians to prescribe the blue pill, or the pink pill, or whatever the pill of the month might be, and I think we have done a disservice to our physicians by allowing that to occur.”

This statement comes on the heels of new data released by The *Indianapolis Star* that reveals the pervasive presence of prescription drug product placement on network television shows. The article reported 462 mentions of prescription drugs on television last year, more than double what it was two years earlier.

Brands with the most number of mentions on TV

shows in 2006 include Botox (72), Vicodin (56), Viagra (54) and Prozac (16). Brand name drugs are name dropped most often on medical and police shows. In the first half of 2007, “Scrubs” topped the list for prescription drug mentions with 78, followed by “House” (41), “Grey’s Anatomy” (33), “Law & Order SVU” (25) and “ER” (16).

Some pharmaceutical companies, such as Organon Pharmaceuticals USA of Roseland, N.J., admitted to making deals with such shows as CBS’ “King of

Queens” and ABC’s “Grey’s Anatomy” for product placement. But other companies such as Eli Lilly and Co. the producer of Prozac said they do not pay for product placement.

The product placement of name-brand drugs pales in comparison to that of other products. Companies such

as Coca-Cola, Toyota, and Blackberry pay television shows millions of dollars annually to have their products worked into story lines.

Brands mentioned most often in television shows:

**Botox, Vicodin,
Viagra, Prozac**

Data from 2006. Source: Nielsen Product Placement

Arxcel donates \$10,000 to homeless shelter

Arxcel CEO Chris Robbins recently presented a \$10,000 donation to support Cornerstone Manor, a shelter for homeless women and children, operated by the private, non-profit Buffalo City Mission. Arxcel is a longtime supporter of the Buffalo City Mission. Robbins cited the importance of family as a “shared value” of Arxcel and the organization.

**Arxcel
Briefs**

Arxcel wins two important contracts

Arxcel was recently awarded two important contracts, one with the Pittsburgh Business Group on Health (PBGH), and the other for State-Wide Schools Cooperative Health Plan (SWSCHP) in New York. Arxcel’s three-year contract with PBGH includes an audit of the group’s prescription drug program, among other services. SWSCHP hired Arxcel to review its PBM contract; this project is ongoing.

Mission Statement: We offer expert counsel, analysis and solutions that control prescription benefits to ensure quality pharmaceutical care that improves the health of our clients and their members.