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Our firm conducted a review of Medco's mail order pricing on February 4, 2005. The results are tabulated below. We used the following process:

1. We reviewed the prices for the top ten brand and generic maintenance drugs.
2. The drugs were taken from the Drug Topics web site, which provides 2003 drug usage.
3. We used the lists that ranked drugs by dollar volume and selected the top ten maintenance drugs for both brand and generic.
4. We then created a spreadsheet, using the most common strength and quantity for each of these drugs.
5. We then accessed the Medco web site, using the access code for a Medco recipient. [WMC previously executed a HIPAA Business Associates Agreement with the pharmacy that manages the care of this patient.]
6. From that web site we extracted the prices to the plan sponsor for each drug for both a 30 day supply in the neighborhood drug store and a 90 day supply from Medco's mail order pharmacy.
7. We then calculated the costs for a 90 day supply at retail, based on the patient getting the Rx filled three times for a thirty day supply, compared with a single ninety day supply from Medco.
8. We have no access to actual drug utilization by Medco clients, so we used national usage to calculate the 'market basket' costs for these drugs. We believe, based on the health plan sponsor's large and diverse recipient population, that this approach is reasonable.
9. Using the Drug Topics lists, we entered the annual number of prescriptions filled nationally for each of these drugs.
10. Our goal is to give proper weight to the usage of each drug. For convenience, we reduced the number of Rxs for each drug by three decimal places (000)
11. We then calculated the market basket costs.
12. The results clearly show that it actually cost the plan sponsor more money to utilize the mail service.

13. To be sure, the actual costs of mail order are really much greater due to a number of factors that are unique to the use of a remote supplier:
- a. The lead time needed to order and obtain any product by mail, which results in a significant 'loading-up'.
 - b. The waste associated with requiring patients to have larger supplies of medicines, since drugs are often discontinued, and the remainder is discarded.
 - c. The time spent by prescribers who are pressured by the mail order operators to change the medicines used by their patients
 - d. The cost of physician follow- up pursuant to these changes in meds.
14. The study proves that mail order actually costs the plan sponsor more than using the neighborhood pharmacies.

Top Ten Brand and Generic Maintenance Drugs by dollars, from Drug Topics 2003 List					Retail 30-day Rx	Mail order 90-day Rx				
Brand Name	Generic name	Strength	Drug Use	30 DAY Qty	Employer Cost	Employer Cost	of Rxs per year*	Retail cost for 90 day supply	Mail Order cost	Cost Difference
Lipitor	Atorvastatin calcium	20mg	Lower Cholesterol	30	\$97.38	\$264.86	57,007	\$ 16,654,025	\$ 15,098,874	\$ 1,555,151
Prevacid	LANSOPRAZOLE	30mg	Gastric Distress	30	\$123.49	\$334.90	23,319	\$ 8,638,990	\$ 7,809,533	\$ 829,457
Zocor	SIMVASTATIN	20mg	Lower Cholesterol	30	\$123.58	\$335.14	23,954	\$ 8,880,706	\$ 8,027,944	\$ 852,762
Nexium	ESOMEPRAZOLE E MAGNESIUM	20mg	Gastric Distress	30	\$123.13	\$333.91	18,851	\$ 6,963,371	\$ 6,294,537	\$ 668,833
Zoloft	Tab	50mg	Depression	30	\$73.93	\$201.96	28,236	\$ 6,262,462	\$ 5,702,543	\$ 559,920
Zyprexa	Olanzapine Tab	10mg	Anti Psychotic	30	\$272.40	\$734.32	4,371	\$ 3,571,981	\$ 3,209,713	\$ 362,268
Neurontin	Gabapentin	300mg	Epilepsy	90	\$83.35	\$254.66	15,641	\$ 3,911,032	\$ 3,983,137	\$ (72,105)
Effexor XR	VENLAFAXINE HCl	75mg	Depression	30	\$83.88	\$228.63	16,496	\$ 4,151,053	\$ 3,771,480	\$ 379,573
Norvasc	AMLODIPINE	5mg	High Blood pressure	30	\$41.22	\$114.23	29,549	\$ 3,654,029	\$ 3,375,382	\$ 278,647
Plavix	CLOPIDOGREL	75mg	Blood thinner	30	\$116.38	\$315.82	13,291	\$ 4,640,420	\$ 4,197,564	\$ 442,856
					\$1,138.74	\$3,118.43	230,715	\$67,328,070	\$61,470,707	\$ 5,857,363
NA	Fluoxetine	20mg	Depression	30	\$ 14.00	\$ 96.42	20,024	\$ 841,008	\$ 1,930,714	\$ (1,089,706)
NA	Metformin	500mg	Diabetes	60	\$ 12.96	\$ 39.97	21,366	\$ 830,710	\$ 853,999	\$ (23,289)
NA	Lisinopril	20mg	Hypertension	30	\$ 10.68	\$ 29.47	35,372	\$ 1,133,319	\$ 1,042,413	\$ 90,906
NA	Alprazolam	1mg	Anxiety	90	\$ 4.58	\$ 88.61	29,934	\$ 411,293	\$ 2,652,452	\$ (2,241,159)
NA	Atenolol	100mg	Hypertension	30	\$ 1.40	\$ 35.02	39,381	\$ 165,400	\$ 1,379,123	\$ (1,213,722)
NA	Ranitidine HCl	300mg	Gastric Distress	60	\$ 15.96	\$ 176.22	14,845	\$ 710,779	\$ 2,615,986	\$ (1,905,207)
NA	Albuterol Aerosol	17gm	Asthma	2	\$ 15.37	\$ 58.16	30,425	\$ 1,402,897	\$ 1,769,518	\$ (366,621)
NA	Lorazepam	1mg	Anxiety	90	\$ 24.95	\$ 74.76	17,545	\$ 1,313,243	\$ 1,311,664	\$ 1,579
NA	Enalapril	10mg	Hypertension	60	\$ 15.53	\$ 63.10	12,267	\$ 571,520	\$ 774,048	\$ (202,528)
NA	Tramadol	50mg	Pain	120	\$ 25.95	\$ 101.13	9,579	\$ 745,725	\$ 968,724	\$ (222,999)
					\$ 141.38	\$ 762.86	230,738	\$ 8,125,894	\$15,298,640	\$ (7,172,747)
* Based on annual number of Rxs from Drug Topics										
Recap, based on Drug Topics Market basket										
	If all Rxs filled at retail for 30 day supply, total Plan cost for 90 day supply:	If all Rxs filled by mail for 90 day supply:	Net gain or (loss) to Plan for mail order:	Pct of loss						
	\$ 75,453,964	\$ 76,769,347	\$ (1,315,384)	1.74%						