



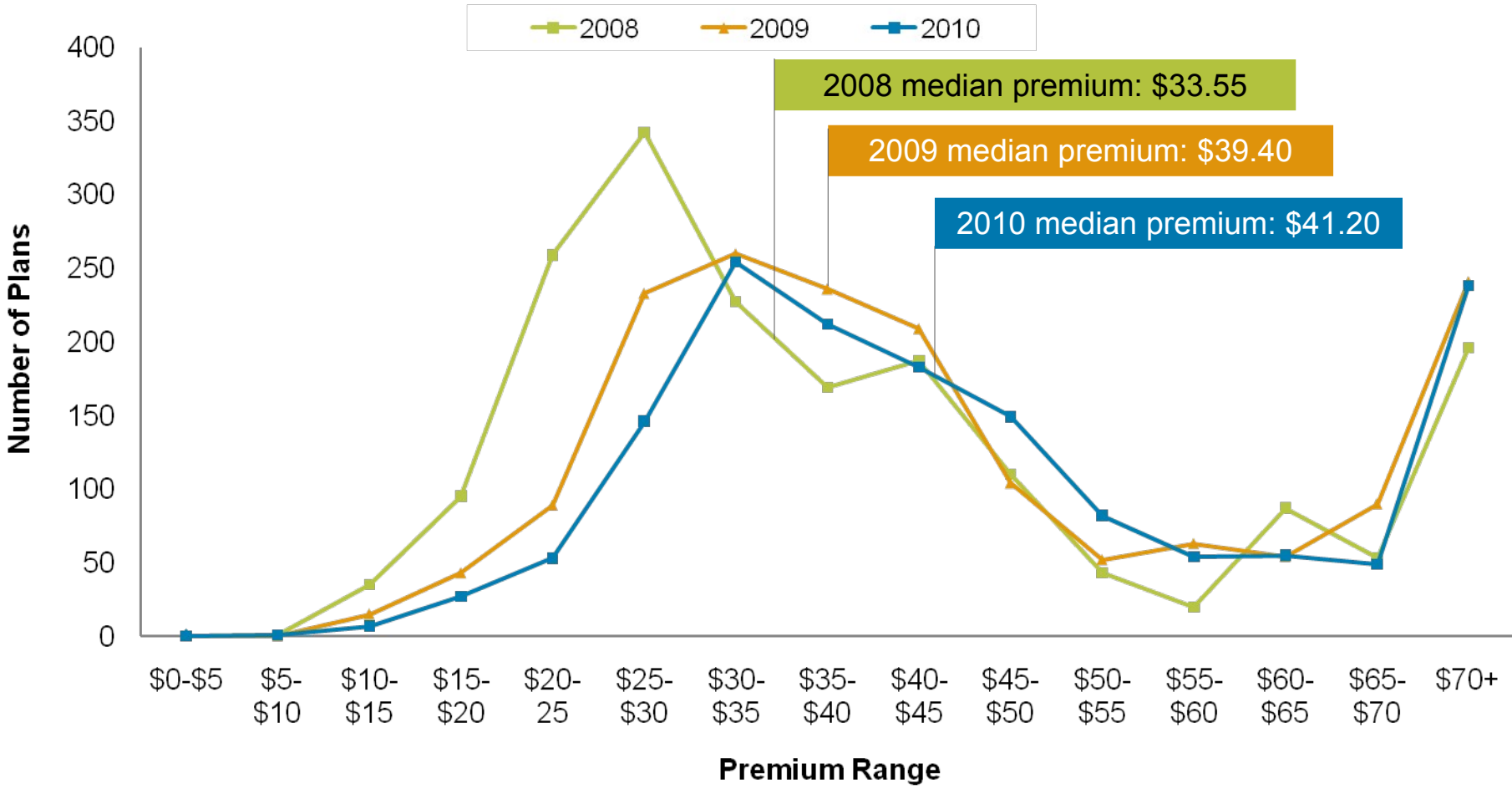
Medicare Marketplace:
Update Based on 2010
Plan-Level Enrollment Data

Methodology

- The following analysis was conducted using the Centers for Medicare & Medicaid Services' (CMS) "Landscape File" and Avalere Health's proprietary database, DataFrame®
- DataFrame® is a proprietary database of all stand-alone prescription drug plans (PDPs) and Medicare Advantage Prescription Drug (MA-PD) plans
 - » Uses CMS data on Medicare Part D plan and formulary design
 - » Includes additional proprietary and public data sets
 - » MA plans may be one of the following: Health Maintenance Organization (HMO), Preferred Provider Organization (PPO), Private-Fee-for-Service Plan (PFFS plan), or other type of MA plan
- Analysis uses released enrollment data from July 2006 (reflecting June 2006 enrollment), July 2007 (reflecting June 2007 enrollment), July 2008 (reflecting June 2008 enrollment), February 2009 (reflecting January 2009 enrollment), and February 2010 (reflecting January 2010 enrollment)
- A 'plan' in this context is a single option offered in one of the 34 PDP regions; a plan sponsor may offer more than one plan in a region (typically they offer 2-3 plan choices) and may serve multiple regions

Median PDP Premium Continues to Creep Higher

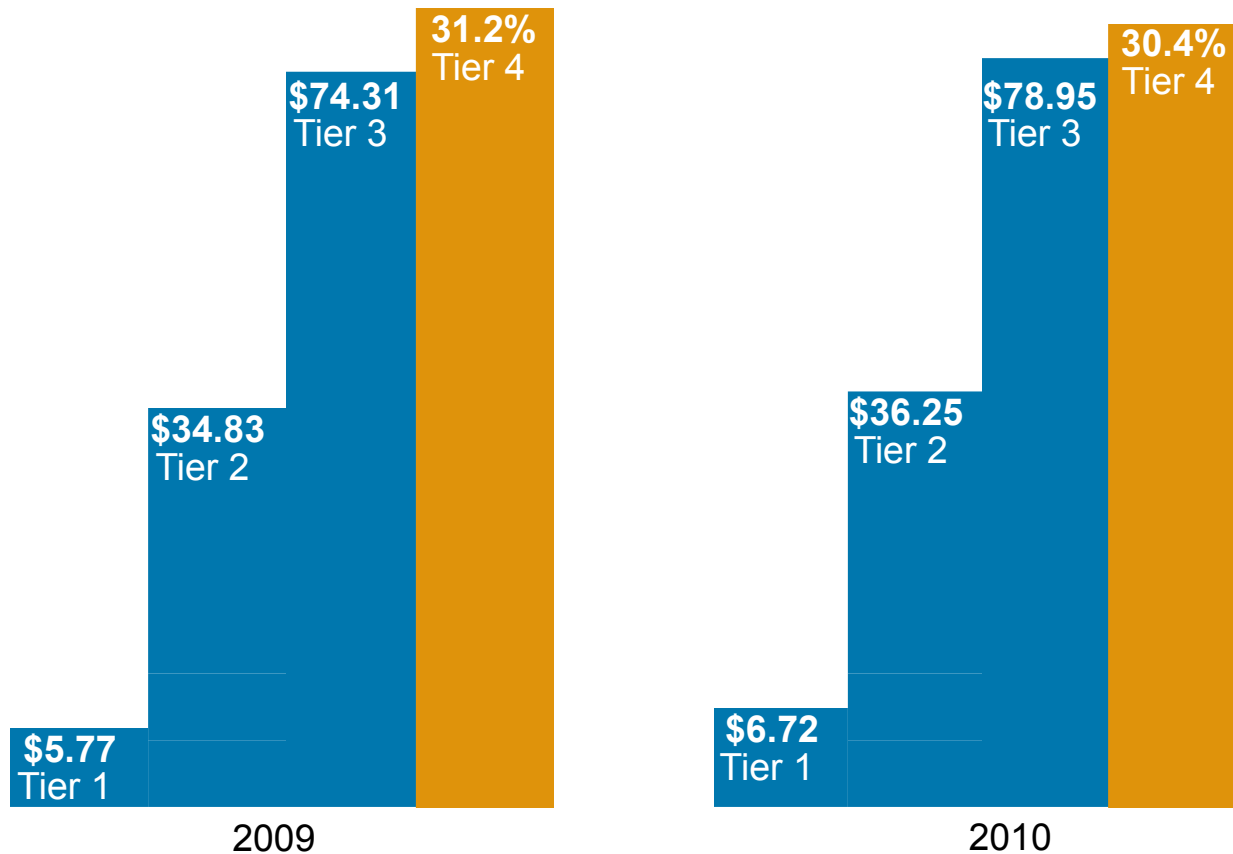
Median Premiums 2008-2010



Source: Avalere Health analysis using DataFrame®, a proprietary database of Medicare Part D plan features and 2010 PDP data released by CMS on October 1, 2009.

Patient Drug-Specific Out of Pocket Continues to Rise

Enrollment-Weighted Average Cost Sharing Among 4-Tier PDPs, 2009-2010*



Four-tier PDPs typically use the following tier structure:

- Tier 1 - generics
- Tier 2 - preferred brands
- Tier 3 - non-preferred brands
- Tier 4 - specialty/injectible drugs

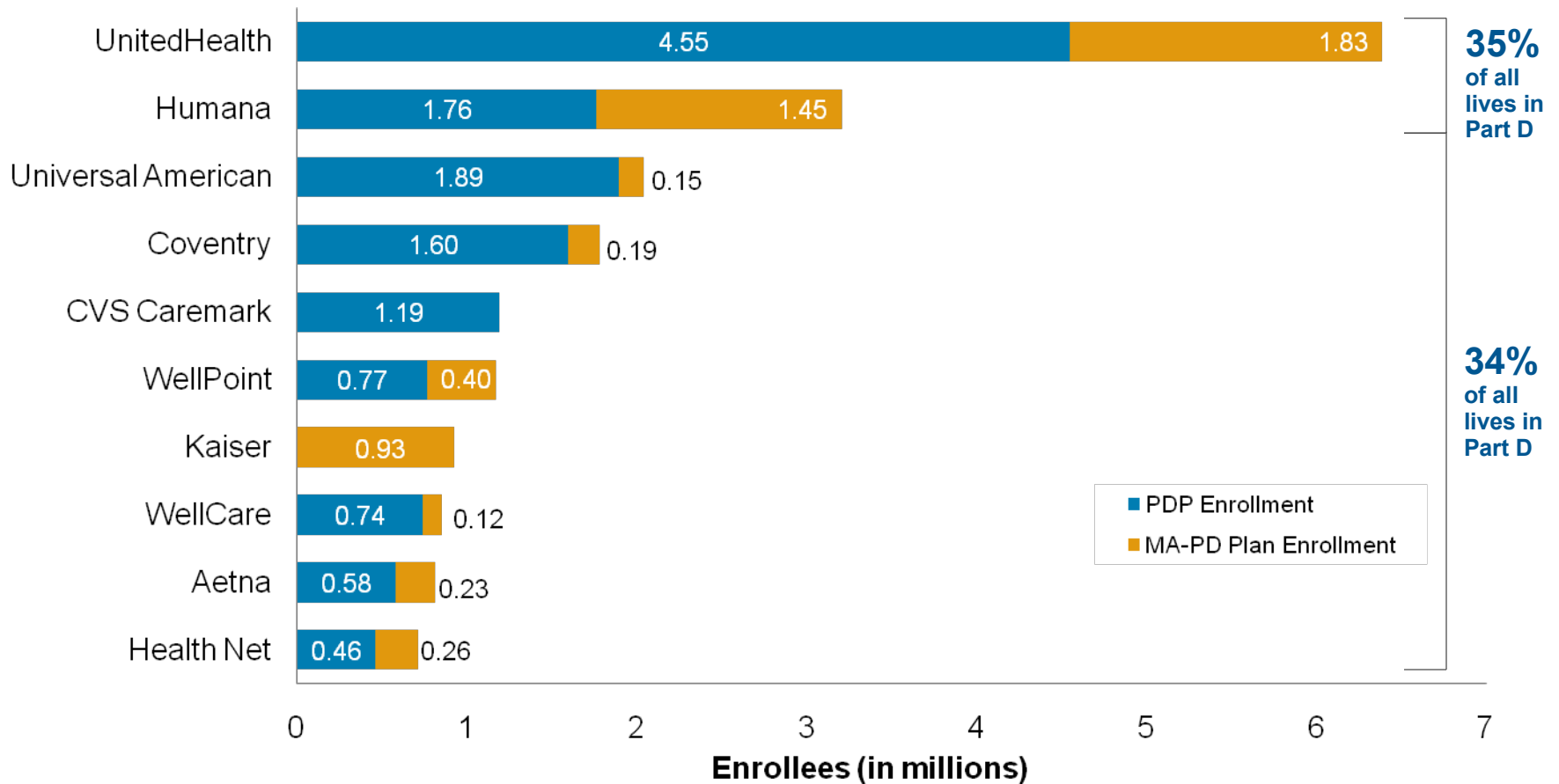
Source: Avalere Health analysis using DataFrame®, a proprietary database of Medicare Part D plan features. 2010 data from November 2009. 2009 data from November 2008.

*These graphics display the enrollment-weighted average cost sharing for the most typical cost-sharing arrangement for each tier. 2009 cost-sharing values weighted by August 2008 enrollment. 2010 cost-sharing values weighted by August 2009 enrollment. Graphics are not drawn to scale.



Top 10 Parent Organizations Continue to Capture More than Two-Thirds of Part D Lives

Part D Enrollment of Top 10 Parent Organizations, 2010



Source: Avalere Health analysis using enrollment data released by the Centers for Medicare & Medicaid Services in February 2009, reflecting enrollment accepted as of January 2009, and February 2010, reflecting enrollment accepted as of January 2010. Excludes lives in Part D plans with fewer than 10 enrollees.



Beneficiaries in Most Top 10 PDPs Face Premium Increases Ranging from 4 Percent to 42 Percent

PDP Offering	# of Regions in 2009	# of Regions in 2010	2010 Plan Enrollment*	Enrollment-Weighted Average Premium		% Change in Average Premium, 2009-2010
				2009	2010	
AARP MedicareRx Preferred	34	34	2,816,000	\$36.99	\$39.41	7%
AARP MedicareRx Saver	34	34	1,527,000	\$27.75	\$30.25	9%
Humana PDP Enhanced	34	33	1,324,000	\$38.05	\$41.40	9%
Community CCRx Basic	34	34	1,231,000	\$29.41	\$28.86	- 2%
SilverScript Value	34	34	610,000	\$27.74	\$33.69	21%
First Health Part D-Premier	34	34	548,000	\$25.98	\$30.73	18%
WellCare Classic	34	33	495,000	\$26.83	\$28.09	5%
AdvantraRx Value	34	34	454,000	\$24.21	\$34.38	42%
PrescribaRx Bronze	34	32	452,000	\$25.41	\$26.48	4%
Advantage Star Plan by RxAmerica	34	34	427,000	\$26.18	\$29.60	13%
Top 3 Plans			5,667,000	\$35.10	\$37.40	7%
Top 10 Plans			9,884,000	\$31.14	\$34.30	10%
All PDPs			17,718,000	\$34.98	\$37.25	6%

In 2006, the enrollment-weighted average premium for all PDPs was \$26.07; the 2010 enrollment-weighted average premium marks a 43% increase from 2006

Source: Avalere Health analysis using DataFrame®, a proprietary database of Medicare Part D plan features.

* Excludes enrollment in territories.

** 2010 enrollment-weighted averages with January 2010 enrollment. 2009 enrollment-weighted with June 2009 enrollment. 2006 enrollment-weighted averages with June 2006 enrollment.

